

**Operationalising the Capability Approach
for Non-Government Organisations:
Evidence from the SEEDS Consortium**

by

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Preface

I, Christoffel Nicolaas Lombard, hereby declare that this study project is my own original work and that all sources have been accurately reported and acknowledged, and that this document has not previously in its entirety or in part been submitted at any university in order to obtain an academic qualification.



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ABSTRACT

The idea that the development of people's capabilities lies at the heart of all community and social development has gained support internationally over the past decades. This reflects a significant shift in community and society development thinking, addressing the broad spectrum of social upliftment, human rights and poverty alleviation needs that gained ground during the different historic economic phases of the past two centuries. Historically development thinking progressed from a centralised, structured and systemic approach as, for example, espoused by Adam Smith and Karl Marx, to Maynard Keynes's more people-centred approach, and more specifically the Capability Approach advanced by Amartya Sen and Martha Nussbaum. In the world of liberal democratic capitalism, the mainstream view of development holds that civil society is a key role player in both deepening democracy and enhancing forms of development through various programmes and practices. In turn, the professionalised Non-Governmental Organisations sector, as opposed to more localised community-based organisations or social movements, tends to receive most donor funding to deliver high impact interventions. In sum, the development of society's capabilities relies significantly on NGOs to deliver capability enhancing services to the needy in society. A key consideration in development debates has been how to efficiently operationalise the development of capability enhancing activities based in the context of the Capability Approach, the focus of my study.

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This study recognises that NGOs are major delivery agents of development work, both in South Africa and internationally. Their operations focus on delivering quality impact on their beneficiary communities, and on raising funds to sustain their operations. The current methods to assess the impact of NGO operations, both by NGOs and their donors, primarily address past performance of the organisation in delivering external programmes as measured against the objectives stated in NGO concept and roll-out proposal documents. These assessments are customised for every NGO, making it impossible to standardise assessments for comparative and rating purposes and focus on external delivery. When problems are uncovered, this approach results in proposing corrective recommendations during or after completion of a funding round. This study argues that a gap exists in techniques to assess NGO internal performance to improve external delivery before and during NGO operations. Furthermore, it will contribute to assessing the merits of NGOs' internal capacity to deliver on the promises made in funding proposals - before and during NGO operations. In practice the assessment of an NGO for funding purposes currently consists of consideration of a project proposal in the form of a concept and roll-out document of what the organisation intends to achieve, accompanied by historic record data. The assessment of project roll-out focuses on the

outputs claimed in the proposal document without paying too much attention to the NGOs internal organisational culture and capacity which is the key to successful external service delivery.

In addressing this two part gap of incomplete assessment techniques and overlooked key internal indicators, the study demonstrates, via a series of ten case-studies, that a direct causal relationship exists between the internal organisational capabilities of an NGO, including the motivation, skills and culture of its staff, and its delivery on its external programmes. In essence, an organisation's internal capabilities will impact directly on the organisation's ability to deliver externally on its programmes. In spite of this, no standardised organisational capability assessment is used by NGOs or grant-makers, and to date no set of instruments exists to measure the internal capabilities of NGOs. The study sets out to address this gap by offering a methodology for the systemic assessment of internal NGO capabilities, and includes its operationalisation in a toolkit of instruments to measure these capabilities. The instruments presented enable the quantifying of qualitative staff motivational data to develop comparable baseline results between NGOs assessed, thereby presenting qualitative data in a quantitative form that enables a comparison between NGOs' performances. This capacity addresses a significant shortcoming in the assessment of NGO performance based on purely qualitative assessment that is the current norm, not enabling a measurement against a standardised baseline for NGO performance. In contrast the validity and reliability of the proposed instruments are demonstrated through its application to ten real-world case studies drawn from the SEEDS Consortium.

The system proposed in this study is based on Nel and Beudeker's commercial change management and organisational performance improvement model. Nel developed his system over a period of some twenty years whilst working for the then Arthur Andersen Consulting and subsequently as a private change management consultant focusing on the development of high performance organisations, and it has been administered in more than 3000 companies. This model uses key performance indicators, using quantitative methods to develop a standardised internal capability profile for a business based on qualitative data. This study expands on and makes innovative changes in developing new NGO specific metrics to substantially refine Nel's model and thus provides an instrument for measuring the capability profile of NGOs. The modifications were necessitated as Nel's model was designed for commercial change management applications pre-supposing that all governance considerations are in place and that the business is a running medium or large concern. Nel's proven commercial change management system does not make provision for NGO specific criteria that are critical indicators for both internal NGO performance assessment and for grant-maker capability assessments.

The areas added to the instrument relate to internal NGO specific considerations such as internal governance, management, monitoring and evaluation processes that are standard and legislated compliance issues in commercial concerns. This goes beyond the requirements for a substantial commercial concern to include key internal organisation indicators that reflect the opinion of the staff, the people who deliver on the NGO's objectives. As staff are the people who directly impact on the NGO's output, the system does not only rely on the opinion of the CEO of the NGO or the fund-raising staff, i.e. the "promise-makers", alone.

In order to assess the value of the proposed method, and more specifically the internal capability toolkit, the measuring instruments were administered to the CEOs and staff of ten NGOs/NGO equivalent projects at universities. The responses were quantified and confirmed that in at least ten of these cases, there is a 95% correlation between internal organisational capability and external performance output, both positive and negative. The results also enabled the creation of a baseline internal capability profile for NGOs. Ten international grant-makers from OECD embassies were also interviewed on current methods of assessing funding applications, indicating a 62% confidence level in current systems and an 84% confidence level in the proposed internal organisational capability assessment method. This serves as an indicator of external delivery on promises and to guide internal change interventions to optimise output. This approach reflects the potential value of a shift in assessment thinking beyond a systems approach towards a people-centred approach that focusses on the measurement and development of the organisation and its staff's internal capabilities to meet and exceed its external delivery objectives.

My research confirms that a focus on NGO internal organisational capabilities directly reflects the capability levels of staff to deliver externally. The output is a new, standardised, replicable and defensible methodology and toolkit of instruments for assessing an NGO's current and future operational performance. The toolkit should also provide for the objective comparison of the performance of NGOs and thus be of great use for future grant-maker decision-making. It will also complement existing assessment techniques by focusing on the internal people motivation and capability issues of an NGO. Furthermore, the study provides a method to support organisational self-improvement efforts and grant-making efficiency that can be used in pre-project and during project capability assessment. This goes beyond the more prevalent post-project systemic and summative evaluation methods. In conclusion, the proposed method and toolkit can make a significant contribution to the efficiency of NGOs as the key role-players in enabling the delivery of capability development of communities and societies. All the elements described collectively point to a practical way to operationalise the Capability Approach, an aspect criticised as a weakness in Amartya Sen's work.

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DEFINITION OF TERMS

The following terms are used throughout the study and are briefly explained in the table in insert 1 below:

Insert 1: Table, Definition of terms

AGEI	African Genome Education Institute
AIDS	Acquired Immunodeficiency Syndrome
ANOVA	Analysis of variation
BEE	Black Economic Empowerment Act (Act 53 of 2003)
BEEHIVE	Commercial organisation culture assessment tool developed by Christo Nel
CBO	Community Based Organisation. CBOs are largely grassroots level based, and may not have a national standing or be formally recognised. They are predominantly located in poor areas, and have local, usually non-professional staff.
CEO	Chief Executive Officer. In the study CEO is used as a generic term and it refers to the person who manages the NGO or the university based project.
CIS	Commonwealth of Independent States, federation of former Soviet states, also called the Russian Commonwealth
CMGE	Centre for Multigrade Education
CPIA	Country Policy and Institutional Assessment
CPUT	Cape Peninsula University of Technology
CSI	Corporate Social Investment
CSO	Civil Society Organisation. CSO is a generic term that includes all citizen organisations including NGOs, social movements and CBOs.
Dinaledi schools	Dedicated school intervention programme of the Western Cape Education Department
EFQM	European Framework for Quality Management
ELRU	Early Learning Resources Unit
EMEP	Extramural Education Programme
EU	European Union
FDI	Foreign Direct Investment
FET	Further Education and Training
GCAP	Global Call to Actions Against Poverty
GET	General Education and Training
GOLD	Gold Peer Education Development Agency
Governance and Strategy Questionnaire	NGO organisation culture assessment tool developed by Chris Lombard
HIV	Human Immunodeficiency Virus
IMSTUS	Institute For Mathematics And Science Teaching
JICA	Japanese International Cooperation Agency
M&E	Monitoring and evaluation.
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MDG	Millennium Development Goals
MSEP	Mathematics And Science Education Project

New economy	A collaborative and joint problem solving leadership style characterised by collaboration and co-creation that encourages and builds staff morale, buy-in, creativity and staff taking hold of project / organisation ownership. This style often encourages a high performance culture that outperforms its competitors.
NGO	Non-Government Organisation. In the study the term NGO is used as a generic term to refer to the independent organisation or university based projects. NGOs rely on funding grants for their operations that are largely service provision focused, formally registered with the state, have a constitution and Board, and a largely middleclass staff.
NPO	Not for Profit Organisations
OECD	Organisation for Economic Co-operation and Development.
Old economy	A dictatorial leadership style characterised by coercion and co-option that often undermines staff morale, buy-in, and creativity and discourages staff from taking hold of project / organisation ownership. This style often undermines organisational efficiency.
Organisational culture	Organisational culture refers to the way in which an organisation does things that directly impacts on the morale of staff. For example, leadership style is a key driver of organisational culture which can be measured quantitatively using indicators and survey instruments. Internal organisational culture is a significant indicator of internal organisational capability.
PFM	Public Financial Management
R&D	Research and Development
RNE	Royal Netherlands Embassy
SAILI	Science and Industrial Leadership Initiative
SciFest Africa	Science Festival associated with Rhodes University
SEEDS Consortium	Systemic Education Extra Mural Development and Support Consortium. A group of 10 NGOs and university projects working together in a consortium funded by the Royal Netherlands Embassy in Pretoria and used as a collective to obtain evidence for the study.
SME	Small and Medium Enterprise
TB	Tuberculosis
UCT	University of Cape Town
UN	United Nations Organisation
US	University of Stellenbosch
USA	United States of America
USAID	United States of America Development Aid Agency
UWC	University of the Western Cape
WSF	World Social Forum
WWF	World Wide Fund for Nature

CHAPTER 1

INTRODUCTION: DEVELOPMENT AND THE CAPABILITY APPROACH

1.1 Background to the study

The study has its origin in some 15 years' experience of fund-raising, business development and strategic planning for a university, dealing with grant applications to corporate, individual, foundation, trust and international grant-makers. The key challenge remains the matching of a grant-maker's objectives with those of people seeking funding for projects. The past fifteen years have also seen a significant shift in the approach to grant-making from an open-ended "ask and get" approach without the use of the grant money being specified, to a strictly project and donor niche area priority focus. It has also seen a greater emphasis on reporting results to ensure transparency for reporting to shareholders, a focus on niche area support and reducing grant spend. This trend was largely the result of the changes that took place in South Africa towards a developmental state, and the specifications of the Black Economic Empowerment (BEE) Act (Act 53 of 2003) that prescribes how corporate social investment funds must be used in South Africa. The result has been a chasing of BEE points, an empowerment balanced scorecard in use in South Africa, to ensure an optimum BEE score to secure future government and corporate contracts. During a visit to the Corporate Social Investment (CSI) office of BHP Billiton some years ago, I was told *'we like what you are proposing, but it will not meet the mining charter requirements and it is more important for us to stay in business than support you.'* And in a more recent interaction with a donor, it was stated that they would readjust their grants to a university in line with the changes to the BEE Scorecard (Davel, 2013).

On the international front the Euro crisis leading to bear market conditions and a drop in corporate profits resulted in foreign aid being severely cut from around 2010 (Litver, 2010). In essence, aid spending became far more focused and output-driven than before and from a far smaller monetary base. Grant-makers have become more exposed in terms of shareholder scrutiny and compliance with scorecards dominating the grant-making arena. These scorecards focus on a range of criteria that grant-makers, both corporate and governmental, need to adhere to in support of social transformation agendas. These include the BEE scorecard (Act 53 of 2003) in South Africa and the United Nations' Paris Declaration (Paris Declaration) scorecard

for international grants. Furthermore, the number of fund-seeking organisations in South Africa has grown exponentially. The number of Civil Society Organisations (CSO) in South Africa is estimated at 120 000 of which 37 000 are registered as Not for Profit Organisations (NPOs) (NGOPedia, 2013). This number includes NGOs that cover such a wide spectrum of issues that donors are spoilt for choice, ranging from education and training, child welfare, animal welfare, the primary health care sector including HIV and TB, orphanages, hospitals and care centres, the faith-based sector, grassroots interventions to health and safety NGOs. This divergent scenario calls for an efficient method to assess NGO performance, preferable before funding is awarded, to assist NGOs in improving their competitiveness in seeking grants and their actual performance, as will be demonstrated below in this study.

Underlying this entire project is the justifiable assumption that the key variable to NGO efficacy is the internal organisational capability and motivation level of NGO staff as they are the key to the delivery of agency services, and my proposed method supports this position at a 95% confidence level. This stands in contrast to alternative models that focus more on systemic frameworks to assess NGO performance. The assessment of NGO performance for the purposes of service level improvement and for enhanced grant-making efficiency has consistently focused on stand-alone qualitative assessment methods applied within a generally accepted systemic framework for every assessment (Dale, 2004:50). This has given rise to a situation where assessment has focused largely on the opinion of the organisation's CEO and a few key staff members to inform in-depth narrative assessment reports. Issues raised here include that performance cannot be benchmarked in a standardised and replicable way and that the operational staff of the organisation, the people who have to make things happen, are largely not included in assessment processes. Without the opinion of the general staff of an NGO, as well as its leadership, I submit that a stand-alone and systemic organisational performance assessment cannot give a reliable indication of service delivery. This also impacts on grant-making as grant-making officers will normally interact only with the CEOs or the fundraising staff of the organisation and make decisions largely based on a concept and roll-out document and for larger grants, a site visit, that in my experience is likely to exclude interaction with the bulk of the NGO's staff.

Grant-makers also face significant practical restrictions in assessing projects as generally only a small grant-making staff is available, making field visits the exception, not the rule, experiencing

time and resource limitations as well as depth of expertise limitations. In the corporate sector a big staff turnover in grant-making staff is prevalent resulting in a lack of continuity and expertise on the part of the grant-makers (Els, interview), exacerbated by a trend of year-by-year grant-making and almost year-by-year strategy changes of what they prefer to support. This creates the current disconnect between grant-seekers and grant-makers that undermines the creation of long term developmental partnerships, further undermined by grant-seekers having regularly to rebuild, in some instances even annually, a new personal relationship with a grant-making organisation's representative. A further complication factor is the marked decline in grant-maker and grant-seeker professionalism, skills and dedication to development work (Els, presentation).

The assessment of internal organisational culture and capability, focusing on measuring critical indicators, has been used extensively and successfully in the commercial environment to inform change management interventions with the view to improve output and profitability. Evidence from some 3000 businesses indicates an on average 400% financial out-performance and corresponding lower staff turnover of organisations with a healthy and competitive business culture when compared to their peers with a mediocre organisational culture (Nel: 19-30). The benefit that an organisational culture approach brings to assessment is that it is people-focused: people are the key means of production in any organisation, as opposed to a systemic approach that mainly focuses on systems at the expense of internal staff capability and motivation.

Considering the challenges NGOs face to produce services, mostly with a lean resource base in the changing and seemingly shrinking world of funding, a people-centred approach is their key to keeping operations going and performing as promised to donors. As both the commercial change management systems and NGOs are based in a people-centred approach, it follows that using a people-centred approach to assess NGO performance for delivery improvement and building credibility with donors, can benefit from the commercial models provided they are adapted to the NGO environment, which is the intention of this study. The innovation that I propose is the use of systems that are not in common use in monitoring and evaluation for NGOs. NGO and monitoring and evaluation staff in this field are almost invariably of a social sciences background with little exposure to, or appetite for quantitative methods or commercially based methods which are usually not in their frame of reference. The value of a

multidisciplinary approach drawing on commercial practice and methods lies at the base of my proposed internal capability assessment methodology and toolkit.

1.2 The evolution of development paradigms

To place the thinking behind modern development paradigms in perspective, the evolution of development thinking provides a necessary backdrop to understand the shift towards the people-centred society we live in today. The prevalence of poverty and human suffering in spite of the generation of great wealth across the modern age has inspired numerous thinkers to develop methods to address poverty and the plight of the poor. The most prominent three thinkers since the dawn of the industrial age have been Adam Smith, Karl Marx and John Maynard Keynes, who are associated with socialism, industrial capitalism and social-democracy respectively. Today these systemic or structural theories have been supplanted by work that focus on agents and agency, most famously proposed in the Capability Approach championed by Amartya Sen and Martha Nussbaum. Sen and Nussbaum's work has been strong on explaining poverty and the need for development, but less so on operationalising development strategies and programmes.

Adam Smith's theory held that a "hidden hand" controlled the capitalist system and that supply and demand would provide the optimum mechanism to eradicate poverty. His approach was to encourage a self-regulating system without state intervention enabling a natural equilibrium to develop in the production of and demand for goods. This 'hidden hand' of supply and demand would ensure an equal distribution of the wealth of the land between the workers and owners to eliminate poverty and suffering as the demand for labour would compel employers to remunerate their employees fairly. This model was also developed before many of the machines of the industrial revolution were developed, thus not making provision for the impact machines would have on the unit cost of production that would later make labour 'superfluous'. In practice this method did not have checks and balances and the natural equilibrium between supply, demand and fair wages for labour, did not materialise. The results were a significant concentration of wealth in the hands of a few while machines took over the role of labourers leading to even greater unemployment and suffering as profits were maximised by shedding labour (Ricardo: 388).

In response to the situation that developed from an industrial capitalist system as per Adam Smith, Karl Marx advocated the socialisation of the means of production, a principle most frequently interpreted as a system of state control of the economy. This meant that capital belonged to the state and hence the people. The economy was centrally controlled to ensure that no capitalist exploitation of the poor was possible as no-one could own any private productive property. In Marx's thinking this would lay the foundation of a society of economic equality between people, as in theory no-one would be able to exploit another person and everyone would be paid the full value of his labour. In practice 'the state' became a new ruling class who decided on behalf of the people and became a dictatorship at the expense of the poor and marginalised. In addition, as an experiment in Eastern Europe that impoverished thousands, the centralised state control model did not solve the problem of poverty alleviation (Tanasoiu, 2007).

As a result of industrialisation after the First World War, production and mass production expanded rapidly under the thinking that production will create its own demand, as was captured in what became known as Say's law – the more you produce the more demand will be created (Gwartney: 246). This ignored the levels of purchasing power available to the average consumer and effectively flooded the market with surplus products. In the Say's law model this surplus would create more demand that in turn would spur more production. Using this paradigm, profit projections could only increase, creating an artificial demand on stock prices as "get rich quick" vehicles. This created the overproduction bubble when consumption could simply not keep up with the production of goods, resulting in the financial melt-down of the Great Depression of 1929 (Patinkin: 11, 12). The onset of the Great Depression sparked another round of extreme poverty and suffering as livelihoods evaporated in an environment with no social safety net.

To prevent a situation such as the Great Depression from recurring, John Maynard Keynes developed his theory of controlling capitalism and building in a safety net system through fiscal and monetary controls and manipulation of the economy, and recognising the role of trade unions to mediate with the aim to alleviate the economic impact on the poor (Kotze: 1-7). Keynes also managed to explain why poverty endured after an apparent return to economic stability had taken place based on the misconception that supply would create its own demand. Keynes introduced the concept that demand drives consumption and that if demand fell,

production would recede to the level of demand. In practice it meant that as long as purchasing power was suppressed due to people losing their work, production levels would be cut back to provide only as much product as the market could absorb. This puts a vicious cycle in place as employment can only grow if there is demand, which is not possible if people are unemployed. The management of this system, however, required centralised policy-making by governments to manage a fiscal and monetary balancing act as well as labour reform to include the principles and practices of collective bargaining.

Emanating from Keynes's approach was the realisation that markets were not self-correcting and that managed capitalism was the preferred way to protect the people in the street, who should be placed as the centre of focus of future economic thinking (Solomon, 2010). This approach had a significant impact on cushioning the impact of economic swings on the poor both after the Great Depression and in subsequent bear markets, not least the 1997 crash and the 2007 sub-prime crisis where the applications of Keynes's principles cushioned the economic impact of the global meltdown to around five percent (Solomon, 2010). Keynesian thinking ruled in the years following the Second World War creating the social-democratic era where the state apparatus was used to protect society from the excesses of capitalism through the use of the state controlled monetary and fiscal apparatus (Madra and Adaman: 1982). In practice this meant that the mechanisms Keynes proposed were used to maintain a people and social benefit focus through controls of the free market system to prevent exploitation, moving away from a centralised approach "on behalf of the people" closer to an acknowledgement of a people-centred society.

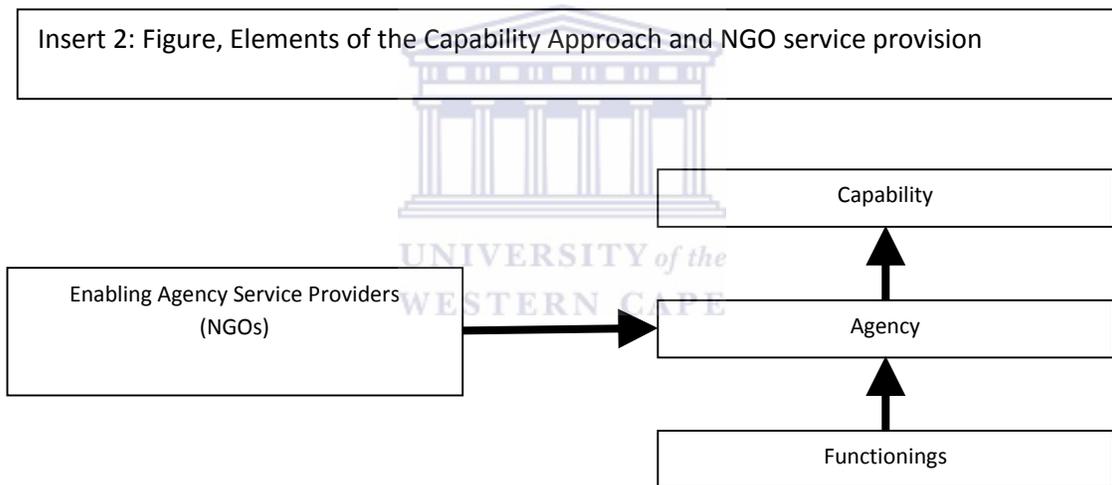
Criticism of Keynes grew into what became known as neo-liberalism from the 1980s onwards characterised by a radical change in the relationship between the state and the market. This was achieved by entrenching the sovereignty of the state and to enforce a logic of 'economic incentives'. According to Madra and Adaman (2010) the cornerstones of neo-liberalism were privatisation, financial liberation, trade liberation, deregulation and the rolling back of the welfare state. This approach was led by the economists of the Chicago School of thought to transform the state apparatus to focus on deregulation and privatisation as a reaction to the paternalism of the welfare state as first advanced by the economists of the Austrian School. This reaction grew from a belief Friedman (1953) described as the "indisputable superiority of the market as a selection mechanism". The output of the neo-liberal system was one where

economic incentives dominated social policy debates at the expense of social rights (Madra and Adaman: 2010).

These policies have given rise to what Mann (2012) describes as contemporary global capitalism that includes inter-capitalist inequity between countries in the EU, resistance to a reduction in the state's role as provider of basic public services, new forms of struggle emerging that is likely to expand the social movements and traditional political and trade union organisations that are losing working class support. In essence this indicates a crisis in the capitalist system attacking the standard of living and provision of services to the population. Current austerity measures in Europe attest to the practice of this system (Mann, 2012). The move towards neo-liberalism was away from the more people-centred social democracy approach to a more pure form of capitalism where the market is the ultimate determinant of wealth and well-being. In the process, the opportunity was created for a situation akin to the society at the heart of Marx' critique on capitalism, but with more checks and balances. Market forces triumphed over people-centredness causing poverty and suffering instead of reducing it.

During the period following the 1980s when social democracy was replaced with neo-liberalism, the world has seen concurrent rapid changes with events, like the fall of the Berlin Wall, reducing the emphasis on centrist versus free market social development and control. This thinking that the one ideology or the other is right at every price subsided with a bigger emphasis on human rights in the aftermath of the Second World War and the Cold War. The geopolitics also changed to a scenario where the disenfranchised parts of the world became recognised as countries with political power to force world attention towards development. People in the developing world were placed more and more at the centre of debate as opposed to the former East vs. West ideology divide. It was during this period that Amartya Sen and later Martha Nussbaum redefined the paradigm of development (Srinivasan: 2007). The shift in thinking they proposed was from a capitalist-centred thinking to a strong people-centred approach that became known as the Capability Approach. This approach stands in contrast to the neo-liberal movement advocating privatisation, financial liberation, trade liberation, deregulation and the rolling back of the welfare state by offering an alternative where the plight of people, and not systemic manipulation, is placed central. The Capability Approach focuses on three main components, firstly describing the current state of development of a person or community as the way it functions now, using the term *functionings*. Thus, development of

either people or groups can be said to occur when they actively choose to develop skills or capacities that enables them to take their functioning to a higher level in which they develop and draw the benefits of these enhanced capabilities, using the term *capabilities* to describe this new state. The move from functionings to capabilities, requires taking action to acquire the skills required to achieve the new state of development, using the term *agency* to refer to this transition and empowering action to enhance individual freedoms and capabilities (Sen 1992). The emphasis in the Capability Theory is to develop people from a background of being disadvantaged and often characterised by western definitions as stemming from a poverty background with people at the centre of the process. It also implies an inherent desire and motivation for the individual to want to achieve his or her capability. This model is illustrated in insert 2 below.



Criticism of the Capability Approach centres on how to operationalise the concept of the Capability Approach and the current debate has fallen short of providing acceptable solutions (Peterson: 2007). Within the context of my study, civil society organisations and NGOs have stepped in to advance and provide access for the poor to basic rights and services. These organisations have seen significant growth as witnessed in an 830% growth in NGO participation in World Bank activities between 1973 and 1998 (Malena, 2000). Two main groups have emerged, namely the civil society movements that focus on advocacy to secure peoples' access to rights and which is normally membership driven, and a second group consisting of non-government organisations that focus on delivering empowerment and upliftment services to the

poor and which are mainly donor funded, providing a means to those who wish to make use of the opportunity to develop from functioning to realising their capabilities potential (Friedman, 15 – 16). In South Africa some 120 000 civil society organisations operate of which some 37 000 are registered as NGOs (NGOpedia). These organisations fulfil the role of agency service providers, mainly NGOs that offer community development and upliftment services. These cover the full range of NGO services e.g. education, health, sport and recreation, skills transfer and more.

Within the context of what CSOs and NGOs intend delivering and their position as enabling agency service providers, I argue that the success of these organisations lies in the internal organisational structures, processes and organisational culture and capability. From personal experience I maintain that a positive internal organisational culture will enable NGOs to deliver and exceed on their organisational mandates and promises to donors and beneficiaries. This leads me to believe that the key to the efficient operationalising of the Capability Approach is nested in the internal organisation culture and capability of CSOs and NGOs. In my view the debate around the Capability Approach has centred on assessing the gap between functionings and capabilities that seems to dominate debate without adequate emphasis being placed on the role of agency as the means to operationalise how people progress from functionings to capabilities.

The key to the successful delivery of agency services requires the placing of the NGOs internal organisational culture at the centre of operationalising the Capability Approach. This means that by placing a people-centred approach at the core of the debate, it will reflect the internal organisational culture that influences the people of the organisation's behaviour to achieve the results that determine NGOs' successful external agency service delivery. The key providers of these services are NGOs, hence my focus on NGO service delivery and not the broader civil society as a whole.

Flowing from the above, I place 'people-centredness' at the core of my study to suggest a method to efficiently and practically operationalise the Capability Approach within the context of NGOs as agency service providers to enhance basic freedoms. I argue that the external performance of NGOs in delivering agency service externally is based on the internal motivation and capability of the NGO's staff, which is reflected in the internal organisational structure,

processes and culture. I believe that by offering a practical method to assess an NGO's internal organisational culture, potential external agency service delivery can be assessed and predicted.

In terms of the significance of my study, I submit that this thesis addresses a key critique of Sen's Capability Approach in providing a method to operationalise the Capability Approach in that he offers no method in operationalising the Capability Approach. Furthermore it places NGOs at the centre of the debate as the enabling agency providers to move people from functioning to capability. My proposed method can also impact on and even inform a change in funding procedures and grant making assessment that can be institutionalised in high level decision formulation guidelines and in that the system can contribute to inform pre-funding decision making. I believe that these outputs are significant contributions to the literature and debate related to the application of the Capability Approach in practical terms which has been the main critique of the theory.

The output of this approach can significantly enhance efficient grant-making by reducing the probability of allocating funds to NGOs that are not able to deliver on the promises made to funders when seeking grants. The basis for my study is to develop and demonstrate an operational method to measure the performance of agency service providers in the context of enhancing people's capabilities. I indicate that a correlation of 95% exists between the internal organisational culture of an NGO and its ability to deliver externally on its mandate. This in turn supports NGO operations in the two critical fields of proving its external results and in securing funding to maintain operations, which is covered in the next section.

1.3 NGOs and the global grant-making context

Grant-making and grant-seeking have developed and expanded as disciplines under various names over the years, fund-raising, development and currently advancement, all of which refer to the processes involved in applying for and making grants. In my experience grant-seekers include a very wide spectrum of organisations ranging from grassroots service provision, e.g. basic food provision, clothing and shelter provision through all levels and disciplines of education, preventative and curative medical services provision, safety enhancements, all operating in rural and urban settings. These organisations range from e.g. private soup kitchens to registered NGOs and faith-based organisations to universities, hospitals and museums, and every need to be addressed in-between. This poses a huge challenge to grant-makers who have

to decide who to support and where to focus financial support. Grant-makers cover the spectrum from international development aid agencies, development aid support via embassies, corporate structures, and small business enterprises to individual giving.

This global pattern is replicated in South Africa. Development aid provided via embassies and international state-funded grant-making organisations work within the assessment score card of the Paris Declaration, an internationally agreed United Nations scorecard (Paris Declaration, 2005). South African companies work within the framework of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 (BEE Act), a balanced scorecard addressing the racial mix of equity, management, staff composition, procurement, staff training, SME development and social responsibility. The act focuses on redressing racial exclusion following the demise of apartheid in South Africa and a good score is a pre-requisite to secure state tenders and business.

According to Noko (2012) the output of this intent is that corporate companies and SMEs are chasing scorecard points with the practical implication that social responsibility giving follows political imperatives and not social development imperatives per se. I experienced this first hand when the social responsibility officer of BHP Billiton's response to a request for funding I had put to her some years ago was *"we know that your project will add more value than what we support now, but staying in business is our first priority and we need the BEE points."* In the case of mining companies in South Africa there is a more stringent scorecard than the "standard" scorecard. In specific sectors such as the mining sector, specific charters e.g. the mining charter have to be followed where targets have to be met every five years at the risk of having mining licences revoked. This includes operators such as BHP Billiton and Anglo American Corporation. In recent developments during 2013 the BEE scorecard was revised, leading to a donor's comment to a university's advancement officer that *"I need to state that I am saddened by the fact that the government has opted to revise the BEE Codes in such a way that these type of contributions (bursaries) has now diminished to 5 points of the 109 points on the BEE Scorecard. This does mean that contributions such as ours will have to be revised as the new revised Codes now force us to allocate and budget for the other priorities in the BEE scorecard"* (Davel, 2013).

Funding trends have followed the global trend of moving from social democracy to neo-liberal thinking, progressing from open-ended grant-making, i.e. beneficiaries could use the grants at

their own discretion, to the current trend of niche project support that resonates with grant-maker focus areas. Grant-maker focus areas in South Africa are informed by business imperatives requiring congruence with national and regional development imperatives. International aid donors take cognizance of the internal national imperatives as well as the global donor imperatives informed by the Millennium Development Goals. The Millennium Development Goals directly influence the donor country's priorities and approach to the balanced scorecard as prescribed in the Paris Declaration as part of the UN development aid assessment system (Paris Declaration, 2005). In my experience there has also been a significant growth in the monitoring and evaluation, transparency and accountability requirements from grant-makers.

At a practical level grant-seeking organisations face two key challenges, namely to provide a credible assessment of the results they promise to deliver in terms of development work made to funders, stakeholders and beneficiaries, and secondly to secure funding to maintain operations (Gevisser, 2012). These aspects go hand in hand as successful service delivery motivates grant investments whilst grants bolster the service delivery of NGOs. From a grant-maker perspective the challenges are to decide which beneficiaries to support based on a clear outline of what the grant-seeker wishes to achieve. This is currently based on a concept document and a roll-out plan provided by the fund-seeker and a significant reliance on intuition as to the beneficiaries' ability to deliver on promises (Kirwan, 2011). In my experience additional information provided can include a cover letter, letters of support, detailed budget, comments on the organisation's financial well-being, organisational or project track record, organisational legal framework and registrations, audit reports, risk assessment, infrastructure detail and due diligence reports. The current method clearly shows what the CEO of the NGO intends to deliver setting out milestones and deliverables. What it does not show is the internal organisational motivation, capability and culture among the NGO's staff to actually deliver what is promised to grant-makers. This system does not provide for the pre-assessing of the NGO's internal organisational culture to gauge the probability that aid funds will be well spent, leaving the sometimes indefensible intuition-based call to the grant-making officer to support or not support an NGO.

I maintain that a significant gap exists in the assessment of grant-seekers as I have not encountered a standardised defensible system to assess an NGO's ability or probability to be

able to deliver on the promises made by CEOs and fundraisers. The result is a rather unfair intuition-based call the grant-maker must make to recommend or decline a request for support, which is open to allegations of bias and cannot be defended objectively (Smith, 2010). As I perceive it the current monitoring and evaluation activities function within the paradigm that the assessment of NGO operations can only be qualitative. The weakness in relying on qualitative assessment only is that it largely precludes pre-grant assessment due to cost and grant-maker capacity limitations and that assessment can only be efficiently performed at mid-term review or post-project review. This yields recommendations to go forward after completion of the project, is not standardised and does not assist with pre-project evaluation, leaving the grant-maker exposed. To overcome the exposure to making an intuitive and subjective decision, some grant-makers assemble panels from other grant-making organisations to increase the transparency of grant-making (Voix, 2011). In my opinion this does not fully overcome the issues of comparability of grants made, as a focus on qualitative assessment remains unreplicable and cannot be used against a baseline as no baselines are available either.

In seeking a solution to assess NGO performance, I interrogated commercial models and their application in the field of commerce. I found that various models provide replicable results that are based on quantitative techniques that provide qualitative information that informs actions to improve performance. The European Framework for Quality Management (EFQM) is a framework of nine criteria that can be assessed on a matrix of questions to evaluate an organisation's performance and focus attention on constraints that need to be corrected. This is a systemic assessment and performance improvement method that places some but in my opinion not enough emphasis on people as an item in the framework. Peter Senge (2002) proposed a more open-ended method of five criteria and steps to bring about change in an organisation, but focuses on method only.

The most significant model that produced repeatable and comparable results that can also be used to determine baselines and to compare organisations' performance, was developed by Christo Nel following years of consulting experience at the then Arthur Andersen Consulting. This method consists of seven well-researched and validated key indicators of organisational performance success. Each of the seven criteria are assessed by the staff of the organisation being assessed in terms of eight sets of opposing questions that rate the leadership style and practice between autocratic and co-creative leadership styles (Nel, 2009). This method provides

a quantitative method to obtain and present qualitative results in an easy-to-graph-and-understand format. The indicators measured in Nel's method are strategy execution, structures, talent creation, business disciplines, stakeholder commitment, pay and incentives and change leadership. The big strength of Nel's system is that it is the people of the organisation who rate the organisation's performance, i.e. a fully people-centred approach, as the people are the key to organisational performance, not systems and not equipment. Nel has used his system extensively in industry where making organisational culture change interventions which, using his profiling method, directly result in improved profitability, productivity, increased staff morale, reduced staff turnover, with as external delivery output, outperforming competitors by an average of four hundred percent on bottom line earnings (Village of Leaders, 2010).

Considering the above, the question arose of how the people-centred method of Nel could be used or adapted to deliver the same value for NGOs in presenting a reliable profile to donors and for grant-makers to be able to assess potential grantee organisations. In the Nel model I saw the potential of an assessment system for NGOs that will address the shortcomings of current systems, namely a focus on the internal organisational culture, i.e. the people in the NGO. This is a quantitative technique that yields a standardised, repeatable, comparative and valid internal organisational culture and capability profile that reflects qualitative decision-making information. From a grant-maker's point of view this method will address the needs of NGOs re performance assessment and favourable profiling for funding. It will also significantly reduce the grant-maker's reliance on intuition when assessing a prospect's performance or even future performance capacity. If this works in the commercial environment to inform change management strategies and interventions to significantly improve organisational efficiency and profitability, it certainly has the potential to deliver the same value to NGOS.

The next question was whether the method could be used as is or whether other indicators were relevant to the NGO and the grant-making environment. A different point of departure applied in assessing NGOs, as Nel's method was developed in a commercial environment where all governance and strategy roll-out processes and practice are pre-supposed to be in place. Furthermore, these will not generally affect investment decisions where a financial return on investment is paramount. These assumptions do not automatically apply to NGOs. To assess the validity of the criteria, I used, as a case study, the ten members of the SEEDS Consortium, five NGOs and five projects within universities that operate as NGOs and which were contractually

bound together through a grant of the Royal Netherlands Embassy. I based my identification of criteria on the application for funding to the Royal Netherlands Embassy from which a range of new criteria emerged, mainly covering indicators beyond direct operations as per the Nel model. These criteria include overall governance, accountability and monitoring and evaluation criteria as well as integrated strategy implementation criteria. The new indicators I developed for application in the NGO environment are governance, management, social impact, vision and goals, integration, structure, delivery / action on goals set and monitoring, evaluation and review.

The significance of this study group is that the organisations are funded by a foreign grant maker, the Royal Netherlands government, that all ten organisations are NGOs or operating as NGO equivalents in universities and that all are operating in the education outreach domain that creates a common theme. Most important is that all ten organisations, in spite of their diversity, are bound to a common set of objectives and deliverables thereby providing a basis for a comparative study that enables the creation of a baseline to assess performance and output. This is a rare situation as NGOs are very competitive and are not keen to share their experiences unless they are in a non-threatening relationship, which the SEED Consortium enabled.

To assess the value of these criteria I followed a three-pronged research approach: Firstly to determine the criteria, strengths and weaknesses of the current practice of assessing NGOs and grant recommendations, then tested the old and new methods with the NGOs through a structured interview with the CEOs, administering the old and new economy criteria as per the Nel methodology to the staff of the NGOs. Lastly, I interviewed grant-making officers in ten embassies through structured interviews to obtain their input on the people-centred methodology and the confidence they placed in it as opposed to the current standard practice. Qualitative results and responses were converted to quantitative data with the assistance of the people interviewed. Correlations were assessed using the single factor ANOVA statistical tool to measure variance within and between various population means. My research and data collection method is graphically illustrated in insert 3 below.

Insert 3 : Table to illustrate data collection	
Structured interviews with CEOs of NGOs	Assess confidence in current “standard’ methods of assessment Assess confidence in people-centred method
Administer people-centred method to staff of NGOs	Determine correlation between staff and CEO opinion on internal organisational culture profile
Structured interview with grant making staff in ten embassies	Determine confidence in “standard” method of assessment Determine confidence placed in people-centred method.

Within the context of grant-making and grant-seeking the output of the study indicated a direct correlation between the internal organisational culture and capabilities profiles with the organisation’s external performance on promised delivery at a confidence level of 95%. The output from using this method to assess the internal organisational culture of an NGO or fund-seeking organisation will be greater efficiency and external delivery returned for grant-maker spend. In essence I argue that by focusing on the people in NGOs and their motivation as measured against key high performance criteria, a clear profile of the internal organisational culture and capabilities can be developed that will directly indicate the capacity of external service delivery within a 95% confidence interval.

When considering the work of NGOs, it is clear that their key focus is on providing enabling services to people who are trapped in an existing situation and to enable them to achieve a higher level of capability. People functioning at a certain “starting” level, described using the term *functionings*, are assisted through their actions, described using the term *agency* actions, to achieve their desired state/to achieve what they are capable of achieving, described using the term *capabilities*. I argue that NGOs are the key providers of empowerment input as agents to enable the transition from functionings to capabilities, and I refer to this function as rendering agency services. This informs a developmental paradigm that is congruent with the people-centred approaches as espoused in the work of Amartya Sen’s Capability Approach theory. In practice this reflects on a situation where people in a specific situation can keep functioning as they are without striving to achieve their potential capability, but can take an active decision to

achieve their capability, an action described as agency. Sen's approach to poverty alleviation and social development is people-centred which is congruent with my proposed people-centred approach to NGO assessment. This approach focuses on the agency role NGOs play. Both grant-seekers and grant-makers implicitly subscribe to this developmental framework to ensure delivery of developmental actions – for NGOs to live out their mission and vision and for grant-makers to enable development delivery and to meet national and international benchmarked aid and Corporate Social Investment (CSI) targets. The key question remains how to ensure that grants will be and are used to deliver the best results and return on investment. I argue that this is a direct function of the motivation of the staff of the NGO as reflected in the internal organisational culture and capability, not the sales talk of the NGO's CEO or fundraiser. This necessitates a standardised method to measure the people intangibles of the NGO's execution staff that I have not encountered in the literature. Furthermore the operationalising of the Capability Approach has been widely debated and I submit that the function of agency as a key to the operationalising of the Capability Approach has been neglected with most research pointing towards measurement and innovation around the functionings and capability gap.

In the study my focus is on the role of organisations that perform agency enabling functions to take beneficiaries from functionings to capabilities through their activities. I also assess these organisations' internal organisational culture and capabilities as indicators of their external service delivery performance. This approach informed my research question and hypothesis.

1.4 Research question and aims of the study

My experience in the grant-making and grant-seeking environment, working for a university, continuously raised the question of how NGO performance is assessed, following Steadman (2010), and typifying universities as a collection of NGOs. All fund-seeking organisations, mainly NGOs, engage in proposal writing and solicitation of financial support. The key question is how grant-makers assess grant-seeker performance: what are the key criteria they consider and what are the intangibles they look for? Conversely, how do NGOs present themselves in a credible way as worthy recipients of aid, able to deliver on the promises made in the proposals submitted to grant-makers? The current method of assessing NGO performance before a grant is made consists of a comprehensive proposal from the grant-seeking organisation with a concept document that highlights the project concept, needs addressed, overview of the current situation, overview of the ideal future situation, how the ideal situation will be delivered and a budget summary. The next step is the submission of a comprehensive roll-out plan stating key performance areas, deliverables against milestones, staffing, support structures and an itemised budget. Monitoring and evaluation normally takes place halfway through and at the end of a project (Litver, 2010). By its very nature this method is systems-based with little or no reference to the people who must ensure the delivery of the proposed agency intervention.

When combining the above process with the commercial change management system of Nel, the focus is placed on the internal people-centred criteria that indicate a high performance organisation, leading me to believe that the differentiating factor in NGOs is also the internal organisational culture that influences success levels. This is the Holy Grail grant-makers try to identify intuitively when interacting with prospects. It appears to me that in grant-making, it is a people-centred assessment of grant-seekers that is the underlying intangible that makes the difference – the intuitive sensing whether a potential grant-recipient can be recommended or not. To determine whether the assessment of the internal organisational culture may be the missing link in efficient grant-making and solicitation, I set out to assess the correlation between internal organisational culture and external service delivery, whether placing people at the centre of assessment will accurately indicate a NGOs ability to perform externally. To assess this correlation I formulated my research question: Is there a correlation between using a people-centred assessment methodology and NGO performance? From this question I then formulated

my hypothesis that there is a positive correlation between a people-centred method and NGO service delivery performance.

To address this hypothesis, the roadmap of the study will be to:

- Assess, modify and innovate current commercial internal organisational culture and capability profiling instruments for application in NGO environments;
- Assess the validity of the adapted instruments;
- Survey a range of NGOs to determine their internal organisational culture profile;
- Develop a baseline for future use and comparisons;
- Assess the correlation between how CEOs perceive their internal organisational culture profile and how the staff perceive it;
- Assess the correlation between how CEOs perceive their organisation's operation delivery and how the staff perceive it;
- Assess the confidence grant-makers have in current proposal screening methods;
- Assess the confidence grant-making staff perceive in the people-centred measuring instruments; and
- Develop models for the efficient assessment of NGO performance using evidence from a select group of NGOs.

The outcome of the study is to research, innovate and test a system to assess NGO performance based on a people-centred methodology to develop a quantitative system to assess qualitative data on NGO performance. The intended output is a standardised system that can be used across NGOs of divergent nature and geographic locations. This system is intended to deliver accurate and easy-to-use decision-making information for NGO CEOs to improve their internal organisational performance and for grant-makers to recommend funding based on a defensible and standardised method.

The rationale for using this method is to obtain qualitative data from the staff of the NGOs using existing and proposed, newly innovated, quantitative people-centred instruments. Qualitative and quantitative data are obtained from the CEOs of the case study NGOs, providing their opinion on their organisations' performance. Lastly, qualitative and quantitative opinions are obtained from the grant-making staff in embassies on the current and proposed method. All the qualitative data are then converted to quantitative data with the input of the respondents that

enables statistical assessment to determine the degree of correlation between the opinions expressed by the three sets of respondents. Using the method developed by Nel for the seven criteria he identified, I identified a further eight criteria using eight sets of two opposing responses to rate every criterion. Flowing from the responses and correlating NGO provided data with embassy grant-making personnel data, the most critical criteria for NGO performance assessment are identified and a baseline performance level on every criterion is determined. Ultimately two of Nel's seven criteria and three of my eight criteria emerged as the most important indicators of NGO performance success for both grant-makers and grantseekers, namely governance, delivery / actions on goals set, monitoring and evaluation, organisational structures and management.

1.5 Delimitations of the study

To establish the developmental nature and setting of the study, I undertook an overview of the development theories of Adam Smith, Karl Marx, John Maynard Keynes and Amartya Sen, taking cognisance of neo-liberal thinking and practice, with a focus on the work of Sen that underpins the people-centred method of assessing NGO performance as investigated in this study. I also pay special attention to NGO context, monitoring and evaluation theories, the adaptation and development of people-centred measuring instruments and their correlation with current monitoring and evaluation frameworks. Throughout the literature review the progression from systems and centralised decision-making regarding poverty alleviation and development work to a people-centred approach is evident, as is the shift toward focusing on the internal organisational culture and capabilities of an NGO and its people focus.

The study's evidence collection is limited to evidence collected from the members of the Systemic Education Extramural Development and Support Consortium (SEEDS Consortium) that was created in 2009 through a grant of ZAR150m over four years by the Royal Netherlands Embassy in Pretoria. The implementing agencies of the consortium are the African Genome Education Institute's (AGEI) Teaching Biology Project, Cape Peninsula University of Technology's Centre for Multigrade Education (CMGE), the University of Cape Town's Mathematics and Science Project (MSEP), the University of Stellenbosch's Institute for Mathematics and Science Teaching (IMSTUS), the University of the Western Cape's Teaching Biology Project, the Early Learning Resource Unit (ELRU), the Extra-Mural Education Project (EMEP), the GOLD Peer

Education Development Agency (GOLD), the Science and Industrial Leadership Initiative (SAILI), the Science Festival associated with Rhodes University (SciFest Africa) and the University of Stellenbosch as designated fund holder (Stellenbosch, RNE Initiative, p3).

In collecting grant-maker evidence, the study was limited to the grant-making officers in the Organisation for Economic Co-operation and Development (OECD) embassies in South Africa that are actively engaged in development aid projects in South Africa, having secured appointments with the embassies of Australia, European Union (EU) Delegation (Pretoria), Flemish Authority, France, Ireland, Japan, Republic of Korea, Netherlands, Sweden and the United Kingdom.

1.6 Limitation of the study

The study is limited to the ten members of the SEEDS Consortium that operate in the education field in high school mathematics and science (MSEP, Imstus, SciFest), primary education projects (ELRU, CMGE), biology teaching (AGEI, UWC), education practice in HIV programmes (GOLD), bursaries (SAILI) and using unused school time for education (EMEP). This means that evidence collected was limited to these respondent groups resulting in proxy information that needs to be tested further. This includes research in other environments and NGOs operating in fields other than education to verify the proxies obtained. Evidence from grant-makers was limited to respondents from ten embassies and did not include corporate and private donor, aid agency or corporate social investment (CSI) programme staff in corporates. Within these limitations proxy information for donors was developed. This means that there is a need for further testing to verify the proxies obtained.

1.7 Overview of remaining chapters

In Chapter Two the progression of development thinking to enable poverty alleviation is reviewed showing how the centrist approach to development work gave way to an acknowledgement that people are at the heart of society and poverty. This sets the scene for the recognition of people's capabilities as the key to development and poverty alleviation, the redefinition of poverty and the thinking of how to address it. The detail in the chapter unpacks development paradigms on poverty alleviation covering the theories of Adam Smith and the neo-liberal state, Karl Marx and the developmental state, John Maynard Keynes and the

consumer-based state, post-Keynesian developments of social democratic thinking and neo-liberal thinking, and lastly, Amartya Sen and the people-centred state with a more detailed focus on Sen's Capability Approach and development indicators.

In Chapter Three the ideological frameworks underlying development thinking are rationalised to the current environment NGOs find themselves in and the plethora of agendas within which NGOs operate. This includes the frameworks of development economics in the global arena and how it impacts on the NGO at national level. Specific issues addressed are: a review of development economics, development aid and grant-maker views; a review of the Millennium Development Goals; development input/output factors; international forums on poverty alleviation and the focus areas of the OECD countries; monitoring and evaluation frameworks; assessing internal organisational capabilities and their fit to measuring instruments of internal organisational culture to place a people-centred method at the heart of my study; an overview of the SEEDS Consortium used to provide evidence for the study.

To obtain reliable data for the study I opted for a mixed methods approach. I needed to obtain reliable qualitative inputs on my proposed measuring instruments as well as completed quantitative questionnaires to extract the best of both qualitative and quantitative methods. This was needed to make sure that the results are people-based and reflect the internal working of the NGOs surveyed.

In Chapter Four I discuss the methodology used to make sense of the data collected; the data sets required; a discussion on the use of mixed methods; measuring instruments design; an overview of the method of how I interpreted and present the results; details on the SEEDS partners' detailed objectives developed before the establishment of the SEEDS consortium.

In Chapters Five and Six I analyse the results of the study that prove my hypothesis that there is a correlation of 95% between the internal organisational culture and the external delivery capacity of NGOs. Detailed aspects covered in the chapters are: evidence obtained from the ten SEEDS partners reflecting a qualitative summary of their evidence provided as well as interpretations and presentation of the quantitative evidence obtained; the data for the ten organisations aggregated to inform the development of baseline measures against which to assess internal organisational performance; a summary of evidence solicited from the OECD embassies: firstly a qualitative report on their views when assessing an aid application, followed

by an aggregated quantitative interpretation of their opinions on current proposal assessment techniques and the proposed people-centred approach.

In the concluding Chapter Seven the results of the study are presented, supporting my hypothesis that an internal organisational culture assessment of an NGO provides a 95% correlation between the internal organisational culture as measured with my instruments and external service delivery and performance, with its ability to deliver on the promises submitted to a grant-maker. This proves the validity of my proposed method that can contribute significantly to the optimising of results obtained for grant money. It challenges the paradigm that the assessment of NGO performance will always be qualitative in nature proving that quantitative methods can be used reliably and to place the role of agency central to the debate on operationalising the Capability Approach. Great interest in the people-centred method was shown by both the SEEDS partners and the grant-making officers in the embassies.



CHAPTER 2

LITERATURE REVIEW: MACRO-ECONOMIC DEVELOPMENT PROCESSES

2.1 Introduction

In this chapter my research and its anticipated results are placed in perspective by reviewing the divergent disciplines that come together in this study to inform a new way of assessing NGO performance from a people-centred paradigm. An NGO operates in the development arena and its *raison d'être* is the alleviation of poverty and suffering through developmental and upliftment training and services to empower people to improve their lives. The development of poverty alleviation paradigms since the start of the Industrial Revolution will be reviewed with reference to four proponents of economic development theories over the past three centuries.

Firstly, I focus on the work of Adam Smith (1723-1790) and how he anticipated that increased profits could contribute to the alleviation of poverty through greater profitability. However, industrial capitalism resulted in such increased levels of mechanisation that specialised labour was marginalised and poverty increased. Secondly, I focus on the work of Karl Marx (1818-1883) who proposed a centralised system where all assets are jointly owned; therefore poverty and exploitation would not be possible and would disappear. In practice however the Marxist system became an exploitative dictatorship and the poor lost out. Furthermore, history has disproved his predicted progress in development to a communist state as the “final” economic solution. Thirdly I address the work of John Maynard Keynes (1883-1946) who in his macro and micro-economic theories moved people to centre stage in dealing with poverty and the post-1929 depression period, contributing significant stabilising mechanisms to keep poverty under control. Keynes’s approach did not solve the problem of how to accommodate more labour than was needed for production, thereby explaining prolonged poverty after economic recovery. I also consider the post-Keynesian trends of social democracy and the Chicago School’s approach to neo-liberalism.

Lastly, I consider the work of Amartya Sen and Martha Nussbaum who proposed a fully people-centred society in which the concept of poverty is redefined and not measured in per capita income. Poverty is measured in terms of addressing the gap between the way people live and do things as opposed to how they could develop themselves to enhance their own capabilities in

what has become known as the Capability Approach. I now turn to an in-depth discussion of the four main streams of thought that have informed paradigms on development and poverty alleviation as proposed by Adam Smith, Karl Marx, John Maynard Keynes and Amartya Sen.

2.2 Development paradigms and poverty alleviation

When assessing NGO performance, the development and foundational background from which NGOs developed to the organisations we know today, needs to be considered. The essence of NGO work is to address issues relating to poverty, exclusion, denial of rights, poor living, social and educational conditions that impact on the quality of life. These issues, placing people and their lives first, have been at the forefront of debate since the commencement of the industrial revolution from around 1700. Much of the debate has been informed by economic theory trying to make sense of why poverty and disadvantage occur as well as attempts to put forward solutions to relieve the hardship many endure.

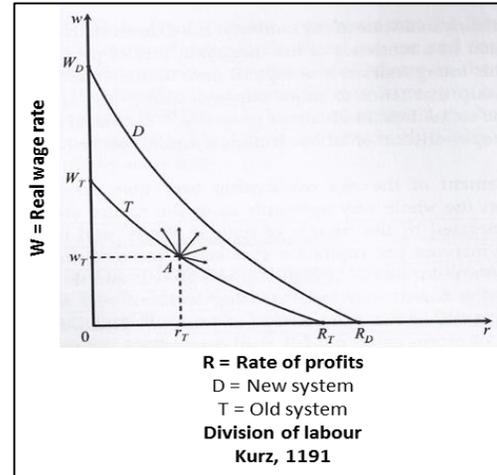
Four dominant and successive theories of addressing poverty have provided distinct paradigms in dealing with the poverty alleviation that dominates development work, namely the market-driven view championed by Adam Smith around 1750, the central state control view championed by Karl Marx around 1880, the macro-economic approach as proposed by John Maynard Keynes around 1930 and since the 1980s the people-centred Capability Approach championed by Amartya Sen and Martha Nussbaum. These models are relevant for this study, providing explanations and suggested solutions to poverty in their respective time frames. This links directly to my topic that focuses on a people-centred method of approaching NGO performance in the light of current practice which is predominantly systems-driven, largely denying the impact on the organisation's goals of the people who have to roll out NGO activities in practice and their motivation to deliver on those goals. Each of the four models has significantly influenced development systems that resulted in the creation of the neo-liberal, developmental, consumer-based or people-centred state, each within its own time-frame and historic context. These four development models are graphically depicted in insert 4 below and then discussed.

Insert 4: Figure, Development systems				
Paradigm	Supply driven		Demand / people driven	
Key protagonists	Smith	Marx	Keynes	Sen and Nussbaum
Development system	Market supply system driven: Supply determines demand	State driven : Value = surplus labour	Customer demand Driven: Demand determines supply Macro-economic intervention	Society Driven: Peoples' choice and opportunity driven
Output	Modernisation	World system	Regulated capitalism	Capability theory
Result	Neo-liberal state	Developmental state	Consumer-based state	People-centered state

2.2.1 Adam Smith

Adam Smith worked at the beginning of the industrial revolution and within a framework of absolute rulers emerging from a feudal mind-set in the run-up to the French Revolution. His work (Solomon, 2010) laid the foundation for the separation of powers, market and state, politics and economics that would no longer be centralised in the hands of an absolute ruler. Kurz (2010:1188) describes Adam Smith's work as about growth and the distribution of income against the backdrop of the social division of labour, referring to the creation of an owner and labour class as well as trade-skilled versus unskilled labour. This division and specialisation would increase the productivity of existing plant and equipment and lead to the drop in the capital-to-output ratio resulting in an increase in wages, as graphically indicated in insert 5. This meant that as people became more specialised, they would contribute to greater earnings for both the employer and themselves. In theory this would lead to greater profits and better wages for the more specialised workers, hence the earning / wage curve in insert 5 moving to the right.

Insert 5: Figure, Increase in wages and profit with social division of labour

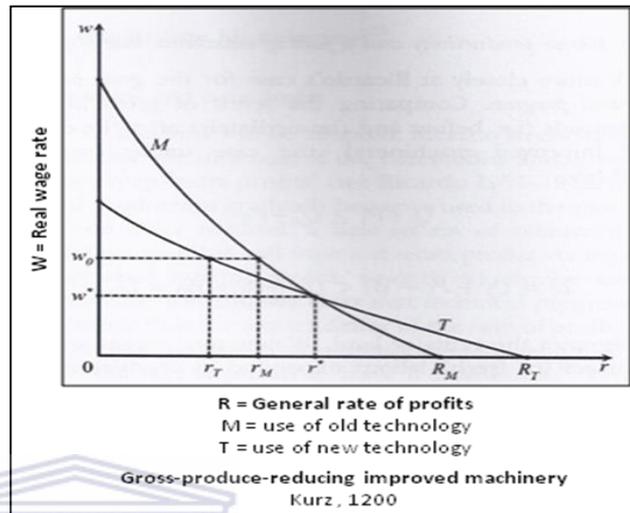


Smith identified the improvement of worker dexterity as a gain from specialisation, time saved by not shifting from one activity to another and innovation through the invention of machines to take over large and complex labour processes. These elements would contribute to establish a tendency towards a uniform rate of profits in a free competitive environment. Specialisation would also lead to a further subdivision of labour into specialist areas such as Research and Development. Smith was optimistic that the labouring poor would benefit but was cautious that the division would lead to de-skilling and degradation of the working class.

Kurz indicates that in the years following Smith, David Ricardo, a later contemporary of Smith, incorporated the development of machinery into the model and formulated the “*fundamental law of income distribution which meant that an inverse relationship existed between the rate of profits and wages*” as indicated in insert 6. In practice this means that with the increased use of machinery the need for specialisation in the labour force would decrease and that instead of labourers earning more as specialists it would favour the unskilled at cheaper rates leading to a situation of increased profits and increased poverty as unskilled labour could be bought at below market value. Ricardo (1973:388) acknowledges that the advent of machinery “*from which landlords and capitalists derive their revenue, may increase, while the other, that upon which the labouring class mainly depend, may diminish, and therefore it follows ... that the same cause which may increase the net revenue of the country, may at the same time render the population redundant, and deteriorate the conditions of the labourer*”. In the period after Smith extensive industrialisation took place mainly in Europe, with colonisation as a by-product to supply raw material and markets for mass-produced goods. In practice, large scale mechanisation made labour largely redundant thereby increasing profits, decreasing wages and

increasing poverty and suffering, hence the crossing curves as shown in insert 6. The next important theorist on alleviating the plight of the poor, writing in reaction to industrial capitalism, was Karl Marx.

Insert 6: Figure, Increase in wages and profit with the advent of machinery



2.2.2 Karl Marx

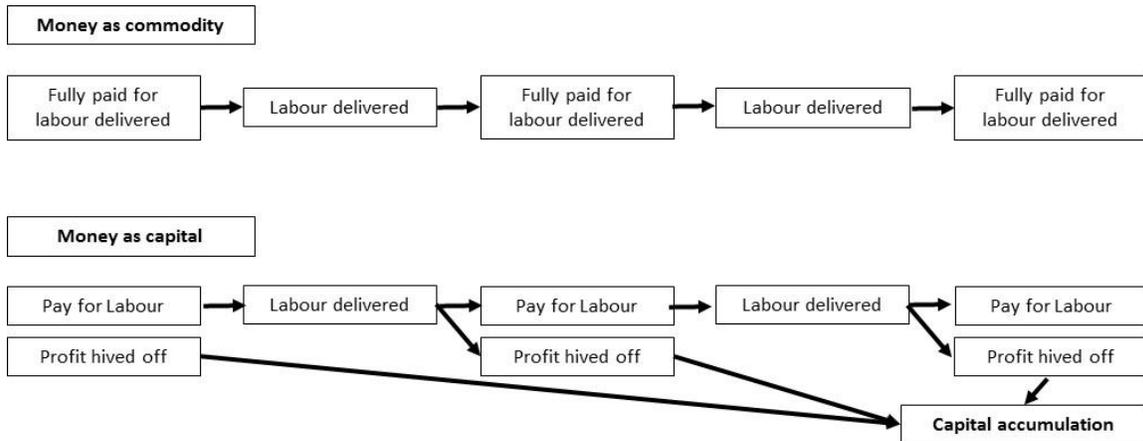
Karl Marx worked within the context of the industrial revolution in Europe, which was characterised by the concentration of wealth in the hands of a few and the extensive exploitation of labour: a few moguls and the vast majority of workers in poverty. The growth of trade-unions, labour parties and general political democratisation came as a reaction to the exploitation of the masses and also gave rise to significant emigration to the New World. Marx's vision (Solomon: 2010) of the society he lived in was one where capitalism was transcended by a superior system of social organisation based on shared wealth. Engels (1974:7) indicated that the Theory of Surplus Value forms the cornerstone of Marx's economic doctrine as developed during the period around 1870. To illustrate surplus value in simple terms, a labourer will produce work to the value of e.g. R100 but receive only R40 in payment, leaving a surplus of R60, i.e. surplus value that his employer pockets.

According to Marx in *Leipzig Demokratishes Wochenblatt* (1868) the key issue is the exchange between commodities and money. Labour entered the equation as a commodity of production and labour was viewed as the new source of value. Moseley (2011:62) indicates that Marx (*Grundrisse* of 1859) identified distinctions between: absolute surplus-value that related to the

extension of the working day; relative surplus value that referred to the reduction of necessary labour time through technological change and increasing productivity; and variable capital which refers to the purchasing of labour power and constant capital which purchases the means of production. It was Marx's theory (1859:557) that competition will affect the distribution of surplus value but not the generation of surplus value. Moseley (2011:65) summarises Marx's arguments in *Grundrisse* that "*ultimately profit is obviously identically equal in magnitude to the surplus-value*". In simple terms this means that a labourer's contribution – labour – is viewed in the same light as raw materials used, such as iron in a forgery or wood in a joinery, i.e. equivalent to money or inventory. Taking a maximum mark-up on such a commodity in the production process was therefore acceptable, even to the level of pushing the labourer into poverty and causing hardship.

In *Fortnightly Review* Marx (1868) distinguishes in rather technical terms between money as currency to buy with and money as capital, stored up value. In the case of money as currency it implies that one will sell in order to buy, commodity – read labour as commodity – is exchanged for money, which in turn can be exchanged for a commodity of the person's choice. This system will result in the person whose labour is being sold to be compensated fairly to receive the full value for the labour (commodity) provided in exchange for money, i.e. a C – M – C model. Money as capital reflects on an approach of buy in order to sell, a situation where money is exchanged for a commodity that is then sold at a mark-up compared to the initial money value paid for it, i.e. a M - C – M model, which when applied to labour as commodity results in money being paid to cover production costs plus a profit that does not go to the labourer. Marx argues that it is this surplus value that created capital. This difference in approach is graphically illustrated in insert 7 below.

Insert 7: Figure, Marx's concepts on money as commodity vs. capital



The result as per Marx's article in *Leipzig Demokratishes Wochenblatt* is that labour is contributing mark-up to capital growth with the result that accumulation of capital increases at the expense of the labouring classes, or proletariat as he referred to them. The result of this spiral effect is what Marx refers to as the absolute general law of capital accumulation, meaning that the rich get richer and the poor poorer because the rich skim off the surplus value for themselves. In this situation Marx refers to the market in which the free labourer has nothing but his labour to sell and must accept that his free or surplus labour will be sold to form capital for the buyer of his labour. In *Das Kapital* Marx elaborates in detail on the Theory of Surplus Value.

Engels continued with the work to indicate how the concentration of capital gave rise to imperialism based on the exploitation of surplus labour leading Marx in *The Communist Manifesto* (79) to describe all "history of hitherto existing society is the history of class struggles", i.e. a struggle between haves and have-nots, and on which Lenin formulated the theory of imperialism as the last stage of capitalism (Institute of Marxism-Leninism in Engels on Kapital, 1974). Marx and Engels's (Marx and Engels, 1986) concepts of the "ideal state" that would eradicate all class struggle in a superior system of social organisation based on shared wealth is in insert 8 below:

Insert 8: Figure, Extract from Communist Manifesto

"We have seen (above) the first steps in the revolution by the working class to raise the proletariat to the position of ruling class to win the battle of democracy. ... These measures will of course be different in different countries.

Nevertheless, in the most advanced countries the following will be pretty generally applicable:

1. *Abolition of property in land and application of all rents of land to public purposes.*
2. *A heavy progressive or graduated income tax.*
3. *Abolition of all rights of inheritance.*
4. *Confiscation of the property of all emigrants and rebels.*
5. *Centralisation of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly.*
6. *Centralisation of the means of communication and transport in the hands of the State.*
7. *Extension of factories and instruments of production owned by the State; the bringing into cultivation of waste-lands and the improvement of the soil generally in accordance with a common plan.*
8. *Equal liability of all to labour. Establishment of industrial armies, especially for agriculture.*
9. *Combination of agriculture with manufacturing industries; gradual abolition of the distinction between town and country, by a more equable distribution of the population over the country.*
10. *Free education for all children in public schools. Abolition of children's factory labour in its present form. Combination of education with industrial production, etc.*

When in the course of development, class distinctions have disappeared, and all production has been concentrated in the whole nation, the public power will lose its political character. ... and will thereby have abolished its own supremacy as a class.

In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all"

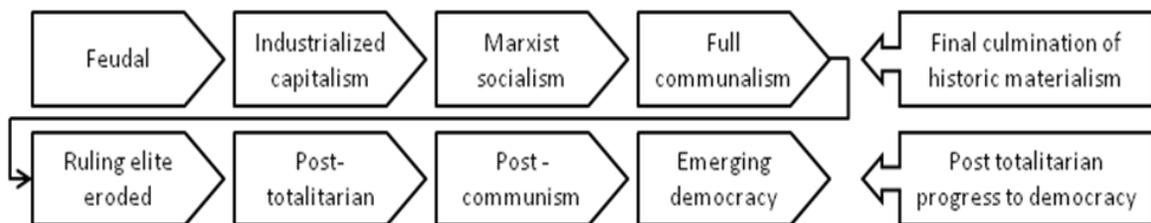
Kotzé (1979:1-7) indicates that the economic communist and state-driven approach of Marx and Engels, developed from the Industrial Revolution, was based on their observation that the majority of Europeans were poverty-stricken while a small group were extremely well off in a society characterised by rapid urbanisation, poor housing and work conditions and low wages. Kotze continues that Marx was convinced that private possession and control of the means of production and exchange of goods lay at the heart of all misery and that a system of communist control would address poverty. Marx's theory presupposes that the economic order is the foundation of society and determines the society's social life, politics, laws, judiciary, ideas, institutions and organisations as a "superstructure" based on the communist economic system, referred to as historic materialism or the Marxist method. The theory of historic materialism included a "natural progression" of economic systems from feudal, followed by industrial

capitalism, followed by a Marxist socialist phase in which a “vanguard group” would run the country as a “dictatorship of the proletariat” until a true communist society would emerge displaying the characteristics quoted in Section 2 of the Communist Manifesto under the title Proletarians and Communists in insert 8 above.

The criticism of this approach is that Marx could not justify why true communism would be the ultimate economic form. In practice, a new absolute bourgeoisie grew from the dictatorship of the proletariat. Considering the Romanian experience captured in the Tismaneanu Report of Marxism as a proxy for the Stalinist application of Marxism, Tanasoiu (2007) refers to the systematic removal of freedom and access to capability. This approach was practiced by the Romanian Communist Party through terror campaigns and political propaganda, repression using collectivisation of agriculture, manipulation of education reform and thought-policing, religious persecution, and deportations, giving substance to the centrist ideas captured in the Communist Manifesto as recorded above. The output of Marx’s theory delivered a state characterised by central control and planning that completely reversed the market system and suppressed free ideas and commerce where the state decided centrally how people will develop to prevent exploitation. In practice the Romanian experience (Tanasoiu, 2007) as captured in the Tismaneanu report of 2006, serves as a proxy for countries emerging from Stalinist regimes. Centrist power was maintained through the repression of dissidents and religious groups, censorship, a ban on abortion, starvation, the confiscation and demolition of homes, political propaganda, genocide, forced collectivisation, degradation of the education system, religious persecution, deportation, the destruction of moral values, nationalisation and the persecution of diaspora citizens. Just as radical as uncontrolled free enterprise is in creating inequality, so radical Marxism also leads to inequality and the flaunting of the ideas of people first, development and poverty alleviation.

Marx presupposed that full communism would be the ultimate form to address poverty and suffering. History as illustrated in the Tismaneanu report nullified the idealistic claims and in Tismaneanu’s (2001) analysis the full communist state was followed by the stages of an eroded powerbase of the elite, a post –totalitarian phase characterised by the growth in civil society moving into a post-communism phase and the emergence of democracy, as illustrated in insert 9 below.

Insert 9: Figure, Progression beyond historic materialism



In spite of Marx's concept of economic development that provides an explanation of the prevalence of poverty and inequality, the relevance of the history of Marxism for this study is that ultimately a people-centred system triumphed over a totalitarian system leading to civil society engagement in all the phases of and bringing about of the post-communist society. This creates room for the development of NGOs that actively promote freedom and the development of people's capabilities to take up that freedom which would not be possible in a totalitarian environment.

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2.2.3 John Maynard Keynes

Parallel with the communist experiment under Marxist rule in Russia, in the free enterprise driven economies of the West after the First World War, mass production came to the fore. "Flagships" of the era in the transport industry were the production lines of Henry Ford, in the furniture industry the advent of mass-produced cottage furniture, in the food industry food canning and preservation factories, refrigeration etc. creating a seemingly endless demand for commodities – that is until the Great Depression of 1929 that put up to 25% of the workforce out of work and saw the return of poverty.

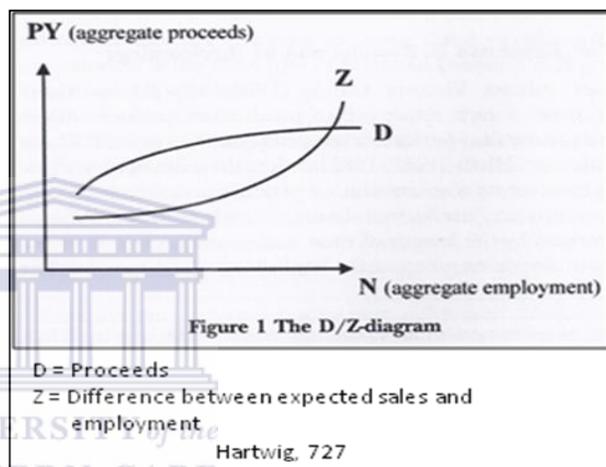
John Maynard Keynes developed his macro-economic theory in the aftermath of an era where industrialisation and mass-production came to the fore against the background of the Belle Époque, the First World War, the rise of the stock exchange, and the mass production of goods, based on a supply-driven paradigm; in terms of Say's Law, supply would create its own demand. But it led to an overproduction bubble where purchasing power could not support production levels, and the Great Depression of 1929, and as Patinkin (1976:11,12) points out, saw immense

unemployment and poverty that was not understood, until James Maynard Keynes in *General Theory of Employment, Interest and Money* defined the principle of effective demand. Hartwig (2007:725) indicated that Keynes's macro-economic theory directly reversed the well-accepted Say's law that stated that supply created its own demand. Gwartney (1976:246) points out that in Say's thinking, overproduction was not possible. In his work during the 1930s Keynes established the terminology and the economic framework that is still widely used to study problems of unemployment and inflation with a direct bearing on poverty alleviation. Keynes (Gwartney 1976:247 - 253) indicated that if spending induced businesses to supply goods and services and if spending fell, firms would cut back on production, less spending would lead to less production. From his work modern macro-economic theory and practice developed. Keynes's model consisted of planned consumption expenditures, planned investment expenditures, planned government expenditures and planned net exports. Equilibrium is reached when total output equals planned aggregate expenditure. From a poverty-alleviation perspective equilibrium need not take place at full employment when aggregate expenditure is less than what is required to provide full employment. This explained the impact of a depression on causing prolonged unemployment. In simple terms this means that a producer will only produce enough goods that he is sure to sell, thereby employing just enough people to produce the goods he thinks he will sell. If on the whole there are more people (labour) available to produce the goods than are needed to produce what will certainly sell, then the "surplus" people are simply left unemployed thereby maintaining poverty and suffering.

In his *General Theory*, Keynes (1973:25) refers to what he terms his D/Z diagram shown in insert 10 as follows: "Let Z be the aggregate supply price of the output from employing N men, the relationship between Z and N men being written $Z = \Phi(N)$, which can be called the aggregate supply function. Similarly, let D be the proceeds, which entrepreneurs expect to receive from the employment of N men, the relationships between D and N being written $D = f(N)$, which can be called the aggregate demand function. Now it is for a given value of N the expected proceeds are greater than the supply price, i.e. if D is greater than Z , there will be an incentive to entrepreneurs to increase employment beyond N and, if necessary, to raise costs by competing with another for the factors of production, up to the value of N for which Z has become equal to D ". Simply put, an employer will employ people up to the point where profit and breakeven come under threat. Poverty alleviation measures supply a stabilising effect when macro-

economic intervention takes place, but it only really affects those who are employed. Where the supply of employment exceeds the aggregate proceeds expected, unemployment and therefore poverty will continue to exist creating the need for interventions as supplied by NGOs to enable people to achieve their true capabilities and erode the supply of unemployed in conjunction with planned state spending and monetary supply interventions. It is also significant that in Keynes' approach demand is placed central, thereby moving people and their situation to the centre of the debate as opposed to the situations controlled by supply-driven and central control thinking.

Insert 10: Figure, Proceeds vs. aggregate employment



The market-driven approach of cost-benefit and supply and demand thinking gave rise to a significant prevalence of poverty during the Industrial Revolution and the concept of a free industrial economic system was questioned. This lies at the heart of Keynes's contribution (Solomon, 2010): the rejection of the idea that markets were self-correcting and his belief in managed capitalism. The key thinking of Keynes (Kotzé, 1979:43-45) is the concept of setting constructive limits to the free enterprise system also labelled Western Socialism that holds that capitalism need not be abolished, that private control and ownership of capital could continue, but that it should be adapted, mitigated and restricted to give the desired stabilising results. Three mainstays of Western Socialism emerged in allowing trade unions, the state becoming an entrepreneur in areas where private capital could not supply the goods, e.g. utilities, and control of the economy through fiscal and monetary control. This approach would operate within the capitalist system but would act against it to set constructive limits. From a poverty alleviation point of view this approach focused on a systems approach. The criticism of this approach is that

it pre-supposes full employment and an efficient regulatory framework to balance profit and poverty alleviation incentives. In this way a regulated capitalist system produced a consumer-based state with significant checks and balances to prevent the economic cycle swings of the great depression that reached 25% in loss of value and unemployment. Keynes's (Solomon, 2010) system is credited with underlying the control factor that limited loss of value and employment to around five percent in the 2007 recession.

Keynesian thinking prevailed in the years following the Second World War flowing into the social-democratic era where the state apparatus was used to protect society from the excesses of capitalism (Madra and Adaman: 1082). In practice it meant that the mechanisms Keynes proposed were used to maintain a people and social benefit focus through control of the free market system to prevent exploitation. As I perceive the practice of this period, the emphasis shifted the equilibrium towards the social benefit for society placing a heavy burden on the state to provide these services, ultimately creating an economically uncompetitive and unsustainable social benefit society, i.e. the welfare state.

Critique on Keynes and the practices associated with social democracy grew into what became known as neo-liberalism from the 1980s onward, characterised by a radical change in the relationship between the state and the market. This was achieved by entrenching the sovereignty of the state and enforcing the logic of 'economic incentives'. According to Madra and Adaman (2010) the cornerstones of neo-liberalism were privatisation, financial liberation, trade liberation, deregulation and the rolling back of the welfare state. This approach was led by the economists of the Chicago School of thought to transform the state apparatus to focus on deregulation and privatisation. This was in reaction to the paternalism of the welfare state as first advanced by the economists of the Austrian School. This reaction grew from a belief Friedman (1953) described as the "indisputable superiority of the market as a selection mechanism". The output of the neo-liberal system was one where economic incentives dominated social policy debates at the expense of social rights (Madra and Adaman: 2010). These policies have given rise to what Mann (2012) describes as contemporary global capitalism that includes inter-capitalist inequity between countries in the EU, resistance to a reduction in the state's role as provider of basic public services, new forms of struggle emerging that is likely to expand the social movements, and traditional political and trade union organisations losing working class support. In essence this indicates a crisis in the capitalist system attacking the

standard of living and provision of services to the broader population. Current austerity measures in Europe attest to the practice of this system (Mann, 2012). I argue that the move towards neo-liberalism was away from the more people-centred social democracy approach to a more pure form of capitalism where the market is the ultimate determinant of wealth and well-being. In the process it created a situation akin to the society outlined in Marx's critique on capitalism, but with more checks and balances as proposed by Keynes. Market forces triumphed over people-centeredness causing poverty and suffering instead of reducing it in the rolling back of the welfare state.

Within this macro-economic debate, the private and public choice of citizens is governed by people who exercise rational preferences amongst investment and spending options and its outcomes, the principle that people will maximise utility and that firms will maximise their profits thereby creating an equilibrium, and that people will act independently based on having full an relevant information to base their decision on. With the Keynesian paradigm, these assumptions underlie the principles of neo-classical theory of public choice (Wientraub). Within this context NGOs are also corporate citizens of the state who have to work within the confines of supply and demand, though this is social need and the supply of donor funding, to optimise their operations. This can include lobbying the state for more favourable operational policy frameworks.

During the period since the 1980s social democracy was replaced with neo-liberalism, with its emphasis on market-driven approaches to social development. This thinking that the one ideology or the other is right at every price subsided with more emphasis on human rights in the aftermath of the Second World War and the Cold War. The geopolitics also changed to a scenario where the disenfranchised parts of the world became recognised as countries with the political clout to force world attention towards development. People in the developing world were placed more and more at the centre of debate as opposed to the former East vs. West ideology divide. It was during this period that Amartya Sen and later Martha Nussbaum redefined the paradigm of development (Srinivasan: 2007). The shift in thinking they proposed was from a capitalist-centred to a strong people-centred approach that became known as the Capability Approach. This approach stands in contrast to the neo-liberal movement and offers an alternative where the plight of people, and not systems, is placed central.

In assessing the market and state-driven approaches to poverty alleviation, the market-driven model is a systems approach that allows for excesses in the concentration of riches in the hands of a few without automatically addressing poverty. The Keynesian concept sets constructive limits that can mitigate the effect, but remains systems-driven. Equally the state-driven model of poverty alleviation flowing from Marx's ideals holds a high ground view, but practice that has followed the ideas put forward in the Communist Manifesto has shown that the interest of the poor is not served in this rigid systems-driven approach. Both systems pre-suppose a Western or industrial society to work, not considering the relative value of poverty as for example in Africa where a monetary per capita currency-driven value reflects people as poor, but in their own culture which might be driven by cattle-as-currency within a functioning tribal setting, they could be classified as rich. This impacts on assessing the performance of NGOs as to what the definition of poverty is that needs to be addressed. A people-centred approach to take these criteria that apply to the people into consideration was developed by Amartya Sen, forming the basis of modern development theory and is discussed below.

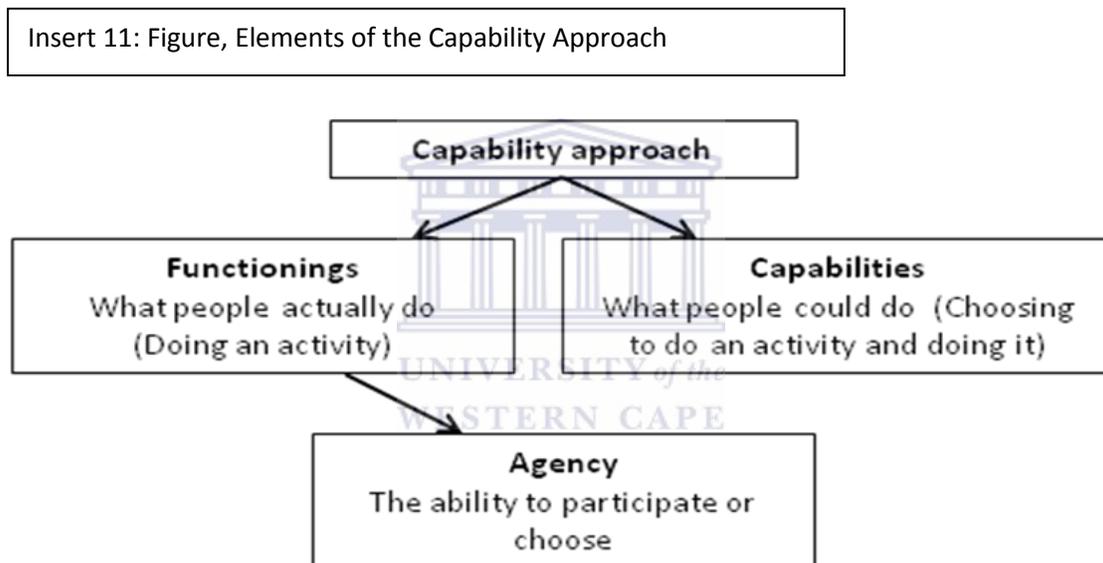
2.2.4 Amartya Sen

Amartya Sen developed the Capability approach during the 1990s, a time of great liberalisation following the end of the Cold War, the collapse of traditional bastions of power and ideological untouchables, the growth of liberal economic policy and also a time when the developing world started to come into its own, drawing attention to approaches that are not ideologically linked to the capitalist / communist paradigms and the recognition of freedom as important. As a voice from the Developing World during the 1980s, Amartya Sen introduced elements that were traditionally excluded from the economics of welfare in assessing poverty and people's capabilities. Sen (1993:30) explained that *"The capability approach to a person's advantage is concerned with evaluating it in terms of his or her actual ability to achieve various valuable functionings as a part of living. The corresponding approach to social advantage takes the set of individual capabilities as constituting an indispensable and central part of the relevant informational base of such evaluation"*.

The impact of Sen's work (Srinivasan: 2007) was a theoretical framework for evaluating individual well-being and social arrangement, guiding institutional and policy design, and influenced welfare economics, social policy, political philosophy and international development.

Sen's theory provided a compelling contrast to the commodity based approaches of Smith, Marx and Keynes, focusing on actual human living. According to Nussbaum (2003) the capability approach will provide useful guidance "only if we formulate a definite list of the most central capabilities, even one that is tentative and revisable". With Martha Nussbaum and Sudhir Anand the Capability Approach was further developed and today underpins the United Nations' (UN) Human Development Index (HDI, 2011).

Sen's work focused on an approach that peoples' choice and opportunity work towards a people centred state. The elements of the Capability Approach are graphically represented in insert 11 below:

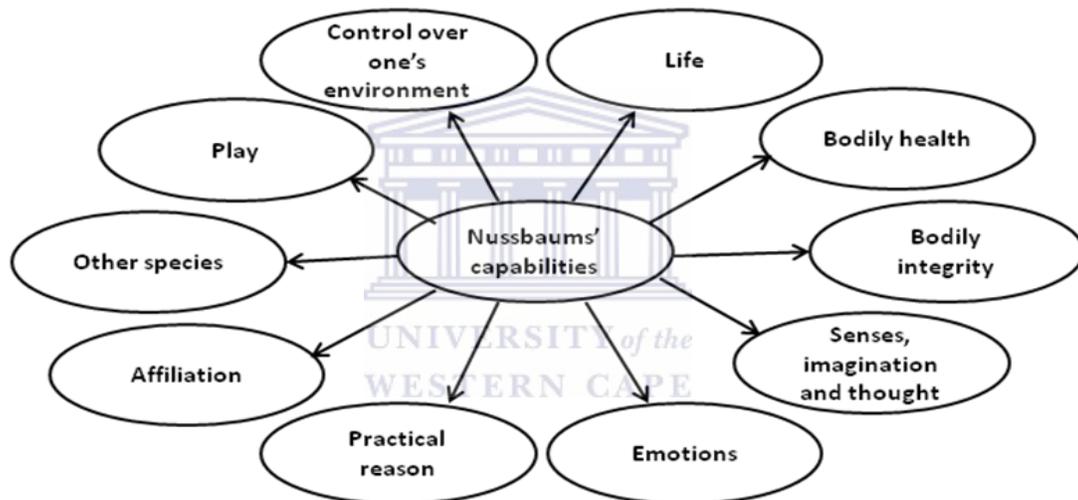


Sen (1992) describes the major constituents of the capability approach, a person's functionings as the "the various things a person values being and doing", whereas a person's capabilities are "the various combinations that a person can achieve". Robeyns (2003:6, 12) describes capability as a set of vectors of functionings, reflecting the person's freedom to lead one type of life or another. Functionings constitute what makes life valuable and include work, rest, being literate, being healthy, being part of a community, being respected and more. Capabilities refer to what functioning people could have achieved when the opportunity and conversion factors, opportunities and means were present. An agent (Sen 1999:19) is "someone who acts and brings about change" and agency refers to a person's choice to achieve his/ her capabilities from the baseline of his/ her functionings. Whereas agency (Srinivasan: 2007) refers to the

individuals' freedom to embrace capabilities, NGOs as organisations provide agency services in communities enabling people to progress from a state of functioning to realise their capabilities, providing a sound rationale to focus on NGO performance to deliver measurable agency services to support poverty alleviation.

The concept of agency also underpins the international development agenda providing enabling agencies to combat poverty within the Capability Approach paradigm. In measuring capabilities based on real opportunities in personal and social circumstances, Nussbaum (2000) argues that to assess poverty a list of "functional capabilities" is necessary. This resulted in her developing

Insert 12: Figure, Nussbaum's ten capabilities

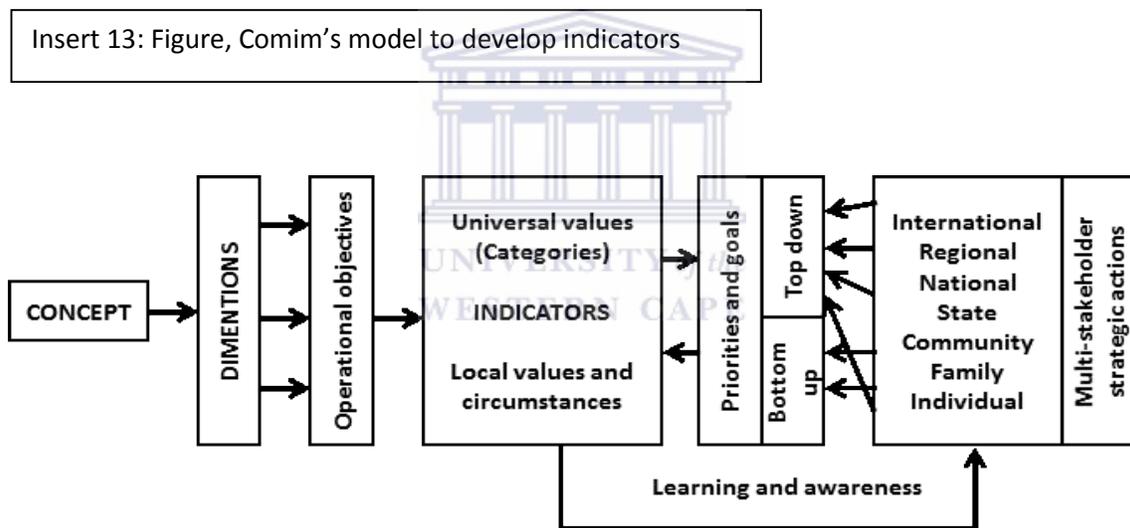


ten capabilities that support all democracies, and is graphically represented in insert 12 below.

The Capability Approach gave direct rise to the development of the United Nations' system of assessing poverty and became known under the title of Human Development Index (2011) which since 1990 has presented a new way of measuring development by combining indicators of life expectancy, education attainment and income into a composite human development index, creating a single statistic on a country or society. These three dimensions are based on a composite of four indicators, life expectancy at birth, mean years of schooling, expected years of schooling and gross national income per capita. Every criterion is weighted with a range that results in a probability score, e.g. to determine life expectancy at birth within a range of 20 years to 83.2 years is used. The expected life span is calculated as the proportion of life expected

between the range extremes. Indicators used in the Human Development Index are health, education, income, inequality, poverty, gender, sustainability and human security.

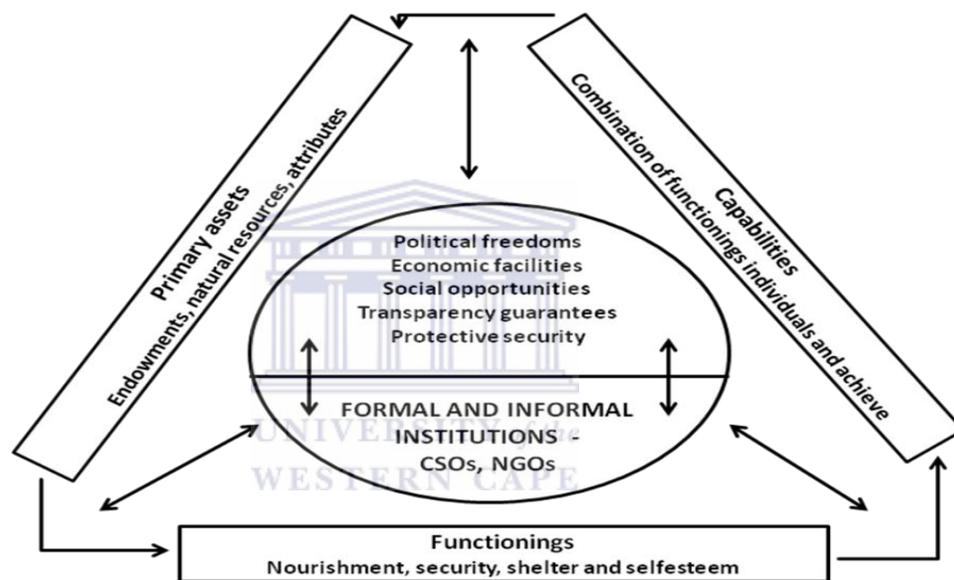
In operationalising the Capability Approach, Comim (2008) focuses on assessing functionings in terms of clarifying the concepts to assess, specification of dimensions as the focal point of an analysis, choice of categories and scales to use in the evaluation and the organisation of results. Using Nussbaum's ten capabilities a similar set of criteria are developed to measure and assess capabilities achieved. Comim (2008) refers to the "problem of characterising the 'agency aspect' of human life" within the capability approach with no further reference to measuring agency performance. Comim's concepts of building capability indicators by bringing together concepts, priorities and goals are illustrated in his model at insert 13 below, clearly not making provision for agency indicators.



In attempting to operationalise the Capability Approach, Chopra and Duraiappah (2008) refer to Sen's list of five instrumental freedoms that lead to means to become agents of change, namely political freedom, economic facilities, social opportunities, transparency guarantees and protective security. To enable these freedoms to be realised, formal and informal institutions play a role as agency players and can consist of political bodies, economic bodies, social clubs, educational bodies and non-governmental bodies (NGOs) e.g. World Wide Fund for Nature (WWF). Olson (1965) cautioned that rent capture could occur, i.e. when institutions absorb development funds to build the institutions thereby undermining the efficiency of institutions where increased transaction costs do not flow through to developing capabilities. Chopra and

Duraiappah produced a schematic illustration of the process by which resources, endowments and attributes are transformed to functioning and capabilities as per insert 14 below. Notably absent remains the assessment of institutions and NGOs that deliver agency roles to support the five instrumental freedoms identified above.

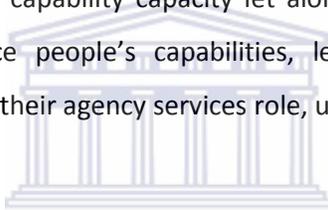
Insert 14: Figure, Transforming functionings to capabilities



Criticism of Sen (Peterson: 2004) refers to his shying away from developing a set of indicators to measure individual freedoms, which does not rule out the need to find a numerical measured system to profile different final values (Srinivasan: 2007). Sen was reluctant to add weights to which capabilities are more important than others thereby hampering the operationalisation and evaluation of capabilities achieved. Significant remains the absence of interrogating the institutions / NGOs that play a pivotal role in converting assets and resources into the means of enabling beneficiaries to progress from a state of functionings to realise their capabilities. I maintain that this is a significant oversight in research on the capability approach.

In assessing the above approaches to poverty alleviation, it is striking that the market and state-driven and macro-economic approaches are systems-driven allowing for an invisible hand and

return on investment approach, a centralised mega-planning and micro-control approach and a manipulation of the economy approach. In neither of these approaches are people placed at the centre, a “we’ll decide what is best for you” approach is followed. In contrast the society-driven Capability Approach places the individual at the centre as a people-centred approach basing its assessment of poverty on the relevant view of poverty of the population being assessed. This people-centeredness of the Capability Approach fully recognises that the social or organisational culture, the way people do things, has changed the way the world views the definition of poverty. Though much is written about Sen and Nussbaum’s quantifying or not of capabilities with the view to operationalising the Capability Approach, it is striking to note the absence of literature on agency and on measuring agency, especially where so many NGOs are providing agency and enabling services to enhance the freedoms as proposed in the Capability Approach. Furthermore the debate on quantifying capabilities does not appear to have been extended to include quantifying or measuring capability capacity let alone the capacity of NGOs to effect agency interventions to enhance people’s capabilities, leaving NGOs open to subjective assessment on how they perform their agency services role, underlying the critique of NGOs and aid as not being effective.



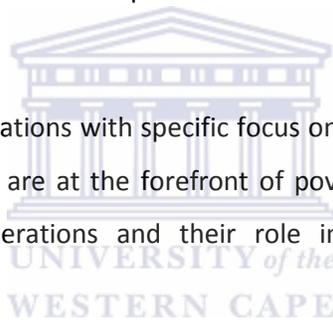
Historically a market-driven systems approach in assessing development projects and development delivery organisations consisted of focusing on largely historic data that includes significant due diligence screenings, scrutiny of planning and roll-out documents, site visits, contractual obligations to be entered into, stringent audit procedures and piecemeal pay out of pledges. This cannot guarantee NGO project success as a people-centred approach to the motivation of staff, integrity and organisational culture, key indicators of NGOs performance, are not considered. It is postulated that a people-centred paradigm and methodology will provide data as both a predictor and in process roadmap of NGO project success, transferring commercial competitiveness diagnostic principles to NGOs and aid beneficiaries to fill the gap of informing the intangibles to support NGO performance and applications for aid.

Developmental paradigms have evolved from a centrist systemic thinking approach as championed by Smith and Marx within their historical contexts, to a demand-driven approach as proposed by Keynes and a people-centred approach as proposed by Sen and Nussbaum. All approaches have as central theme the plight of the marginalised and it is with Keynes that the emphasis started to shift to put the solution in the hands of the people, and further developed

to place people central in the Capability Approach. The big difference between Smith, Marx and Keynes on the one hand and Sen on the other is that the first three theories are commodity-driven whilst Sen's theory is people-centred and not driven by per capita income criteria as the main driver.

A review of the work flowing from Sen's Capability Approach shows that significant work has been done on determining the criteria and metrics for measuring functionings and capabilities. Scant reference is made to the assessment of agency as concept or as an area of operation for organisations that provide agency services. These are mainly NGOs, providing the basis and rationale for this study to focus on NGOs as agency service providers. Having interrogated the development theories and practices, and having identified that the concept of agency and agency service providers is not addressed in work on the capability approach, I need to turn the focus to the agency providing institutions to place their role in perspective, which is the focus of the next section.

Next I turn to civil society organisations with specific focus on a subset of civil society, the Non-governmental Organisations that are at the forefront of poverty and suffering alleviation and development initiatives and operations and their role in operationalising the Capability Approach.



2.3 CSOs and NGOs in perspective

The organisations that are at the forefront of delivering agency services to communities to enable them to progress from functionings to unleash their capabilities, the concept that underlies Sen's concept of freedom, and the main deliverers of these agency services, are Civil Society Organisations (CSOs) and Non-government Organisations (NGOs) that largely fill in where the state is unable to provide agency services. Civil society (Tismaneanu, 1990) refers to the voluntary association of individuals outside the orbit of the state and includes autonomous unions, independent professional associations and religious institutions, human rights organisations, ecological and pacifist movements and other groups opposed to an all-embracing official ideology and operates (Tismaneanu, 2001) outside or underneath the official structures. Hayek (1944) advocated limited government and liberal economic policies that were taken up in economic policies of Reagan and Thatcher (Solomon, 2010) during the 1980s that have given rise to the tendency of shrinking government that characterises the post-1980 period that also

coincided with the end of the Cold War. CSOs also played a major part in the erosion of Marxist societies as Tismaneanu (2001) describes civil society as “the alternative to the domination of human existence by bureaucratic instrumental reason”. Tismaneanu (2001) indicates that civil society emerges as a power in absolute societies when the self-confidence of the ruling elite becomes completely eroded and starts to collapse. This collapse is due to the gulf that widens between official and unofficial structures. This collapse is followed by a post-totalitarian phase where democratisation starts under public pressure with the totalitarian regime on the defensive followed by the last stage of post-communism where a democracy emerges that has already been shaped by civil society.

In global terms, Civil Society Organisations (CSOs) (World Bank – Defining Civil Society) refer to “a wide array of organisations: community groups, non-governmental organisations (NGOs), labour unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations.” World Bank reports indicate that civil society has grown significantly due to globalisation, the expansion of democratic governance, telecommunications and economic integration launching influential public policy and advocacy campaigns. In the European Union (EU) (Europa – Consultation standards) the role of civil society organisations in modern democracies is linked to the fundamental rights of citizens to form associations to pursue common causes and constitutes another way to participate in society in addition to elections and political parties. The EU’s Protocol on Social Policy (Maastricht Treaty, Protocol on Social Policy) has as its objectives “the promotion of employment, improving living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with the view to lasting high employment and the combating of exclusion”. Chaplowe and Engo-Tjéga (258 – 260) define civil society as a third sector in a tripartite relationship with the state and market in which social movements become organised.

In following the post-1980s trend of shrinking government and a redefinition of the role of civil society organisations based in the developing world and referred to as Southern CSOs, Friedman (Friedman, 1 – 8) in *Politikon* (2003) refers to the notion that the state is the key to the redress of poverty and inequality. This requirement stands in contrast to states that have become weaker and the forces they should tame have become stronger, leading to the revival of civil society as a driving force for change. This has also given rise to the paradigm that civil society is

an essential ingredient in the birth of democracy in the so-called developing world. Civil society however can only have meaning when it operates in a relationship to the state and it is from engagement with the state that civil society derives its rationale. An emerging tendency is a partnership approach between state and civil society to include public-private partnerships. These partnerships are perceived to deliver greater effectiveness re general governance and in addressing poverty and inequality. This is only possible if both state and civil society have the capacity to deliver developmental services. In the developed world the policy impact is the relative decline in civil society activity notably in the OECD countries as the state's role in the economy expanded whilst in the south donor aid plays a significant role in defining civil society policy. On a practical level Chazan (2003) defines civil society as the realm of associations that are independent of the state, engage with it but do not seek to take it over. This implies that civil society organisations represent only those who choose to organise or associate and possess the resources to do so. Civil society (Friedman, 15 – 16) participation focuses on two areas, namely specialist organisations functioning outside the state that either lacks a membership base or has a membership base playing either an advocacy or a service delivery role. In South Africa these groups are distinguished as community based organisations (CBOs) that have a membership base and non-government organisations (NGOs) that are non-profit advocacy and social service organisations without a membership base.

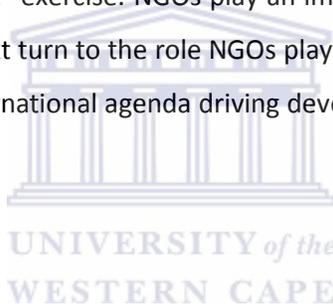
Within the broad context and prevalence of the scope and magnitude of operations CSOs are addressing, internationally NGOs have increased from an estimated 6000 in 1990 to over 50 000 in 2006 with a budget of some US\$15 billion and include organisations such as the World Social Forum (WSF) and the Global Call to Actions Against Poverty (GCAP). CSO are largely membership-driven focusing on core issues and NGOs are largely donor-funded focusing on grassroots poverty alleviation related operations on which this study focuses. Malena (2000, 19-34) indicates that International NGOs are referred to as Northern NGOs, mostly based in developed countries of the north whilst Southern NGOs are largely based in developing countries. A World Bank report shows the increase in NGO activity in World Bank projects growing from six percent in 1973 to 50 percent in 1998. According to Chaplowe and Engo-Tjéga (2011:260) the growth in neo-liberalism has brought rapid economic liberalisation and privatisation, retreat of the state (shrinking government), democratization, decentralisation and the evolution in the approach to development from economic growth to human well-being to

the development arena. Obiyan (2005:301-323) defines NGOs as intermediary organisations falling into broad categories of relief and welfare agencies, technical innovation agencies, public service contractors, popular development agencies, grassroots development organisations and advocacy groups and networks.

When considering NGOs in the global South, Obiyan (2005, 301-33) indicates that in the Global South NGOs are perceived to provide services to substitute the state and as an alternative to pro-poor delivery. Evidence is that the state is not giving way to the third sector, the term used to describe NGOs as a sector in addition to the state and commercial sector, but that the third sector can supplement state-provided services. Obiyan further indicates that the strength of southern NGOs include that they are closer to the poor, are able to efficiently enable popular participation and have an impact and effectiveness beyond the reach of the state. Constraints in southern NGOs relate to finance, notably a significant dependence on external and foreign funding of between 75% and 100%, resulting in accountability to the donor superseding the community and ideological pursuits, resulting in opportunistic NGOs with no mission other than to secure funding. Sankore (2005) points out that NGO engagement in Africa is not without its critics stating that NGOs promoting more aid, fair trade and debt forgiveness are part of a long term problem equivalent to neo-colonialism. He argues that Africa has been independent for between 10 and 46 years after centuries of slavery, colonial exploitation and military interventions resulting in the loss of the continent's riches, intelligentsia, leadership and the destruction of society. This is seen in more African scientists and engineers working in the USA than in Africa.

NGOs mainly exist through donor funding and the growth in NGO prevalence significantly increases the competition for available funds. As with any other investor, social investors need to consider the risk factors relating to the success of causes supported before investing and to ensure the monitoring and or audit of how the grants are utilised. It is in the realm of first engagement with an NGO where assessment is critical for both the donor in terms of risk aversion and for the grant-seeker in terms of favourable positioning and profiling. Once a donor-NGO relationship has been established, continued assessment processes contribute to re-funding and development of the NGOs capacity and performance levels.

The role NGOs play in service delivery and their agency role in providing a capability enabling environment clearly played an increasingly important role in the global South over the past 30 years. The process has not been without controversy walking the thin line between actual development work and being perceived as a new form of colonialism. Irrespective of conflicting opinion, NGOs remain the most dominant players in augmenting a trend of shrinking government engagement in addressing poverty. It is clear that a wide range of definitions on what constitutes an NGO abound, but as common denominator they are donor dependent, deliver an extra-governmental service that largely complements government services, are often heavily criticised, deliver agency services to enable the achievement of capabilities and ironically enough are subject to *ad hoc* assessment that do not feature in the literature. This suggests that NGO assessment is uncharted from a research point of view. My experience is that dubious assessments are undertaken with reports that are not compiled within an accepted framework, and it becomes a “ticking the box” exercise. NGOs play an important part in development work and to unpack this further we next turn to the role NGOs play within the economic environment and an understanding of the international agenda driving development investment, actions, and its impact on poverty alleviation.



2.4 Conclusion

In this chapter I explored the most significant economic systems and their views regarding poverty alleviation that have influenced the way poverty is perceived, explained and managed. A consistent theme is the plight of the poor within society and the effort to balance their plight with the state’s range of responsibilities. Each one of the key players have presented their solutions based on their historic context and in a changing world with different political, commercial and technology challenges and solutions. In the early days of the Industrial Revolution Adam Smith developed the concepts of the capitalist system in which, through specialisation training, labour could improve their position by earning more while simultaneously contributing to an investor’s return on investment. Smith was optimistic of this view but cautioned on a division of labour that would be taken over by machines and relegate the workers to unemployment and poverty, a fear that manifested in industrial capitalism later. In Smith’s approach the governing system would be required to manage and ensure a fair distribution, relying on the honour of capitalists to not exploit their workers.

Karl Marx developed his theories in the historic context of the achieved Industrial Revolution where machines and factories took over the role of specialist jobs negating the concept of a division of labour. The result was high profits for a few with the masses of the population being paid far less than their labour was worth due to an over-supply of unskilled labour or simply unemployed. This situation of poverty and squalor pervaded Europe and preventing this situation from continuing lies at the heart of his theory which ascribed all suffering to the private ownership of wealth. Class was also redefined in terms of have and have-nots. Marx proposed the eradication of private ownership with a centrist state-controlled system that would ensure that labour would no longer be exploited. All decisions regarding remuneration and the division of value added would be centrally controlled. In practice this means the creation of a new controlling elite where the state system was the only legitimate authority. Without democracy this developed into a new absolute ruler situation. Marx's most significant contribution is his explanation on the development of poverty.

John Maynard Keynes worked against the background of some three decades of economic growth, expansion and industrial process development where everyone believed that the more goods you produce for the market, the bigger the market would grow. This came to an abrupt end with the Great Depression of 1929 after which industry shed many workers resulting in rampant unemployment, poverty and suffering. Keynes's key contribution is to revoke Say's Law, namely that demand determines supply, and that people's choice is at the centre of business. Keynes's development of modern macroeconomics where the state plays a stabilising role in the economy as a buffer against poverty and unemployment brought relative stability even in the worst economic crises since. The centrality of people's choice in Keynes's approach signifies a major shift in the quality of people's lives from state control to people-centred. Critique of Keynes came in later years initially with a swing towards the protection of people during the prevalence of social democracy that developed into welfare states after the Second World War. This was followed by a counter-reaction from the 1980s onward by the rise of neo-liberal thinking introducing ideas closer to Adam Smith's thinking. This entailed a reduction in state spending, the roll back of the welfare state and the encouragement of free enterprise. With all the post-Keynesian developments, Keynes's macro-economic approach is credited with ameliorating the impact of the recent bear market and sub-prime crises to around five percent.

Amartya Sen worked against the background of a radically changing world that included the introduction of neo-liberalism, the fall of communism, the fall of the Berlin Wall, the introduction of the internet and mobile technologies, the growth of developing countries following the post-colonial era, the growth in awareness of the developing world, a major refocus on human rights and development and a significant re-think of the definition of poverty. Within this context Sen proposed that poverty cannot be defined in terms of per capita income only and that people's values and freedoms determined whether they were rated poor or not. This paradigm shift in introducing a new set of values to define poverty focused on the individual and his / her development, thereby placing people and not systems at the centre of the development debate. Much research is undertaken to assess the gap between Sen's functions and capabilities, whilst agency as a key in developing capabilities seems to be neglected. This directly impacts on the operationalising of the Capability Approach. Sen's approach has found recognition in the United Nations' human development index thereby putting people at the centre of the development debate.

Flowing from these economic development phases, the question remains of how to enable the flow of the ideas into tangible benefits for the poor who are largely marginalised and do not have access to the means to enforce their rights or improve their own situation. I argue that from a developmental point of view, the Capability Approach offers the best framework for civil society and non-government organisations to enable social and community development. Where commercial concerns have as their key focus financial return on investment, civil society in its broadest form seeks a return on developmental investment where people are at the centre of benefit, be it rights lobbies or service delivery. This acknowledgement is borne out by the growth in civil society and non-government organisations since the 1980s as the key providers of development services, largely in the developing South. Where civil society organisations largely focus on securing rights, NGOs are at the forefront of enablement service provision covering the spectrum of support services from e.g. education to food and humanitarian service provision. Within the Capability Approach model, these functions directly correlate with the agency concept developed by Sen, providing a logical method to operationalise the Capability Approach. In essence, NGOs are agency service providers. This leads to the question of how to assess NGO performance as NGOs are mainly donor funded, reflecting on the developmental value obtained for the donor's investment. I submit that currently there is a gap in the

assessment of NGO delivery systems as no standardised system is in place, assessment is qualitative and within a framework that changes from case to case. Furthermore the pre-assessment of grant recipients is done focusing on project promises while the people of the NGO who are the key to delivering these promises, are generally not considered.

Within this framework the work of Amartya Sen paved the way for an approach that unlocks individual capabilities often facilitated by NGOs performance of agency service delivery roles. It also transpired that much work is done on the metrics to assess functions and capabilities. In my opinion hardly any attention is given to the way in which NGOs deliver agency services as a means of operationalising the Capability Approach. Qualitative frameworks are available, but no evidence of a benchmarked approach was evident. From a donor perspective, especially international donors, donation co-ordination is high on the agenda with clear input – output guidelines, international conventions and a balanced scorecard to assess country performance, and approaches that cascade into commercial and other donors' operations.

In the next chapter, I focus on the assessment of aid to NGOs, the international approach and conventions, the approach of the OECD countries who make 90% of the world's development aid grants, the European Framework for Management, the commercial change management model developed by Nel, an assessment of how these systems can integrate a proposed expanded Capability Approach with quantitative indicators and an overview of the NGOs I used in this study before unpacking my method in the following chapter.

CHAPTER 3

LITERATURE REVIEW: DEVELOPMENT AID TRENDS AND ASSESSMENT

3.1 Introduction

This chapter focuses on the frameworks used to assess NGO performance, with a review of development economics criteria, trends in development aid, grant-makers and monitoring and evaluation processes. I explore the funder community's structures and imperatives by exploring input factors that deliver poverty alleviation and the international conventions on development aid. Then I unpack the assessment framework for development aid before discussing the OECD countries from which 90% of development aid emanates. To assess NGO performance after considering NGOs and donor imperatives, I turn to the monitoring and evaluation of development projects and specifically the monitoring and evaluation of NGO performance referring to developmental and commercial models. I then propose a people-centred method of assessing NGOs using commercial organisational change management theory adapted to the NGO environment. Then I unpack the SEEDS Consortium used to glean evidence of the correlation between the organisational people-centred culture profile and NGO performance. Finally, I propose the need for a standardised people-based assessment process to evaluate NGO performance with the view to enhance assessment and people-centred organisational improvement, thereby proposing a method to operationalise the Capability Approach.

3.2 Development economics, development aid and grant makers

To understand the concepts around NGO performance assessment, the macro-economic environment within which NGOs operate and its impact on development, unemployment and suffering need to be unpacked. NGOs operate within a wider economic environment that in turn informs the focus areas within which NGOs need to perform. Gwartney and Stroup (246, 248, 248 – 261) indicate that Adam Smith's classical economic theory focused on aggregate supply with little attention paid to aggregate demand, ideas that were captured in Say's Law that proposed that supply (production) creates its own demand, based on the logic that the purchasing power necessary to buy (demand) products is generated by production. By implication this approach pointed towards full employment thereby reducing poverty. The

realities of the Great Depression and the prolonged unemployment and poverty that followed it, led Keynes to postulate that spending induced business firms to supply goods and services and that if spending fell, business would respond by cutting back on production. Therefore businesses will only produce the quantity of goods they believe will be sold, thus if an economy's aggregate expenditure is less than its full employment potential, prolonged unemployment and poverty would result. Equilibrium is reached between aggregate expenditure and output that does not require full employment. In countering the effect of prolonged unemployment Keynes developed the concept of planned aggregate expenditure based on the principles of planned consumption expenditure, planned investment expenditure relating to expenditure on fixed assets and changes in the inventories of raw material and finished products, planned government expenditure and planned net exports. The effect on poverty alleviation is amplified through the multiplier effect that presupposes that in every transaction the receipted money becomes the spending money of the next party in the procurement line. From this it is deduced that in the developing world and aid recipient environment, the concept of full employment is not realised and development aid is used to enhance the conditions where an economy can develop towards full employment and market creation, creating the environment where NGOs can deliver agency services to enhance the capabilities of those excluded from full employment.

For development to be successful requires a number of pre-requisites and Timmer (2006) indicates that in the development of wealth sustained economic growth requires accountability, property rights and the rule of law which in combination provide low transaction cost to enable markets to work effectively and efficiently. Furthermore it requires an investment in human skills to use modern technology and he concludes that the recipe for countries to get rich relies on good economic governance and investment in human capital. Aid giving countries can further support these processes by refraining from harmful practices such as trade barriers and dumping, rendering assistance where it really makes a difference, providing public goods in health and agricultural research and science that transform information and communication technology, and encouraging global openness through active actions. Lucas and Timmer (2005) further identified a macroeconomic policy framework that enhances stability and is orientated towards growth, mechanisms that reduce the cost to the poor to access sectors that are growing and public investment in the capacity of the poor to be able to benefit from economic growth,

as the elements that need to be in place for any national strategy for poverty alleviation through economic development.

The Millennium Challenge Account (Millennium Challenge Corporation) criteria, a bilateral development initiative of the United States of America administered by the Millennium Challenge Corporation (MCC), identified the macro-economic development input factors and their impact on society as shown in insert 15. These factors also inform the agenda and area of operations of many NGOs as enabling agents. The resulting macro-economic trends confirm the rationale for the efforts to coordinate the efficiency of development aid and the development of the Millennium Development Goals with as overall aim the reduction of poverty. The input factors and their impact on the community are summarised in insert 15 below:

Insert 15: Table, Macro-economic input factors and community impact

Input factors	Community impact
High inflation rate	New investments become riskier Reduced business profitability Increased poverty Increased infant mortality
Large budget deficit	Macro-economic instability Inflation Exchange rate depreciation Real exchange rate impact on the competitiveness of exports
Difference in levels of income inequality	Even with growth, the poor do not benefit Rural people are cut off from the non-agricultural sector that drives an economy Increased perception of inequality can lead to political opposition to economic reforms
Location of the poor	On average, 70% of total poverty is found in rural areas
Agriculture's role in the national economy	Low economic contribution combined with high labour numbers in agriculture slows the economy
Growth in agriculture sector	Broad-based increases in productivity amongst small and family owned farms Direct increase in food security Indirect reduction in food prices

Access to education, capital and infrastructure (roads, electricity, irrigation)	Four percent increase in agricultural productivity for every year of additional formal schooling
Land reform – increased property rights	Incentives to make long term investments Prohibitive transaction costs if the land is too far from / inaccessible to markets
Access to infrastructure	Where infrastructure is available, six percent higher income than in areas without access. Incentives to develop infrastructure, e.g. roads
Access to credit / low cost financing for the unbanked	Growth in entrepreneurship Support of infrastructure development Accelerated poverty reduction
Access to non-farming sector from the farming sector	Largest gain in income Economic recovery of rundown capital stock and infrastructure Rapid growth in agricultural productivity through the use of new technology and investment in infrastructure Emergence of a dominant manufacturing sector Change in skills composition of sectors Conflict develops between labour market flexibility and the protection of workers
Impact of education	10% increase in wages for every additional year of schooling Require minimum of 40% adult literacy rate for sustainable growth Improved disease prevention and more efficient use of health services 15 to 24 year old age group who completed primary education are half as likely to contract HIV
Improved female education	More productive farming practices Lower fertility rates Lower infant mortality rates Higher education rates for the next generation Female literacy accounts for more than a 40% decline in malnutrition
Health provision	Increased productivity Increased use / availability of arable land Lower fertility rates lead to higher household investment in education and health
Gender equality	Rising female education and learning levels Fall in fertility levels Fall in infant mortality rates Increased investment in education of future generations Participation in the economy

Political will	Long term policies to ensure that growth reaches the poor Investment in e.g. primary education, health care, provision of water, slowing population growth
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From the above it is clear that a sound macro-economic environment meeting the criteria for an enabling development environment that focuses on the correct developmental input factors, creates an enabling environment for development work. Where most of these conditions and inputs prevail, it creates a sound operating environment for NGOs to augment government services, to provide a sensible agency role to enhance the development of capabilities and a favourable environment for people to utilise their freedom to grasp at their capability potential. With a clear role for NGOs in performing an agency role in society, our attention turns to the current global perspective on development aid.

Over the past 20 years a focused global approach to development has emanated from a fractured, uncoordinated and competitive approach amongst donor countries in order to eliminate efforts that work against one another or were duplicated in the same focus areas. Globally the holy grail of development aid is the Millennium Development Goals (MDG) agreed to by the United Nation in 2000 to be achieved by 2015. Ki-Moon describes these goals *“to free a major portion of humanity from the shackles of extreme poverty, hunger, illiteracy and disease”* (MDG report 2009: 3). The goals aim to eradicate extreme poverty, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV / AIDS, malaria and other diseases, ensure environmental sustainability, and develop a global partnership for development. All aspects have been linked to measurable goals (MDG report 2009). Flowing from these objectives, efforts to harmonise development aid have resulted in international forums issuing benchmark declarations. These directly impact on the assessment of NGO performance and in the assessment of donors at a strategic level and are summarised in insert 16 below:

Insert 16: Table, International Forums on poverty alleviation

Rome Declaration on Harmonisation, 25 February 2003	Specific output required includes simplifying procedures and minimizing transaction cost, improving fiduciary oversight and accountability, partner (receiving) countries should play a stronger role in development activities resulting in a country-based approach, including the involvement of civil society and the private sector. Furthermore active steps need to be taken to harmonise efforts between donor countries at international and regional level resulting in information sharing. Significant peer pressure on governments to deliver on development aid should be maintained. (Rome Declaration)
Joint Marrakech Memorandum, 5 February 2004	Heads of development banks expressed the need for a global partnership that will ensure the sound management of development results focusing on sound management systems and capacity to implement and assess results, i.e. measurement and benchmarking. (Marrakech memorandum)
Paris Declaration on Aid Effectiveness, 2 March 2005	<p>The outcome of the Paris Declaration is a structured model to assess development aid using a scorecard to measure success and progress. The scorecard focuses on empowerment in line with beneficiary countries' needs and covers categories of</p> <ul style="list-style-type: none"> • <i>ownership</i> where beneficiary countries follow their own operational development strategies, • <i>alignment</i> covering the encouragement of using reliable country systems, aid is aligned to national priorities, co-ordinated support to strengthen country capacity, using the country's public financial management system, use the country's procurement system and rationalising to prevent the evolution of parallel

	<p>implementation structures, to ensure that aid is more predictable and also untied,</p> <ul style="list-style-type: none"> • <i>harmonisation</i> encouraging the use of common procedures and arrangements between donor countries and to share analysis results, • <i>managing results</i> by implementing result-orientated frameworks, and • <i>mutual accountability</i>. (Paris Declaration)
<p>Accra Agenda for Action, 4 September 2008</p>	<p>An assessment of progress following the Paris Declaration indicated three priority areas to enhance and speed up aid delivery and its intended impact, namely</p> <ul style="list-style-type: none"> • the strengthening of country ownership and development to build more robust local capacity, • building more efficient and inclusive development partnerships to reduce fragmentation of support and increase cost effectiveness, place a firm focus on deepening engagement with civil society organisations, no longer governments only, and • increased accountability and transparency of results achieved. (Accra Agenda)

Busan Partnership for Effective Development Co-operation, 1 December 2011	Beyond confirming the outcomes of the Paris Declaration a stronger acknowledgement of the differences between South-South and North-South partnerships emerged, a stronger emphasis on results and measuring impact to support sustainable development results as the end goal which is indispensable in supporting poverty eradication, social protection, economic growth and sustainable development. (Busan 4 th High Level Forum on Aid Effectiveness)
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The criteria of the Paris Declaration balanced scorecard, used to assess country development aid performance and used for international reporting, are reflected in insert 17 below. The implication is that countries are tempted to chase the score at the expense of viable projects:



Insert 17: Table, The Paris Declaration on Aid Effectiveness
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Indicators of Progress: To be measured nationally and monitored internationally

	OWNERSHIP	TARGET FOR 2010
1	Partners have operational development strategies – Number of countries with national development strategies that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets	At least 75% of partner countries have operational development strategies.
	ALIGNMENT	TARGET FOR 2010
2	Reliable country systems – Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices, or (b) have a reform programme in place to achieve these	(a) Public financial management – Half of partner countries move up at least one measure (i.e. 0.5 points) on the PFM/CPIA (Country Policy and Institutional Assessment) scale of performance. (b) Procurement – One third of partner countries move up a measure (i.e. from D to C, C to B or B to A) on the four-point scale used to assess performance in this indicator
3	Aid flows are aligned to national priorities – Percentage of aid flows to the government sector that is reported on partners' national budgets	Halve the gap – halve the proportion of aid flows to government sector not reported on governments' budget(s) (with at least 85% reported on budget)

4	<p>Strengthen capacity by co-ordinated support – Percentage of donor capacity-development support provided through co-ordinated programmes consistent with partner’s national development strategies</p>	<p>50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies</p>	
5a	<p>Use of a country’s public financial management systems – Percentage of donors and aid flows that use public financial management systems in partner countries, which either</p> <p>(a) adhere to broadly accepted good practices, or</p> <p>(b) have a reform programme in place to achieve these</p>	<p>PERCENTAGE OF DONORS</p>	
		<p>TARGET</p>	<p>SCORE*</p>
		<p>All donors use partner countries’ Public Financial Management (PFM) systems</p>	<p>5+</p>
		<p>90% of donors use partner countries’ PFM systems</p>	<p>3.5 to 4.5</p>
		<p>PERCENTAGE AID FLOWS</p>	
		<p>TARGET</p>	<p>SCORE*</p>
		<p>A two-thirds reduction in the <i>percentage of aid</i> to the public sector not using partner countries’ PFM systems</p> <p>A one-third reduction in the <i>percentage of aid</i> to the public sector not using partner countries’ PFM systems</p>	<p>5+</p> <p>3.5 to 4.5</p>

5b	<p><i>Use of country procurement systems</i> – Percentage of donors and of aid flows that use partner country procurement systems which either</p> <p>(a) adhere to broadly accepted good practices, or</p> <p>(b) have a reform programme in place to achieve these</p>	PERCENTAGE OF DONORS	
		TARGET	SCORE*
		All donors use partner countries' procurement systems	A
		90% of donors use partner countries' procurement systems	B
		PERCENTAGE OF DONORS	
		TARGET	SCORE*
A two-thirds reduction in the percentage of aid to the public sector not using partner countries' procurement systems	A		
A one-third reduction in the percentage of aid to the public sector not using partner countries' procurement systems	B		
6	<p><i>Strengthen capacity by avoiding parallel implementation structures</i> – The number of parallel project implementation units (PIUs) per countr</p>	<p>Reduce by two-thirds the stock of parallel project implementation units (PIUs)</p>	

	ALIGNMENT	TARGET FOR 2010
7	<i>Aid is more predictable</i> – The percentage of aid disbursements released according to agreed schedules in annual or multi-year frameworks	Halve the gap between the proportion of aid not disbursed within the fiscal year for which it was scheduled .
8	<i>Aid is untied</i> – Percent of bilateral aid that is untied	Continued progress over time.
	HARMONISATION	TARGET FOR 2010
9	<i>Use of common arrangements or procedures</i> – The percentage of aid provided as programme-based approaches.	66% of aid flows are provided in the context of programme-based approaches.
10	<i>Encourage shared analysis</i> – The percentage of (a) field missions, and/or (b) the country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint (b) 66% of country analytical work is joint
	MANAGING FOR RESULTS	TARGET FOR 2010
11	<i>Results-oriented frameworks</i> – The number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies, and (b) sector programmes	Reduce the gap by one third – Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third

	MUTUAL ACCOUNTABILITY	TARGET FOR 2010
12	Mutual accountability – The number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration	All partner countries have mutual assessment reviews in place

It is striking that a dedicated focus on supporting and engaging with civil society organisations only emerges in the Accra Agenda, after it had been mentioned only in passing in the previous statements. In addition, that the assessment of results is mentioned in the Marrakech Memorandum and the set of criteria emanating from the Paris declaration with no specific reference to how the assessment will be done. The Paris criteria intend to assess the grant-making countries' performance, not so much the actual delivery on performance. Furthermore the approach is systemic; ignoring the people component that can make or break any intervention project. Whilst suggesting focus areas for development aid, no indications are forthcoming on a people-centred assessment of NGOs' performance which appears to be left to the discretion of the donor country.

Following on from the international agenda and intent, I now turn to unpacking the international paradigms and tendencies on development work and its elements and criteria. Palmer (Palmer *et al*: 6, 8, 17) postulates that generic foreign policy is based on a portfolio of policies using the "two-good" model to enhance two types of "good" called *change* and *maintenance*, but is limited by its foreign policy environment. In practice both "goods" are practiced on a continuum of encouragement through aid to conflict and military aid to be utilised to enhance the foreign policy objectives of the donor country. This supports the theory that foreign policies can be substituted in different and even combined situations to achieve the same goal. These models actively support the prevalence of change seeking policies and maintenance seeking policies. Palmer *et al* demonstrate that the more powerful a country is, the bigger the range and amount of foreign policy iterations that are used. More powerful countries have a penchant for change-seeking policies whilst less powerful states prefer maintenance

seeking policies. Furthermore alliance participation for weaker states results in higher aid donations whilst stronger states focus more on maintenance and less on change.

OneWorld (2009:3) broadly described various types of aid. Emergency relief deals with humanitarian short term aid such as after natural disasters. So-called “new” aid goes towards the reconstruction of war zones whilst technical cooperation refers to skills transfer. Furthermore, 90% of international aid comes from the thirty Organisation for Economic Cooperation and Development (OECD) countries, coordinated by the Development Assistance Committee (DAC) in multilateral agencies that operate on a neutral country-by-country basis. In the case of bilateral aid, selective strategies are adopted on a government-to-government basis. Furthermore, aid is divided into two main focus areas of development loans and development grants. Aid (OneWorld: 4) is normally characterised by generic conditions being imposed, namely minimum state control over the economy, a demand for good governance, free and fair elections, active combat of corruption and human rights abuses and a free press, judiciary and civil society.

In designing development models the two-gap model evolved from the paradigm that the world was divided in a rich and a poor segment. Erixon (2005:3, 5, 7) indicates that over the past fifty years a paradigm has held that a gap exists between rich and poor countries because the latter do not have the resources to invest to enable economic development. It is argued that this paradigm has crowded out private sector investment, undermined democracy and enabled dictators to suppress their peoples, and has increased poverty. In contrast to the gap theory, research suggests that the institutions of a free society are required for successful development aid, namely: property rights; the rule of law; clear and inexpensive application of the law; free markets and market friendly economic policy; limited external interference and limited government that effectively delivers public goods, including stable political development; inclusive economic institutions and openness of the economy to trade, and investment with the outside world. Subsequently a two-gap model has emerged that suggests that a financing gap exists where a country has insufficient resources for investment and a second gap that implies insufficient foreign currency to pay for imports. The two-gap paradigm is generally linked to achieving the millennium goals. Erixon (Erixon: 1-10) sums up the aim of aid to “provide a take-off into self-sustained growth” that should not be viewed as a redistribution of wealth to promote economic growth that lifts people out of poverty. He postulates that aid has an inverse

relationship to economic growth, citing that between 1965 and 1995 only six out of 88 countries receiving development aid experienced positive growth. This phenomenon is explained as fungibility when a recipient country reallocates domestic resources to be spent elsewhere on non-priority items and that the evidence suggests that development aid undermines democracy and policy reforms.

Other models and sets of criteria have also been developed as indicators that enhance successful poverty alleviation. Guillaumont and Chauvet (Guillaumont and Chauvet: 75, 83) view the variables in assessing the efficiency of development aid to include good policy, a sound macro-economic framework, environment / external factors, climatic shock, human capital development and education levels. They conclude that specific development aid indicators include the average years of secondary schooling (high school level) over 25 years of age, the rate of population growth, degrees of previous political instability, ethno-linguistic fragmentation and the structural vulnerability of the country relating to climatic and trade shocks. They further conclude that: aid is not significantly influenced by policy; aid is more effective in vulnerable countries; policy is significantly influenced by aid; and that the effectiveness of aid depends on external environmental influences.

The next development in determining criteria for aid efforts focused on setting targets for donor countries in line with the UN's Millennium Development Goals and the Paris Declaration scorecard. Round and Odedokun (2004) developed the *donor generosity ratio* using the percentage of Gross Domestic Product (GDP) allocated to development aid as a barometer. The benchmark is the UN recommended target of 0,7% of GDP. In considering bilateral aid, i.e. aid made available directly, historical and linguistic ties as well as political and strategic alliances are considered in addition to foreign trade relationships, domestic policy and government issues, the scale of the recipient's needs and economic performance. Further non-political donor country considerations refer to the level of per capita income, phase of the economic cycle, size of the recipient government and its fiscal balance, peer pressure from other donor countries, domestic pro-poor spending, country size, international and military interests and temporal factors. Political factors in donor countries include the ideological orientation of the government of the day, constitutional checks and balances, polarisation between the government and opposition. They identified the following trends over three decades in donor country aid, namely that G7 country giving shows a declining trend, aid is proportionately higher when donor

real income is higher, the fraction of aid given is inversely related to the donor population size, a strong peer pressure effect is recorded, higher overall spending leads to higher aid allocations, a correlation between aid and concern for the domestic poor, the higher the potential veto to allocate aid the more aid spend occurs, i.e. more agendas that need to be satisfied, and the degree of donor military adventurism.

Kosack and Tobin (2006) investigated the assumption that aid and Foreign Direct Investment (FDI) are complementary and that these mechanisms can be used as substitutes. They show that aid contributes significantly to economic growth and human development whilst FDI at best has no impact on economic growth and can slow human development in less-developed countries. In turn they conclude that aid contributes significantly to higher growth and faster human development once a country reached a minimum level of human capital development. Alesina and Dollar (Alesina and Dollar: 41) argue that there is a significant difference between the motives for aid, namely civil liberties, rule of law and democracy and foreign direct investment that is not sensitive to political democracy but rather to economic openness. They indicate that aid is driven by political motives such as rewarding democracy, maintaining colonial links, alliances and strategic interests such as securing supporting votes in the United Nations (UN). Robinson and Friedman (2007) hold that the key objective of aid to civil society organisations in Africa is to influence public policy and legislative agendas through structured dialogue, consultation, advocacy and mobilisation as a means to deepen democracy whilst acting as agents of democratisation and improved governance. The criteria civil society organisations must meet to successfully deliver influence on policy are strong organisational capacity, a high degree of perceived legitimacy by the government and adequate financial resources. The intended outcomes are to subject the state to greater citizen oversight, foster political pluralism, engage in policy debate and advocacy. Key questions that arise from and are posed by Robinson and Friedman are how to assess a CSOs potential to influence policy and regarding NGOs to determine the conditions under which aid would be most effective to enable the broadening of foreign grant aid support. Arguments against foreign aid (Peterson: 2004) are that it does not work in practice, the paradigm that democracy rather than aid is the key to improved performance in developing countries and that aid ruins traditional cultures in developing societies.

The above indicates that a significant set of country requirements and motives have been identified to determine the countries that will receive development aid, summarised in insert 18 below:

Insert 18: Table, Country requirements to receive development aid
A limited government is in place that delivers public goods
Corruption is actively combated by the state
Human rights abuses are actively combated by the state
The application of law is clear and inexpensive
Real democracy is a characteristic of the state
Free and fair elections are the practice
Civil society is free to operate
The judiciary is free and independent of the state
Free markets characterise the state
A free press is a characteristic of the state
Good governance at all levels is a characteristic of the state
There is limited external interference in the state
Market friendly economic policies is a characteristic of the state
There is minimum state control over the economy
There is openness of the economy to trade and invest outside the country
Property rights are protected
The rule of law is a characteristic of the state
Stable political development is a characteristic of the state

These aid requirements appear to be a blend of criteria that supports the millennium development goals and own self-interest. Smaller countries tend to weight development programmes whilst bigger countries weight aid to support interest heavier. Research on development aid focuses almost exclusively on the OECD countries that give some 90% of world aid. Furthermore, there is a gap in focus on assessing the impact of aid, and what is available is invariably a systemic method that focuses on past performance and that ignores people motivation and people-centredness as the key factor in assessing NGO performance, past and as a predictor of future performance and in line with the people-centredness of the Capability Approach. Considering the alliance benefit logic, it is postulated that the same thinking underlies the creation of the SEEDS consortium to be investigated in future chapters. This consortium enabled the Royal Netherlands Embassy to secure a significant and highly visible aid entity. The objective was to influence the environment within which the recipient institutions operate positively towards change in policy through the development of new best practice that can also inform the Netherlands' systems.

To assess NGO performance within a relevant donor framework, the scope of where the bulk of development aid emanates from, the OECD countries, are explored. With 90% of all development aid emanating from the Organisation for Economic Co-operation and Development Countries (OECD) (OECD.org), the analysis of aid priorities will focus on the individual OECD countries. The OECD mission is *“to bring together the governments of countries committed to democracy and the market economy from around the world to: Support sustainable economic growth, boost employment, raise living standards, maintain financial stability, assist other countries' economic development and contribute to growth in world trade. The Organisation provides a setting where governments compare policy experiences, seek answers to common problems, identify good practice and coordinate domestic and international policies.”* The Organisation for Economic Co-operation and Development (OECD) countries and the dates in which they joined the OECD, are Australia (1971), Austria (1961), Belgium (1961), Canada (1961), Czech Republic (1995), Denmark (1961), Finland (1969), France (1961), Germany (1961), Greece (1961), Hungary (1996), Iceland (1961), Ireland (1961), Italy (1962), Japan (1964), Republic of Korea (1996), Luxembourg (1961), Mexico (1994), The Netherlands (1061), New Zealand (1973), Norway (1961), Poland (1996), Portugal (1961), Slovak Republic (2000), Spain (1961), Sweden (1961), Switzerland (1961), Turkey (1961), United Kingdom (1961) and the

United States of America (1961). The focus areas of the OECD countries are summarised in insert 19 below:

Insert 19: Table, OECD country focus areas for development

Country	Development aid focus areas
Australia	AusAid focuses on using domestic areas of expertise to enhance the MDGs in the areas of food security, maternal and child health and water and sanitation. Aid spend was increased by 40% to A\$163.9 million in 2009–10 (Australian Government, Aus Aid).
Austria	The Austrian Development Corporation (ADC) focuses on water management and sanitation, energy, rural development, education, private sector development and governance. ADC focuses on South-Eastern Europe to assist with their convergence into the EU (Österreichische Entwicklungszusammenarbeit).
Belgium and Flanders	<p>The Belgian Development Cooperation (BDC) focuses on selected countries in Central Africa to address the issues of child soldiers in armed conflicts, the peace process in the eastern DRC and refugees in the region. Aid is targeted to reach .7% of GDP in 2010 with bilateral aid of €207 million and indirect aid of €188 million (Belgian Development Cooperation).</p> <p>The Flemish representation focuses on cultural exchange, has a limited budget and is an extension of the Belgian system (Maenaut, interview 2011).</p>
Canada	The Canadian International Development Agency (CIDA) focuses its aid on 20 selected countries in the Americas, Asia, Eastern Europe, North Africa, Middle East and Sub-Saharan Africa to provide assistance to “the people in greatest need”, supporting programmes dealing with AIDS, tuberculosis, malaria, CIDA’s Save a Million Lives project and UN World Food programmes (Canadian International Development Agency).
Czech Republic	Official Development Assistance of the Czech Republic focuses on seven selected countries in 2006: Angola, Bosnia and Herzegovina, Moldavia, Mongolia, Vietnam, Yemen and Zambia (Czech Republic, Official Development Assistance).

Denmark	The Danish Government has prioritised Africa and intends to spend 0.83% of gross national income in 2010 to reduce poverty through growth and job creation in Africa by focusing on access to finance for small and medium enterprises, improved technical and vocational education, improved interaction between research, higher education and the private sector within sustainable agriculture, support for young entrepreneurs, access to sustainable energy and benchmarking competitiveness in African countries (Priorities of the Danish Government for Development Assistance: 3, 4).
Finland	Finland's development policy focuses on the eradication of poverty in support of the MDGs with special emphasis on climate and environment, supporting peace processes, improving preconditions for investment and achieving economic growth and ecological sustainability (Finland's Development Policy).
France	France contributes 18% of the EU's development aid at 0.5% of the required 0.7% of GDP with a focus on Europe "the absolute priority", defence of human rights, addressing new global challenges of peacekeeping and responding to global challenges, development assistance and humanitarian action, bilateral relationships including the upgrading of the G8 to the G13 to include Brazil, China, India, Mexico and South Africa and extending its cultural influence and the French speaking world. (France-Diplomatie – France Priorities) The Agence Francaise de Développement (AFD) in Johannesburg serves as the South African agent for development loan aid (Agence Francaise de Développement).
Germany	German aid focuses on poverty reduction, promoting gender equity, participatory development and good governance, environmental and resource protection, crisis prevention, combating drug abuse, rural development and protecting tropical forests. The criteria for support are pro-poor and sustainable policies, respect for, protection and fulfilment of all human rights, democracy and the rule of law, efficiency and transparency of the state and a co-operative stance within the international community with a strong emphasis on Africa where the biggest need lies to meet the MDGs. German aid is implemented at three levels: International where the focus is on reforming international trade, financial, social, environmental and peace building and maintaining systems; in Germany's partner countries, poverty reduction initiatives to upgrade social systems, education and environmental and resource protection programmes; within Germany to mobilise forces through education and information work (Federal Ministry for Economic Cooperation and Development).

Greece	Hellenic Aid focuses on humanitarian aid and food programmes, development programmes, implemented by NGOs focusing on economic and social integration of the populations of developing countries, voluntarism and the establishment of new development CSOs, and cooperation among CSOs and other organisations taking action in developing countries. Hellenic aid is organised in six directorates: emergency humanitarian and food aid, rehabilitation and development, regional policy and strategic planning, NGOs and development education, technical services and administrative and financial services (Hellenic Aid).
Hungary	As a new OECD country Hungary focuses on transferring the skills acquired as a recipient and effective user of development aid to aid receiving countries consisting of knowledge transfer, promoting education, developing health services, agriculture extension programmes, water management, general infrastructure development, assisting with transport engineering and environmental protection. Recipient countries are in the Western Balkans and the Commonwealth of Independent States (CIS states) comprising the former Soviet Republics. Furthermore they support four groups of countries: Strategic partners (Serbia, Montenegro, Bosnia and Herzegovina, and Vietnam), Other partner countries (Macedonia, Moldova, Mongolia, Kirgizstan, Ukraine, and Palestine Authority), Least Development Countries (LDC) (Ethiopia, Yemen, Cambodia, and Laos) and international commitments (Afghanistan, Iraq) (Hungary's International Development Co-operation Activities).
Iceland	Iceland's aid focuses on Malawi, Mozambique, Namibia, Nicaragua, Sri Lanka and Uganda (Iceland Partner Countries and Activities).
Ireland	Ireland focuses on the MDGs with special attention to the reduction of poverty, inequality and exclusions in developing countries. Ireland focuses on targeted project and bilateral aid (Irish Aid).
Italy	<p>Italian aid goes towards Sub-Saharan Africa (42%), Middle East and North Africa (24%), Latin America (12%) and Europe – Balkans (8%).</p> <p>Focus areas are the G8 plan for Africa, Education For All (EFA), bridging the digital divide, reconstruction in e.g. Iraq, the combat of famine, work via the Food Security Special Fund, AIDS, tuberculosis and malaria, support of Argentina in its financial crisis (2005), promotion of judicial and land reform, protection of cultural and economic patrimony, women empowerment and protection, combating human trafficking and the exploitation of children.</p> <p>Italy partners with administrations, universities, international organisations, CSOs and private enterprises (Italian Development Co-operation).</p>

Japan	<p>In 2005 Japan was the leading donor of development aid ahead of the USA, France, Germany, the UK, Canada and Italy and as donor to sub-Saharan Africa, after France, on par with Germany and the USA. Broad categories of support are to boost economic growth, ensuring human security including the achievement of the MDGs, the consolidation of peace and addressing environmental and climate change issues (Japan: Ministry of Foreign Affairs).</p> <p>Japan supports development aid grant projects through the Japanese International Cooperation Agency, JICA (Malebane, 2010).</p>
Republic of Korea (South Korea)	<p>The Republic of Korea (South Korea) is being considered as an OECD country in 2010. South Korean aid focuses on capacitating other countries to optimally use development aid after its transformation from a developing to a developed country. Focus areas are the MDGs, by training in the fields of education, health, human resources, technology transfer, rural and agricultural development, and climate change and energy security. Africa is a big focus area where development aid loans will be doubled to US\$214m by 2012. Africa is a major source of raw materials needed for Korean production (Cham).</p>
Luxemburg	<p>Luxemburg focuses on health, education and integrated local development in its designated countries: Burkina Faso, Mali, Niger, Senegal, Cape Verde, Laos, Vietnam, Nicaragua and El Salvador (Luxemburg Development Cooperation).</p>
Mexico	<p>Net receiver of US AID</p>
Netherlands	<p>The Netherlands supports the MDGs, equal rights and gender rights, economic development, sustainable climate and energy practices and safety and development. The Netherlands spent €4.7 milliard, equivalent to 0.8% of GDP on development aid in 2009, exceeding the global target of 0.7% (Ministerie van Buitelandze Zaken).</p>
New Zealand	<p>New Zealand focuses its aid programmes on Papua New Guinea and the other Melanesian countries in areas of economic growth, health, education, governance, human rights and environment (New Zealand Aid).</p>
Norway	<p>Norway focuses its support on criteria to combat poverty; a well-functioning state that safeguards peace, security and human rights; an active business sector; and a vibrant civil society with free media and active pressure groups. Focus areas are: climate change, environment and sustainable development, peace building, human rights and humanitarian assistance, women and gender equality, oil and clean energy, good governance and the fight against corruption, support of the MDGs (Norwegian Development Assistance).</p>

Poland	Poland has completed its development aid legislation and is in the process of refining focus areas and procedures. Identified priority countries are Ukraine, Moldova, Belarus, Afghanistan, Iraq, Georgia, Angola, Vietnam and the Palestine Authority (Polish Aid).
Portugal	Portuguese aid focuses on defending and promoting the Portuguese language, institutional co-operation to strengthen the rule of law, promoting business cooperation and technical military cooperation (Ministério dos Negócios Estrangeiros).
Slovak Republic	The Slovak Republic joined the ranks of aid giving nations in 2003 and identified its priority countries, mainly from the Balkans region, as Afghanistan, Albania, Belarus, Bosnia and Herzegovina, Ethiopia, Georgia, Kazakhstan, Kenya, Kyrgyzstan, Macedonia, Moldova, Mongolia, Montenegro, Serbia, Sudan, Tajikistan, Ukraine, Uzbekistan and Vietnam. The main focus is on poverty reduction and governance (Slovak Aid).
Spain	Spain categorises its aid as wide ranging partnerships, focused partnerships and partnerships for consolidating development achievements in Latin America, The Maghreb, Middle East and Near East, Sub-Saharan Africa and Asia and the Pacific. Spanish co-operation priorities are the MDGs, social inclusion and the fight against poverty, promoting human rights and democratic governance, gender development, environmental sustainability and respect of cultural diversity (Agencia Española de Cooperación Internacional para el Desarrollo (AECID)).
Sweden	Sweden gives .98% of gross national income towards development aid to support broad categories of global development, pro-poor and special reforms for Eastern and Central Europe. This is done within the themes of democracy and human rights, gender equality and the role of women in development, climate and environment. Within the MDGs Sweden focuses initiatives on combatting oppression, combatting economic exclusion, climate change and environmental impact, migration flows, communicable diseases and other health threats and conflict and fragile situations (Sweden Development Cooperation).
Switzerland	Switzerland supports Bhutan, Ecuador, India, North Korea, Pakistan and Peru in the fields of education, basic health care and environmental health, encouraging economic and governmental autonomy and to improve equity in labour (Swiss Agency for Development and Cooperation).

Turkey	Turkey focuses its attention on areas where Turkish is spoken and its neighbouring countries focusing on agriculture and animal husbandry, infrastructure improvement, social development, protection of monuments, improving cultural relations and enhancing the Turkish language (Turkish International Cooperation and Development Agency).
United Kingdom	The United Kingdom (UK) has a standalone Department for International Development (DFID) headed by a minister. The aim is to reach the target of 0.7% of GDP by 2010, up from the £5.3bn or 0.36% of GDP. The UKs focus is on the MDGs and poverty reduction. Delivery may not be tied to British goods and services. 37% of aid is channelled via international bodies, mainly the European Commission, World Bank, United Nations and the Global Fund to Fight Aids, TB and malaria. Country criteria include a commitment to tackling poverty, upholding of human rights and managing public money wisely, good governance and to fight corruption. Programmes focus on health, education and agriculture (UKAid).
United States of America (US)	US Aid developed from the Marshall Plan of 1947 and plays a vital role in advancing US national security, foreign policy and the war on terrorism. Development stands as a cornerstone alongside diplomacy and defence as the three pillars of US foreign policy. Assistance includes technical assistance, training and scholarships, food aid, infrastructure, small enterprise loans, budget support, free market enhancement and credit guarantees. US Aid's five core goals are to support transformational development, strengthening fragile states, supporting US geostrategic interests, addressing transnational problems and providing humanitarian relief. USAID furthers foreign policy by supporting economic growth, agriculture, trade, global health, democracy, conflict prevention and humanitarian assistance. Programmes are grouped into nine sectors; economic prosperity and security, environment, education, family and workforce health, democracy, governance and human rights, international trafficking in drugs and persons, conflict management, humanitarian response and operations and management (USAID from the American People).

The focus areas of the OECD Countries are summarised in insert 20 below:

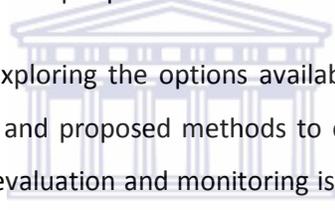
Insert 20: Table, Areas of support for the OECD Countries

Areas of aid support	Count	Country																											
		Australia	Austria	Belgium	Canada	Czech Republic	Denmark	Finland	France	Germany	Greece	Hungary	Iceland	Ireland	Italy	Japan	Korea	Luxembourg	Mexico	Netherlands	New Zealand	Norway	Poland	Portugal	Slovak Republic	Spain	Sweden	Switzerland	Turkey
OECD	30	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
EU	18	Y	Y			Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
MDG	16	Y	Y	Y	Y			Y	Y	Y			Y	Y	Y	Y	Y			Y	Y			Y	Y			Y	
Poverty and hunger reduction	13	Y	Y					Y	Y	Y	Y		Y							Y	Y	Y		Y	Y			Y	
Environment and climate	13		Y					Y	Y	Y			Y	Y	Y				Y	Y	Y				Y	Y	Y	Y	
Education	13		Y		Y			Y	Y	Y		Y	Y	Y	Y	Y				Y						Y	Y	Y	
Health	9										Y		Y	Y		Y	Y			Y						Y		Y	Y
Democracy, Peace & human security	9		Y						Y						Y					Y	Y				Y	Y		Y	Y
Agriculture	6										Y		Y			Y											Y	Y	Y
Energy	6		Y			Y				Y						Y			Y		Y								
Governance	6		Y				Y		Y	Y										Y	Y								
Humanitarian assistance	6	Y							Y	Y	Y		Y	Y											Y				
Food security	5	Y					Y		Y	Y			Y	Y															
Water & sanitation	5	Y	Y								Y		Y															Y	
Gender	5												Y							Y	Y				Y	Y			
Political interest	3	Y				Y																							Y
Security interest	3	Y							Y											Y									
Economic development	4																			Y							Y	Y	Y
Buraries / study exchange	3								Y							Y											Y		
Rural development	4		Y							Y						Y	Y												
Infrastructure	3										Y		Y														Y		
Economic interest	2	Y						Y																					
AIDS	3						Y			Y			Y																
Maternal and child health	2	Y									Y																		
Private sector development	2		Y						Y																				
Loan / financing capital	1						Y																						
Biodiversity	1					Y																							
Mass media	1				Y																								
Partnerships	1												Y																
ICT	1											Y																	
Production	1												Y																
Debt relief	1												Y																

In assessing the aid priorities of the OECD countries, it is striking that areas supported are spelt out clearly yet open-ended enough to be very flexible. Some countries are bold enough to state that aid is part of their strategic foreign affairs thrust whilst some highlight country requirements for aid. Kramer (Kramer, interview 16 February 2011) indicates that there is a clear trend towards bilateral aid and away from NGOs with money being deposited in the fiscus of the recipient country and spent in accordance with priorities identified by local political role players. Not one of the OECD Websites perused indicated criteria for future success and in my experience of raising development aid funds (Royal Netherlands Government and Kresge Foundation US), extensive governance information is sought as well as the applicant's concept

documents and detailed operational roll-out plans to judge applications for funding. Thinking, planning and governance are scrutinised, but not staff and people motivation and whether a conducive institutional culture is present to predict success. (Lombard, Nuffic application; Lombard, Kresge Foundation application) This leads one to believe that the decision of which projects to support relies on completing the tedious application forms correctly. This is then followed by an intuitive and subjective judgement call and some luck that could be branding, influencing who gets the support. The above and my experience suggest that true indicators of project current and future success are not in common use in allocating development aid, rather a mechanistic approach to allow for retrospective checking and setting bureaucratic hurdles upfront to ensure that only the candidate beneficiaries with the most stamina succeed in spite of assurances to the contrary. People-centred assessment for grant aid does not appear to be at the centre of current practice, and I postulate that judgement errors in deciding on providing aid can be prevented using a standardised people-centred methodology.

In the next section we turn to exploring the options available to monitor and evaluate NGO performance in terms of models and proposed methods to concretise the plethora of criteria mentioned above. No system of evaluation and monitoring is proposed in spite of all the “thou shalt” requirements developed.

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3.3 Monitoring and evaluation

From the preceding sections it emanates that the assessment of NGOs that are primary agency service providers is not included in the mainstream debate on operationalising the capability approach. In proposing a people-centred approach to assess NGO performance, we start by exploring monitoring and evaluation approaches discussing both quantitative and qualitative approaches, as well as a commercial systemic framework, before proposing an adapted commercial change management system that directly informs a people motivation profile. At macro-level the monitoring and evaluation of development work is inherently implied in the Paris Declaration’s balanced scorecard, but is lacking in operationalising how the monitoring and evaluation should be performed, leaving this aspect to the judgement of the evaluators to decide. The result is a generic set of principles and criteria that should be addressed, but no common or standardised method to address these is proposed. In this section monitoring and

evaluation for development work is scrutinised as well as work suggesting monitoring and evaluation approaches for development.

At OECD level aid provision is guided by the balanced scorecard of the Paris Declaration of 2005 and which is used to assess how OECD countries perform in terms of aid. Consequently this scorecard informs the aid agenda of the international donor community. Trends that flow from the scorecard favour grants that are channelled through the recipient countries' public financial management system to recipient government state departments and their procurement systems. Recipient governments' coffers are strengthened and NGO service providers are all but eliminated. Emphasis is also placed on shared analysis of results to be performed at donor mission and country level. Inherent in this approach is a one-size-fits-all model where grant-making officers in embassies could be tempted to focus on achieving a good score in line with this scorecard and to marginalise NGOs that may have a significant contribution to make.

Chaplowe and Engo-Tjénga (Chaplowe and Engo-Tjénga, 261-270) highlight the inherent challenges and often contradictory situations within which NGOs operate and indicate that when engaging in monitoring and evaluation activities of NGOs the operational context and the challenges NGOs face need to be considered. These include limited capacity of the NGO relating to human, technical and material resources, expanding the range of an organisation's outreach to spread resources too thin and to still exclude beneficiaries. These challenges also include the need for inclusive participation of beneficiaries, as Africa is easily viewed as a homogenous collective, competition between and duplication of NGO efforts due to a lack of co-ordination and the challenge of scaling up operations beyond the NGO's capacity. Furthermore, it may include dealing with an uncooperative state and political adversaries who remain the final arbiter of the political climate within which the NGO must operate. Further challenges include the dependency on donors, rigid funding requirements and expectations, insufficient and sporadic funding's impact on the identity and autonomy of NGOs in an industry fraught with donor self-interest, and political and economic priorities that undermines the missions of NGOs. This can handicap the attributes that give NGOs their competitive advantage of innovation, flexibility, speed and local accountability. The challenges for efficient monitoring and evaluation are to guard against becoming an extension of the donor's interests, priorities and monitoring and evaluation systems or by using template style assessment tools that do not efficiently

measure the programme outcomes, thereby eroding NGO autonomy and encouraging reports to be written to pacify donors.

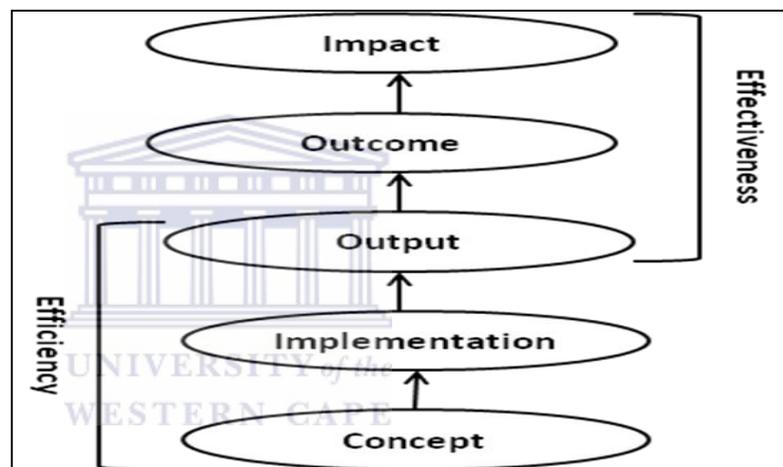
In performing monitoring and evaluation on NGOs, Chaplowe and Engo-Tjéga recommends understanding of the NGO's challenges relating to the political and economic realities that impact African NGOs and monitoring and evaluation, limitation on funding and consequent donor dependency and limitation on the NGO's capacity and potential for outreach. Further factors are pressure to scale up without sufficient capacity, competition amongst NGOs and duplication of effort, internal power relations and non-participation activities and the level of strain with the country's government. In avoiding the use of blueprints, rigid guidelines, unrealistic time frames, monitoring and evaluation practitioners can use the following questions as guidelines: what is the primary reason for the donor-NGO relationship?; what is the domestic / local context in which the NGO operates?; what is the NGO's capacity?; and how can the monitoring and evaluation better serve the NGO in its evolution beyond the immediate programme being evaluated? To optimise monitoring and evaluation activity donors should support monitoring and evaluation processes to enhance capacity building whilst NGOs should articulate a clear vision and develop sound monitoring and evaluation mechanisms, develop a better understanding of donor funding and reach out to inform potential donors about their activities.

Reith (Reith, 450) suggests that the relationship between a donor and gift recipient is an unequal partnership that creates a hierarchy of power in the donor value chain where the donor's agenda is advanced and fund-seekers have to follow the money often at the expense of efficient delivery. This results in aid with conditions aimed at limiting risk and is often a source of miscommunication, fear and a lack of trust in the relation between donor and recipient.

Janik and Schatz (Janik and Schatz, 637 – 648) propose a practical model for the monitoring and evaluation of state aid in the EU context derived from a Swiss practice, but which is equally suitable for use beyond the EU, and is graphically depicted in insert 21 below. In assessing a project the planned intentions and assumptions in developing the project concept should be interrogated in phases relating to the concept covering the overall social issue or objective addressed, the target / beneficiary group, the resources and organisational structures required. In the implementation processes, focus on the planned performance measures, intended

change in behaviour and time frames, i.e. clarity on the impact, needs to be assessed. In the implementation phase the allocation of resources and responsibilities should be assessed followed by quantifiable deliverables in assessing the output of the project. In assessing the outcome of the project individuals in the beneficiaries' group need to provide input on the expected and unexpected outcomes of the intervention leading to assessing the impact of the intervention. Impact needs to be observed and measured using a mix of quantitative and qualitative instruments that relate directly to the objectives set in the concept phase. At least one indicator should be used for every objective identified in the concept phase.

Insert 21: Figure, EU Monitoring and Evaluation model



Turning to monitoring and evaluation methods, Reidar Dale (2004) takes a practical approach to evaluating development programmes by setting out criteria for people-centred assessment of people-based problems, notably poverty, the more overt manifestation of development needs and deprivation that also include other features of human misery and suffering. The proposed measuring dimensions link closely with Sen and Nussbaum's criteria and are: economic features, social features, individual dependent versus independent position, individual marginalised versus integrated position, degree of freedom from violence, degree of mental satisfaction and survival versus development-oriented attitude. In his approach Dale advocates the use of both formative and summative methods in performing assessment, making a case for the use of mixed methods in development assessments: formative methods aimed at improving future performance and summative methods to obtain benefits beyond the evaluated programme.

Evaluations should help create a constructive environment and include the voices of the intended beneficiaries. This approach is also advocated in action learning by Porter and De Wet (2009) to help communities strengthen their responses to development. Dale (2004:50) then defines evaluation in the context of development work as *“mostly a more thorough examination than monitoring, at specific points in time, of progress, projects or organisational performance, usually with the emphasis on impact of people and commonly also relevance, effectiveness, efficiency, sustainability and replicability”*. Dale furthermore develops a framework for assessment summarised in insert 22 below:

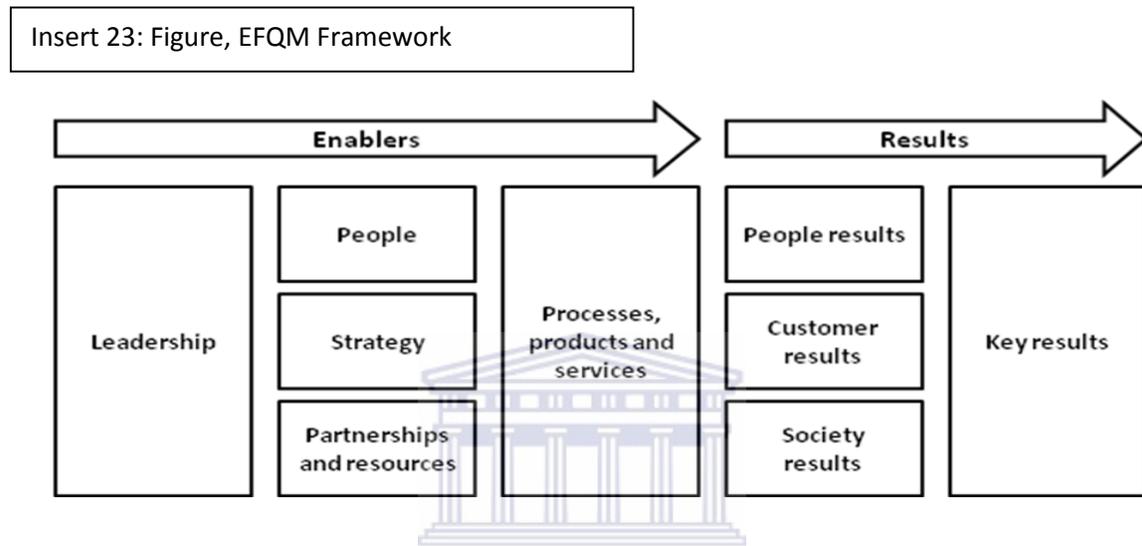
Insert 22: Table, Reidar Dale’s assessment framework

Analytical categories framework	Relevance
	Effectiveness
	Impact
	Efficiency
	Sustainability
	Replicability
Assessment key areas	Organisational ability and performance
	Capacity building
	Social change and impact
Organisational variables	Administrative system
	Technology
	Incentives
	Structure
	Management and leadership
	Co-ordination
	Participation

Porter and De Wet (2009) introduce the concept of assessing the performance of implementing agencies and grant-makers within the Capability Approach to examine the role of these guardians in the manner they use their power to affect what development can achieve. As an assessment method Sabine Alkire (2002) proposes the use of focus group methodology using an action learning process defined by Ortrum Zuber-Skerrit (2005:1) as *“learning from concrete experience, through group discussions, trial and error, discovery and learning from each other. It is a process by which groups of managers / leaders or ‘learners’ generally work together on real issues or problems, carrying real responsibility in real conditions.”* To circumvent a situation described by House (2005: 1079-1080) where result indicators are prescribed by donors and not developed in conjunction with stakeholders at community level, Sen (1999) argues that action learning should be mediated by values influenced by public discussion and social interactions as expressions of freedom. Porter and De Wet (2009) contend that using the Capability Approach within action learning can enhance aid evaluation and can aid evaluation to take place within a broader spectrum of existing ideas and informational criteria. Sen (1999:36) argues that freedom is both the *“primary end and principal means of development”*; Porter and De Wet (2009) indicate that in practice focusing on the consequences of development is insufficient and that how the development process is achieved is equally important. They maintain that Sen’s ethical approach focusing on the means and the ends of development enable the participation of both project partners and target groups through action learning, thereby enabling mutual accountability in enhancing freedom.

The significance of Porter and De Wet’s research is summarised in a comment from a focus group namely, that *“First you take care of the care-giver, then you take care of the client”*. Porter and De Wet also conclude that the Capability Approach is compatible with other approaches and that the ethical approach of addressing the means and the end of an investigation contributes to freedom. This reinforces the need for a people-focused approach to development monitoring and evaluation assessment and the application of change management techniques applied to the care-givers, i.e. the donor and NGO service provider are to ensure that the beneficiaries are heard and do actually benefit. This opinion directly supports the departure paradigms of my study and the people-centred methodology proposed in this study.

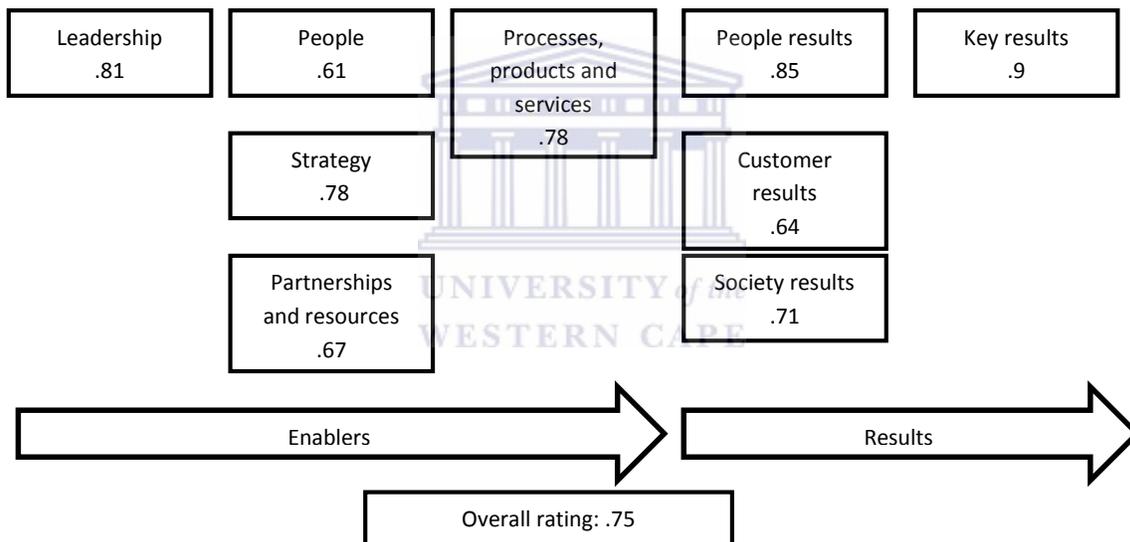
From a systems perspective Moelands (Interview) recommended the use of the European Foundation for Quality Management (EFQM) framework for monitoring and evaluation activities. The EFQM Excellence Model is used by over 30 000 organisations and is a non-prescriptive management framework, is commerce-based, viewed as the world standard and is graphically depicted in insert 23 below:



Moelands (Correspondence 2011) suggests the design of monitoring and evaluation questions to cover: leadership, probing vision, mission and values, management activities and performance, engagement with external stakeholders and fostering teamwork; strategy relating to anticipating stakeholder needs, unique strengths of the organisation, internal performance, strategy development, strategy communication and strategy deployment; people re the human resources plan, staff member capabilities, empowerment, communication and reward and recognition; partnership and resources re technical support to processes, sustainability and knowledge sharing; process, products and services re management and the improvement of key processes, innovation, marketing and promotion, production / delivery / service and relationship management; customer results focusing on satisfaction levels, complaints and suggestions, performance and achieving goals; people results re people satisfaction, understanding of strategy / internal communication, competencies and productivity; society results re the image as a responsible organisation, environmental impact and societal impact; key results re finance, operational performance, innovation and achieving quantitative goals.

Though much is theorised about what needs to be considered in monitoring and evaluation processes, it is only in the EFQM framework that a component focuses on people-centred activities with a systemically driven approach to determine the enablers / result profile of an organisation, equally applicable to the NGO environment. In my experience the EFQM model allows for the expression of a quantified opinion based on a set of criteria, as shown in insert 24. I used this model to assess an NGO equivalent organisation below, but with the limitation that it is largely a reflection on post-project performance and still does not fully reflect a people-centred methodology to assess NGO performance.

Insert 24: Figure, EFQM Framework populated



The strength of the discussion above is that it addresses the challenges to monitoring and evaluation for NGOs and the danger of following the donor money. It also assists in defining aspects that NGO performance should be measured against, both from a quantitative and qualitative approach using both commercial and development management assessment tools. The need for a mixed method approach to achieve a final opinion on NGO performance does not mitigate the need for a standardised method of assessing NGO performance to be able to be used as a benchmark when comparing organisational performance. There is a place for a model such as the EFQM model, but the need for a standardised quantified opinion on the soft / people-centred issues informing the performance of agency service providers, identified by Dale

and Porter and De Wet, forms the basis of this study. The next section of the chapter focuses on commercial change management models that lead to the adaptation of a commercial model for use in monitoring and evaluating NGO performance. I enhanced the models with additional criteria customised for NGO applications that present a quantitative people-centred method to inform a qualitative people-centred profile.

3.4 Organisational culture and change management theory - a people-centred methodology

Change management by its very nature is people-centred as it addresses people performance with the view to ensure stronger buy-in and personal motivation to increase productivity and profitability within a commercial setting. This stands in direct parallel to the Capability Approach of transforming people's current state of operating, equivalent to functionings to a new level of productivity, equivalent for capabilities through the use of change management techniques, equivalent to agency enabling interventions. From this departure point, I propose that the use of commercial change management principles and tools can be used to effect positive change in NGO performance. I therefore submit that as a people-centred approach and technique, NGO organisational culture can be assessed and improved upon drawing from commercially proven models.

Using Sen's (1992) Capability Approach model, change management focuses on enabling people to develop from *functionings* to achieve their *capabilities* of choosing to improve and doing something about it, enabled by an agency facilitator to bring about the change. For NGOs, change management assessments and processes focus on internal organisational culture and are vital as agency inputs to allow them to participate in creating new capabilities through their work, which in turn will enhance efficiency and delivery in areas of poverty alleviation, and enhance funding probability. Enabling / agency indicators that focus on people are drawn from commercial change management practice intended to enhance business performance focused on staff motivation to exceed expectations, are expected to equally indicate and inform NGO performance.

Creasey (2011) defines change management as the process, tools and techniques to manage the people-side of change to achieve the required business outcome. This includes the

organisational tools that can be used to help individuals make successful personal transitions in adopting and implementing new ways of work. Kotter's (2011) research shows the benefits of effective change management as being able to take advantage of opportunities, avoiding risk thereby creating value, and an improved ability to grow, create wealth, enhance customer service, gain public support and compete more effectively. Cawsey *et al* (2007:40) indicates that a clear distinction is drawn between knowing what to change and how to change including when change is desirable. The "sigmoid" curve, commonly known as the S-curve, reflects the organisational growth model phases as start-up, fast growth, maturity and decline and it is suggested that the ideal time to start change management processes is towards the end of the rapid growth and start of maturity phase. Cawsey also refers to the three stage Lewin model with as steps to "unfreeze" the organisation from embedded models and systems at all levels, bringing about "change" with new ways of working and systems, then "refreezing" the organisation with new behaviours that become the new normal practices. The Beckhard and Harris (Cawsey *et al*, 2007) change management process approximates strategic planning facilitation models with an assessment of why change is needed, identifying the desired state, identifying the gap between current and future reality, identifying options on closing the gap, developing an action plan and managing the transition.

Senge (2006:6) introduces the concept of the learning organisation where the life-long learner is in a never-ending developmental path and he identified five learning disciplines: personal mastery where individuals expand their own capacity to develop themselves towards the goals and purposes they choose; mental models where people continually reflect and clarify their picture of the world that impacts on how they shape their actions and decisions; shared vision where groups develop a shared image of their future; team learning where collective learning generates bigger ideas than the sum of the individual member's talent; systems thinking that shows the interrelatedness of systems and activities, enabling how to change systems more effectively to meet changes in external and internal scenarios.

The frameworks above represent the current prevalent frameworks for change management setting the tone in change management as discipline, including theories and proposed methods. The strength of the Kotter and Senge models is a standardised procedural approach following step-by-step methodology managing people through change processes to improve their performance, work efficiency and organisational development. The weakness is that diagnostic

tools, to be able to focus intervention areas in the development of organisations, are not proposed, focusing on a longer term systemic approach. A clear need exists for a diagnostic tool that can give accurate and relevant people motivation information to enable a people-centred methodology to assess organisational performance, commercial or NGO.

The radical changes in the business environment consists of the two elements that Nel and Beudeker (2009, 6 - 40) describe as “New Economy”, namely focussing on being “people-driven” and acknowledging the “human factor”. These people centred aspects represent the soft issues components of change management whilst the technology and information revolution make up the hard issues component. Today the technology component is a prerequisite to stay in business, but cannot give the competitive edge that ensures high performance. This is only possible through a competitive values system that recognises meaningful work, acknowledges and accommodates human needs and considers the impact of doing business on future generations. Nel and Beudeker describe the New Economy as the change in values and business values experienced in the period 1980 to 2020 necessitated by the changes in speed of decision-making, rapid increase in diffusion of information and globalisation as the primary drivers in commerce to achieve a sustainable competitive edge. These imperatives have shown that leadership and institutional culture, based on a new and transformed value system that manifests in individual behaviours, are primary drivers for sustainable competitiveness. The New Economy is summarised as a transformation of leadership and business practices responding to democracy in the workplace and the speed of events occurring in the critical areas of strategy execution, structures, talent creation, business disciplines, stakeholder value, rewards and recognition and change leadership. The difference between Old Economy and New Economy values are labelled as the old economy values and leadership styles of coercion and co-option, whilst new economy values and leadership styles are collaboration and co-creative, each of which can be plotted against the critical indicators listed above.

Chen (date, 433) defines new economy firms as those who depend on success and uniqueness of innovation, such as computers, the internet, software, telecommunications and networking industries. She maintains that managers who are allowed greater discretion will have greater investment opportunities. This discretion is a function of the board of directors, the key internal governance mechanism. An independent board reduces managerial domination, increases the

quality of monitoring, increases the effectiveness of advising on business opportunities, reduces shareholder concerns, and enhances the quality of information disclosure and increased transparency enabling firms to raise more capital. Hall (date, 631-639) describes the principal component of the new economy as globalisation, service sector growth and technological innovation. He maintains that economic growth can be predicted by measuring the level of innovation as the key contributor to growth. This innovation capacity is a function of the frequency of use of information and other technology and the high level skills in the right numbers required to produce the goods. Further indicators of new economy success include efficiency as expected in micro-economic considerations, creative people, product differentiation and niche marketing, people-based strategies, transcending political boundaries and a supply of flexible technical skills. In addition to innovation which is a function of high level human resources, Hall introduces financial resourcing as a critical element to economic growth. Welfe (date, 173) indicates that the contributing elements towards a knowledge economy is the impact of human capital on growth and the role of Research and Development (R&D), the transfer of foreign R&D capital, direct and indirect spill-over of foreign R&D which is regarded as the most significant source of economic growth in developing countries and the role of foreign direct investment (FDI).



Cheng *et al* (2009, 254 - 263) focus their attention on the individual to buy into the knowledge-based economy as opposed to a production-based economy, the general approach of focusing on IT and its enablement of societies to produce a competitive advantage. They maintain that individuals need to move through the phases of awareness of accessing the knowledge economy and its components: the tools of the knowledge-based economy and the terms of the knowledge-based economy, involvement in the new economy with its components of knowledge generation, knowledge sharing and knowledge application, and contribution with its component of leadership and contribution to community, that predict individual readiness to embrace the new economy. They maintain that infrastructure alone is not enough to successfully transform the economy and that a critical mass of individuals need to be willing and ready to accept the changes associated with new economic thinking. To predict this readiness, they developed an individual readiness index consisting of the sum of one third awareness index plus one third involvement index plus one third contribution index. The key conclusion from

Cheng *et al* is that the active involvement and contribution of every individual are crucial for the transformation of a new knowledge-based economy.

Nel and Beudeker (Village of Leaders) developed the Beehive diagnostic tool used in the change management consulting industry to obtain a quick and accurate reading on institutional culture by focusing on strategy execution, structures, talent creation, business disciplines, stakeholder value, recognition and reward and change leadership using opposite statements to diagnose the organisational profile. In assessing NGOs, I also identified (SEEDS Proposal) governance, management, societal impact, vision and goals, integration, empowerment, delivery / action on goals set and monitoring and evaluation, collectively referred to as the Governance and Strategy (Governance) instrument. The areas measured in terms of the above criteria are measurable items of agency enablers as proposed by Sen to enable NGOs to perform. The instrument enables the creation of an institutional culture profile that graphically displays staff motivation in terms of key areas required for organisations to outperform their competition. Results display the institutional culture on an old / new economy scale consisting of eight opposing questions characteristic of the leadership style per criterion to diagnose competitive opportunities and challenges. These results then indicate the nature of the prevalent leadership style per criterion focusing attention to the areas that need to be addressed as per insert 25 below.

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Insert 25: Figure, Nel and Beudekers's Old economy – New economy categories of leadership style

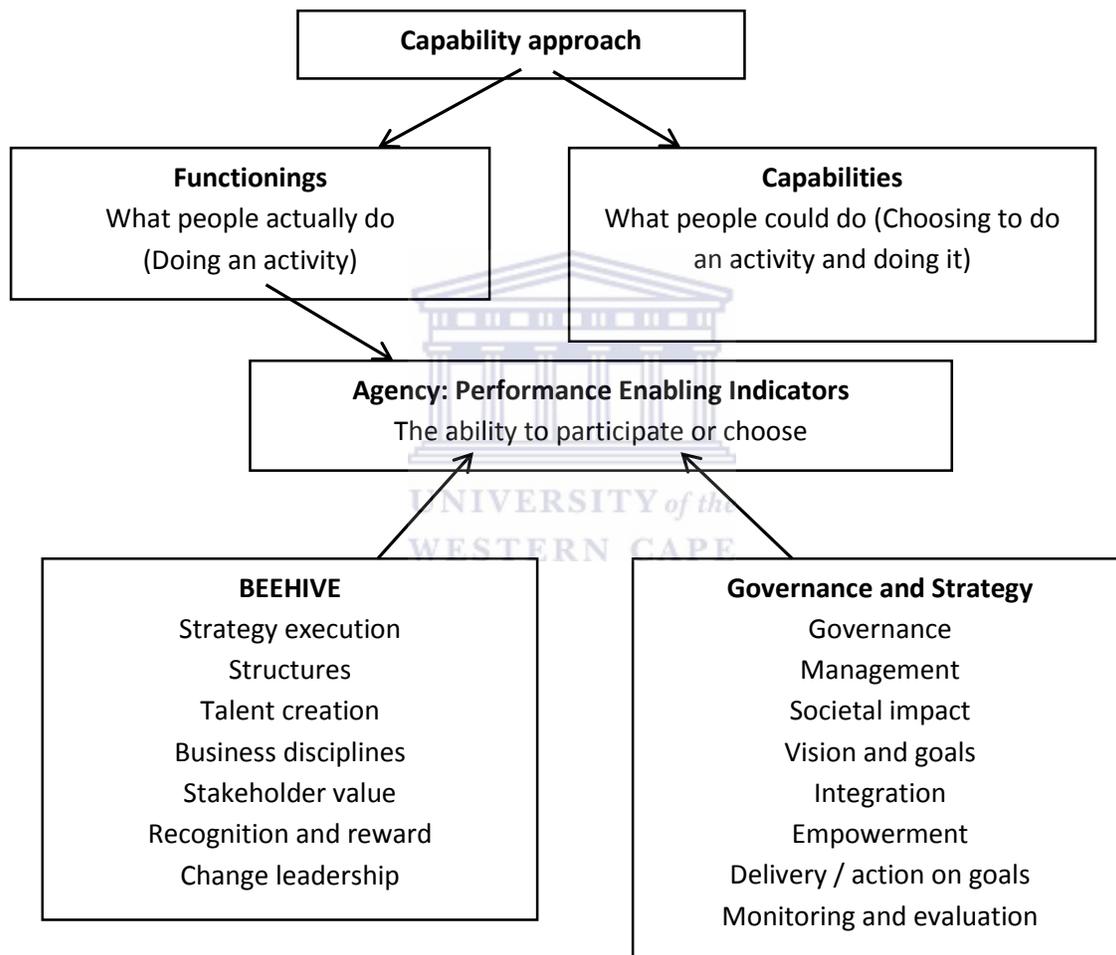
Old economy		New economy	
Bureaucratic, hierarchic and authoritarian leadership and workplace culture		Collaborative and joint problem solving leadership and workplace culture	
Coercion	Co-option	Collaboration	Co-creation

(Nel and Beudeker, 2009:19 – 30)

When combining the indicators of the Beehive and Governance instruments with the Capability Approach model of Sen, it suggests that change management criteria can be used directly to

assess NGO performance in terms of staff motivation, adding a significant new dimension to assessing NGO performance beyond systemic monitoring and evaluation paradigms. An expanded Capability Approach with performance indicators is graphically presented in insert 26 below.

Insert 26: Figure, Expanded Capability Approach with performance indicators.



When assessing the elements of the proposed method against the framework developed by Dale, every aspect measured in the Beehive and Governance questionnaires addresses on average 54% of all the criteria in Dale's framework, as is shown in insert 27 below.

Insert 27: Table, Reidar Dale's framework plotted against the Beehive and Governance questionnaire criteria.

Beehive and Governance and Strategy indicators	Analytical categories framework						Assessment key areas			Organisational variables						
	Relevance	Effectiveness	Impact	Efficiency	Sustainability	Replicability	Organisational ability and performance	Capacity building	Social change and impact	Administrative system	Technology	Incentives	Structure	Management and leadership	Co-ordination	Participation
Strategy Execution	X			X	X	X	X		X				X	X	X	
Structures		X		X	X		X		X				X	X	X	
Talent Creation		X			X	X	X	X			X					
Business Disciplines		X		X	X	X	X		X	X		X	X			
Stakeholder Commitment	X		X		X	X		X	X			X				X
Pay and Incentives				X	X		X		X	X	X	X				
Change Leadership					X	X	X	X	X		X		X			X
Governance	X			X	X		X		X	X			X	X		
Management	X			X	X	X	X		X	X			X	X		
Societal impact	X		X		X		X	X	X			X			X	X
Vision and goals				X	X		X		X					X		
Integration				X	X		X		X	X			X	X	X	
Empowerment		X		X	X		X	X	X		X			X	X	X
Delivery / action on goals set	X	X	X	X	X			X	X		X	X	X		X	X
Monitoring and evaluation	X	X	X	X	X	X	X		X	X	X				X	

Similarly, when plotting the criteria for the EFQM framework against the Beehive and Governance questionnaire criteria, on average every item reflects 49% of the systemic assessment framework of the EFQM model, as indicated in insert 28 below:

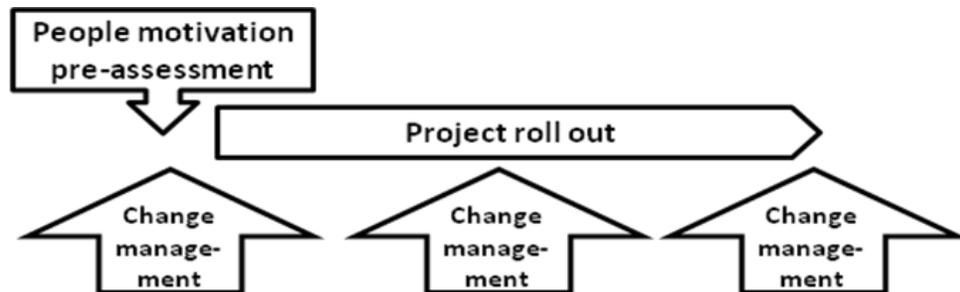
Insert 28: Table, EFQM framework plotted against the Beehive and Governance and Strategy questionnaire criteria.

	EFQM Criteria								
	Enablers					Results			
Beehive and Governance and Strategy indicators	Leadership	People	Strategy	Partnerships and resources	Processes, products and services	People results	Customer results	Society results	Key results
Strategy Execution	X		X	X					X
Structures	X		X						X
Talent Creation		X				X			X
Business Disciplines		X		X	X	X			X
Stakeholder Commitment		X		X		X	X	X	X
Pay and Incentives		X				X			
Change Leadership	X	X	X			X			
Governance	X		X						X
Management	X		X		X				X
Societal impact		X		X	X	X	X	X	X
Vision and goals	X	X	X						
Integration		X		X	X	X			X
Empowerment		X				X			X
Delivery / action on goals set		X	X	X	X	X	X	X	X
Monitoring and evaluation	X		X		X	X	X		X

When comparing the relevance of the various framework criteria as measured, the adapted change management method I propose addresses all the imperatives with the added advantage that these are assessed by the staff of the NGO providing a quantitative tool that can be standardised to collect qualitative data that can be correlated, amplified and verified using the action learning approach suggested by Porter and De Wet. Furthermore the proposed method also enables focused change management action to assess and enhance NGO performance.

Change management systems and assessment deal primarily with people and can therefore be used to determine focus areas to enhance NGO performance. This is particularly significant as it is people who determine the success of process interventions. The points in a project where change management assessment tools can be applied are illustrated in insert 29 below:

Insert 29: Figure, People-centred Monitoring and Evaluation flow



To evaluate the people-centred methodology to assess NGO performance, evidence from the SEEDS consortium of NGOs and NGO equivalents in universities is used to establish whether a commercial people-centred methodology can be used to assess NGO performance.

The overall indication deduced from the above is that current systemic assessment of organisations, including NGOs, has its limitations as it is largely focused on historic data and past performance, whilst largely marginalising the role people motivation and staff morale play in delivering results. The change management reading clearly indicates that people need to be at the core of all organisational performance activities, supporting the rationale for a people-centred methodology in assessing NGO performance. The interrelationship of leadership styles as proposed by Nel and Beudeker and the sets of criteria that inform change management and NGO performance as put forward by Kotter, Senge, the EFQM framework and Dale in a constantly changing environment, highlight the need for a standardised assessment system that cuts across all systems. Using a people-centred approach to this assessment incorporates all the elements required in a quantitative instrument yielding qualitative output data. With this as background, I now turn to a group of ten NGOs and NGO equivalents that have been united in a consortium through a common donor, to explore evidence that a people-centred change method from commerce can be used to determine NGO performance that can be used to enhance their performance.

3.5 SEEDS consortium and performance targets

The SEEDS consortium is used to provide evidence of the correlation between a sound organisational culture and performance outputs and consists of ten parties, five NGOs and five autonomous units in universities that operate as NGO equivalents and are based in the Western and Eastern Cape Provinces of South Africa. The creation of the process to establish the consortium started when all ten the future partners approached the Royal Netherlands Embassy (RNE) in Pretoria for development aid support, but the RNE representative felt that motivating for ten projects of €1m each was too small to justify to The Netherlands' Department of Foreign Affairs. On 21 September 2007 all the parties were invited to present their projects to one another and to the Dutch representatives. The challenge was then posed to the group to form a consortium worth between R150m and R200m over a four year period that would then be put to the Netherlands Department of Foreign Affairs, culminating in the submission of the proposal under the auspices of the University of Stellenbosch as the fund-holder, dated 20 March 2008 with a value of R150m over four years. Confirmation of the funding was received in early December 2008 and the consortium was formally signed into being on 12 January 2009. The creation of the Consortium was fund-seeker driven and the implementing agencies of the consortium were the African Genome Education Institute's (AGEI) Teaching Biology Project, Cape Peninsula University of Technology's Centre for Rural Education (CRE), the University of Cape Town's Mathematics and Science Project (MSEP), the University of Stellenbosch's Institute for Mathematics and Science Teaching (IMSTUS), the University of the Western Cape's Teaching Biology Project, the Early Learning Resource Unit (ELRU), the Extra-Mural Education Project (EMEP), the GOLD Peer Education Development Agency (GOLD), the Science and Industrial Leadership Initiative (SAILI), the Science Festival associated with Rhodes University (SciFest Africa) and the University of Stellenbosch as designated fund-holder. (Stellenbosch, RNE Initiative, p3).

Soon after the formal establishment of the consortium, it was named the Systemic Education Extra-mural Development and Support Consortium (SEEDS) (Stellenbosch RNE Initiative, p3). This term, SEEDS, will be used going forward to refer to the Consortium. The programmes' aims are to: *"Make significant changes in education, with particular emphasis on mathematics and science education development, support and awareness, a multi-grade pedagogic approach to*

rural education, the development of schools as hubs of life-long learning and HIV/AIDS peer education for youth; explore various models of multi-disciplinary good practice approaches within a developmental framework that deals with current challenges within education; generate creative and innovative solutions to current obstacles and challenges through collaboration; and share lessons learnt about collaborating processes and results with selected countries in Africa and the Netherlands”.

Consortium members grouped into four focus areas: Mathematics and Science, Rural Education, Schools as hubs of lifelong learning and HIV/AIDS (Stellenbosch RNE Initiative, p3). The generic four year objectives of the ten partners allowing for individual project variation (Stellenbosch RNE Initiative, pp 8,9), are to lay a firm foundation for mathematics and science that includes parental involvement, to lay a firm foundation for thinking, numeracy and language acquisition, to impact on general and further education and training phases, to impact on educator development, to impact on classroom practice, to produce relevant learning material, to establish support networks, to enhance learner competency, to enhance collaboration within the Western Cape Province, African countries and the Netherlands, to offer inset and pre-set training, to contribute to school management, to contribute to school usage and utilisation, to enhance community engagement, and to assess how the project is impacting education in terms of range and depth. Every partner indicated specific target outcomes in the Consortium proposal to the Royal Netherlands Embassy, Pretoria. Subsequent to this proposal, the teaching biology project was split into two autonomous projects, biology teacher pre-set training to be taken care of by the University of the Western Cape and the biology teacher inset training to be taken care of by the AGEI, hence ending with ten consortium partners and the fund-holder.

I believe that the diversity of organisations within the SEEDS consortium can be used a proxy to suggest the standardisation of my proposed method as both the scope, depth, organisational nature and operating cultures are such that it will show up any potential fault-lines in my proposed system.

3.6 Conclusion

In concluding my literature review, I revisit the background to this chapter as outlined in Chapter Two before discussing my conclusions on the frameworks to assess NGO performance, trends in development aid, grant-makers and monitoring and evaluation processes, grant-making imperatives, monitoring and evaluation frameworks and an overview of my case study NGOs. In Chapter Two we encountered the progress in thinking on poverty alleviation from a systemic approach as proposed by Adam Smith and Karl Marx. A people-centred approach flowed from Keynes's macro- and micro-economic theories, followed by the return to neo-liberal thinking still grounded in Keynes to a fully people-centred approach as proposed by Amartya Sen. In the models of Smith, Marx and Keynes commodities were placed central while Sen placed people central moving away from a per capita income measure as the measure of poverty. The work of Sen also paved the way for an approach that unlocks individual capabilities often facilitated by NGOs performing agency service delivery roles. It also transpired that much work is done on the metrics to assess functionings and capabilities but hardly any attention is given to the way in which NGOs deliver agency services. In my opinion scant frameworks are used to assess NGOs and I did not come across evidence of a benchmarked approach.

With NGOs being at the heart of agency service provision, civil society organisations and NGOs require an enabling operating environment that allows room for and space to play an active role in society, complementing government service provision. These enabling factors include the acknowledgements of the rights of society to fundamental freedoms as witnessed in a significant growth in the number of regional and international NGOs. This growth in freedoms is also witnessed in the scope and geographic spread of areas NGOs address and work in, enhancing people capabilities in their operations. With the growth in NGOs the need for co-ordination and regulation in the development aid environment was not far off. Input and community impact criteria were developed by the Millennium Challenge Corporation that informed well researched focus areas that NGOs would choose from. Concurrently, since 2003, the development of the United Nations' Millennium Development Goals was overseen by a range of international forums on poverty alleviation. The most significant of these forums was the Paris forum of 2005 where the balanced scorecard to assess grant-making countries' development aid performance was adopted - the Paris Declaration on Aid Effectiveness. The

Paris Declaration has become the benchmark against which all development aid of grant-making countries is assessed internationally. I identified a list of requirements to assess whether a country is eligible for aid which shed light on the choices of the thirty Organisation for Economic Co-operation and Development (OECD) countries have made regarding giving support. The OECD countries are critical for development aid as they give 90% of world aid, thereby setting the pace for development aid giving and assessment. The outflow is that from a donor perspective, especially international donors, donation co-ordination is high on the agenda with clear input – output guidelines, informed by the international conventions and a balanced scorecard to assess country performance. These approaches have cascaded into commercial and other donors' operations.

When considering the assessment of development aid the absence of a benchmarked system became clear and a retrospective history-based assessment system after the money was spent, appears to be the prevalent approach. I encountered various monitoring and evaluation models indicating that good frameworks are available from both developmental and commercial practice to guide NGO assessment, but found no benchmarked instrument. Reflecting on NGO assessment, it appears that a disconnect exists between the concepts of the Capability Approach that emphasises people and their views on functionings, capability and agency in poverty alleviation and the practice of NGO assessment that is systemically grounded and marginalises the people component, that should be at the heart of assessment. Nel and Beudeker propose a tried and tested commercial model whilst Dale defines clear criteria that correlate with both the Nel and Beudeker assessment model as well as my Governance and Strategy assessment model. This can be supplemented by action learning as proposed by Porter and De Wet. As an existing framework the EFQM model appears to be the closest to providing a sensible assessment method, though it is a systemically driven approach. The solution I propose to address this need draws on Nel's commercial change management practice based in organisational culture assessment. I added governance and strategy criteria to the model to include NGO performance indicators proposing a qualitative method to deliver quantitative information and results in an easy to interpret and graph format.

The key shortcoming of all the models reviewed is that in applying assessment in practice, interaction will be with the CEO and a few select staff members of an NGO whilst the opinions of the mass of service delivery staff are not heard in a consistent and standardised way that can be

benchmarked. The system of Nel and the Governance questionnaire I developed will address this shortcoming as it measures all the criteria developed in the frameworks surveyed. The outcome of using a standardised people engagement measure should supply a more reliable method in assessing NGO performance. This approach combines a people-centred methodology with an action learning qualitative approach making a unique contribution to present a people-centred method for NGO assessment, to enable improved NGO performance and to inform defensible grant-making decisions. Furthermore, this approach can also be used for the pre-assessment of grant-seekers prior to funding and can be used as part of the funding eligibility assessment.

The most significant aspect of the literature review is the apparent gap in the study of the Capability Approach with efforts concentrated on functionings and capabilities with hardly any focus on agency that seems to be “taken for granted” as a given. The output of my study focuses on using a people-centred method to assess NGO performance that directly informs and correlates to their output and agency service delivery, thereby contributing to a method to operationalise the Capability Approach.

The next chapter focuses on the method I used to assess the proposed people-centred method, starting with an overview of using mixed methods, an overview of the data sets assessed, the design of and innovation to the measuring instruments used, how I assessed confidence levels and presentation of data, concluding with detail of the SEEDS Consortium and the OECD embassies visited.

CHAPTER 4

METHODOLOGY

4.1 Introduction

In this chapter I move from an academic framework that follows the Capability Approach, and hence frames the development paradigm in terms of enhancing agency by enabling the transition from functioning to capabilities. Notably though, within the capability model, hardly any mention is made of organisations or institutions that present services and enable capacity development, i.e. providers of agency services, in other words, NGOs. The crucial role of NGOs as deliverers of agency services within the Capability Approach seems to be ignored – as are the internal capabilities of NGOs to play this role. Indeed, a key claim of this thesis is that enabling NGOs to operate better is central to enabling social development. The logic of this argument is that a sound internal organisational culture has a direct and profound bearing on the external performance of NGOs. Flowing from this, my hypothesis in this study is that there is a positive correlation between the internal people-centred method, as proposed, and NGO external service delivery performance. I am cognisant that cases have been reported where a tyrannical internal culture exists with good external results, but I argue that this is the exception and not sustainable in the long run.

This chapter starts with an analysis of my hypothesis, then moves to the research design, exploring arguments and critiques of using mixed method research, and then reviews my research question and its constituent components. Following this I discuss the design of the proposed instrument and its interpretation, how the results are presented and interpreted, followed by details of the SEEDS consortium used to provide evidence and their undertakings. Lastly, I give an overview of, and reflect on, the practical data collection and sampling experiences for this study.

4.2 Research question, hypothesis and operationalisation of concepts

4.2.1 Research question and hypothesis

The methodology used, referring to the 'methods, techniques and procedures of implementing the research plan' (Babbie and Mouton, 2001: xxvi), is designed around the study's research question and hypothesis. The fundamental research question is: *Is there a correlation between internal organisational culture and external NGO performance? My hypothesis is that there is a positive correlation between organisational culture and NGO service delivery performance.* I further hypothesise that organisational culture can be appropriately measured using *the people-centred assessment methodology adapted from industry*, consisting of the method developed by Nel and the NGO specific instruments I developed in the study, currently, not a practice NGOs or grant makers follow. To make sense of the data sets I required for the study, the elements of the hypothesis and how they fit together are unpacked. The key concepts here are 'operationalising the Capability Approach', 'organisational culture' and 'NGO performance'.

To assess an organisation's internal culture and its impact on external performance require the use of validated indicators and a format for reporting the results in a user-friendly way. I initially considered Nel's criteria to assess internal organisational culture, focusing on gathering data from the staff of organisations reflecting the organisation's capacity for strategy execution, how their structures support business development, how staff talent is developed to support the businesses, how sound business disciplines are implemented, how important stakeholders are viewed, how recognition and reward systems are used to support the business output and how change is implemented in the business to address changing customer needs. In assessing these profiles Nel compared results to published company results that focus on commercial bottom line indicators of profit, return on investment, staff turnover etc. The measuring instrument is administered to company staff excluding senior management to prevent bias.

It soon became clear to me that as important as this information is to enhance performance, it does not address the full range of issues relating to NGO performance where service delivery to society rather than profit margin is the driving force. Furthermore, NGOs operate on donor and grant funds placing a high premium on governance, management and monitoring and evaluation criteria that are not catered for in Nel's model. To address these issues I developed a set of NGO

specific criteria from the SEEDS proposal and added criteria as the needs were identified in interviews and from my reading. The criteria I developed indicate the staff's opinion on the status of the NGOs governance and management as well as what the impact is on the society the NGO claims to be supporting. The operational roll-out of the NGOs programmes speak to how the NGOs vision and goals are lived by the staff, how well the various sections of the NGO work together, how staff are empowered to be able to deliver on the NGO's mandate, the degree to which the NGO is delivering on the goals set and proclaimed to donors, and how true and efficient the NGOs monitoring and evaluation systems are to ensure internal organisational health.

A further element I added to the original model as proposed by Nel, was to correlate the results obtained and solicit the opinions of grant-makers in using Nel's and my criteria and method in assessing future grant allocations and during project assessments, a new field of knowledge that I have not encountered in my literature review.

The significance, value and innovation of this method is that it provides a new methodology to add a significant dimension to the assessment of an NGOs performance as in practice, assessments are stand-alone and largely subjective, disallowing the creation of a baseline to assess NGOs in a standardised and comparative way. Based on my experience I argue that this approach of working off a baseline to assess NGOs is not used and that the methods I propose has not been used as they are not in the field in practice, and the criteria I developed in this study are the output of this study, therefore not available beyond this study. In my experience, assessments are conducted using interviews with members of the NGOs governance structure, the CEO and a number of key staff which is then written up as a report. This offers the risk of window dressing results if reporting is mainly based on the CEO's opinion. The absence of approaches as I propose in this thesis in the literature confirms that the NGO environment generally do not consider commercial approaches in favour of more subjective once off approaches. Therefore I argue that my thesis adds a significant new method to assessing NGOs and in operationalising the Capability Approach not available to be used before. When combining the results from my method with the current approach of assessing a grant application and forming an intuitive judgement call on the NGO, it provides a significantly more defensible system to justify judgments calls on funding and results delivered beyond an intuitive judgement call that can be challenged. The method furthermore enables the fast

diagnosis of organisational culture dimensions that need to be probed or where change management interventions need to be directed at to improve performance.

To achieve this I have adapted a commercial change management system to the NGO environment and made significant additions to the sets of criteria used in Nel's theory. Nel's method is designed for use in big corporate environments where governance and related high level management issues are strictly controlled and prescribed through the Companies Act and related legislation. All these issues are controlled through annual external audits and published in annual reports, including financial performance. The key output of Nel's method is to diagnose focus areas to make strategic change management interventions. These processes presuppose big companies of hundreds of employees and the financial means to ensure compliance with legislation. In contrast to this scenario, NGOs are effectively non-profit SMEs more often than not with less than ten employees and operating on shoestring budgets. Consequently there is a shift in the performance indicators for NGOs to include governance, integrated strategy and evaluation criteria over and above the criteria Nel developed and that do not ipso facto carry the same weight in the NGO environment.

To balance the views of the staff obtained in the measuring instruments I conducted a standardised interview with the CEOs of the NGOs based on the generic outcomes all the parties subscribed to in the consortium agreement and asked them to assist in translating their qualitative opinions to quantified responses on a common scale. The results of the CEO interviews and the staff opinions on the organisational culture correlated, thereby supporting my argument and hypothesis.

The key output of my innovations and additions to Nel's method, is that it is suitable for use in NGOs and very small organisations, enables external development aid investments, enables a more accurate prediction of the probability of a grant-seeker delivering on promises and to diagnose focus areas to make strategic change management interventions. No method of assessment can provide an absolute indication as it relates to working with people, but I argue that it can significantly enhance the probability of making a correct and defensible judgement call.

4.2.2 Operationalisation of Capability Approach concepts

To operationalise my hypothesis of assessing an NGO's internal organisational culture required direct access to the CEOs and staff of NGOs. To deduct significant results I had to ensure that I worked with a group of relatively similar and like-minded NGOs and more important, they had to be working to the same set of overall outcomes and criteria. NGOs are fiercely competitive and do not keenly share information nor co-operate for fear of losing donors or market share.

The target group of NGOs I selected enabled access to ten NGOs that were bound together in a funding consortium with overall agreed outcomes and objectives. As everyone's detail was known to one another and no sense of threat existed amongst them, the CEOs were willing to give me access to themselves and to their staff. This was also a pre-requisite to obtain people-centred data sets that excluded the opinions of the CEOs of the organisations. I pre-tested the questionnaire used with one of the NGOs which informed the tweaking of the instruments before administering them. To assess the validity of the results, I also conducted semi-structured interviews with the CEOs of the NGOs to assess their performance in terms of generic performance criteria agreed to, as well as obtained their opinion of how their organisations were performing using the criteria of the questionnaires administered to their staff. As the consortium consisted of ten organisations, the semi-structured interview were qualitative in nature, though the CEOs also assisted in expressing their qualitative opinions on a quantitative scale. This was achieved by asking the respondent how they would rate their opinion on every criterion on a Likert scale. This enabled the generation of sets of both qualitative and quantitative data, the aggregated opinion of the staff using the people-centred methodology, the CEOs' opinions on the performance of their organisations and using the same criteria as their staff, the CEOs' opinions on the output performance indicators, and opinion of the donors on the current methods and my proposed method and its criteria.

To operationalise obtaining data from the grant-making officers in the OECD embassies engaged with grant-making in South Africa, I developed a semi-structured questionnaire that I completed during interviews focusing on the intangibles grant-makers seek. I also engaged them on current structured grant-seeker assessment criteria that are commonly used, that I had collated with work as a fund-raising officer, to assess the levels of confidence they display in these methods as well as exposure to my people-centred criteria and the confidence they would place in it to

inform grant-making. I met with 11 of the OECD embassies' grant making officers conducting semi-structured interview yielding primarily qualitative results, though the grant making officers also assisted in expressing their qualitative opinions on a quantitative scale. This was achieved by asking the respondent how they would rate their opinions on every criterion on a Likert scale.

The number of NGOs, namely ten and 11 embassies visited is by no means presented as representing the whole NGO population in South Africa which is estimated at 100 000 registered and a further 50 000 unregistered NGOs (ngopulse). The responses were qualitative which makes it statistically significant for qualitative responses. I argue that based on the primarily qualitative responses obtained from interviews that, assisted by the respondents to also express their opinions quantitatively does not invalidate the quantitative responses as they are a numeric reflection of qualitative opinions. The results of the thesis also alludes to these results as informing a higher level of probability of accuracy and is not claimed as fully representing the NGO sector. This is borne out in the recommendation for further research in the last chapter to include a bigger and more diverse sample of NGOs. Further research will be challenging as seldom do NGOs work in a consortium to an agreed set of generic outcomes that make the creation of a baseline possible. I therefore argue that though the number of NGOs and embassies represent and N of ten and 11 in this study, both numbers are an n in the bigger context of NGOs and grant makers.

When unpacking 'Culture' as defined is in the Oxford Dictionary (2013) it refers to the "ideas, customs, and social behaviour of a particular people or society" while organisation refers to "an organised group of people with a particular purpose, such as a business or government department". For the purpose of my study organisational culture refers to the prevalent way of doing things in an organisation, arranged around a common purpose and measured in terms of the people-centred criteria Nel developed and the governance criteria I developed. In my study I focus on the criteria that indicate the organisational success of an NGO focusing on issues that relate to and influence productivity. I do not include issues that relate to personal tastes, prejudices, religious considerations, and individual moral and ethical preferences, issues that can be dealt with by a competent manager irrespective of the nature of the organisation.

A healthy internal organisational culture reflects the organisation's well-being that directly impacts on its ability to perform, akin to a person who is feeling well who can perform optimally.

As in taking a measurement on a person's health, the areas that will indicate an organisation's health and inform areas that need attention and change interventions as defined by Nel include: the ways in which strategy is formulated and utilised as a primary driver of performance within the organisation; the extent to which structures are designed to reinforce and drive performance by optimising the organisation's supply chain and the fulfilment of accountability at all levels; workplace practices and disciplines that ensure the optimum development and utilisation of people and their ability to contribute to performance; the adoption and widespread use of a set of integrated Business Disciplines that reinforce and cause high performance; developing the alignment of all stakeholders so that they operate as active contributors to the competitiveness of the organisation; the alignment of pay and incentive systems that attract, retain, and enhance the commitment of people across all levels; and the use of proven leadership and processes for implementing change and turning strategy into operational action that delivers competitive performance. Each of these dimensions are assessed using eight questions on a rating scale.

In my analysis of NGO performance indicators I added the following criteria in a new instrument that are relevant to the NGO environment: the degree to which the aid recipient's governance team takes responsibility for its fiduciary duty and provides leadership; the degree to which the management supplies leadership and guidance to the staff to ensure an integrated strategy rollout; the degree to which the organisation impacts on or displays capacity to impact on society; the degree to which vision and goals are formulated and bought into by staff; the degree to which activities in the organisation work together to achieve the overall goals; the degree to which people are empowered to deliver on their required responsibilities; the degree to which goals are translated into measurable action and output; and the degree to which results are monitored and assessed. Each of these dimensions are assessed using eight questions on a rating scale.

Performance as defined in the Oxford dictionary (2013) refers to "the action or process of performing a task or function, a task or operation seen in terms of how successfully it is performed within the capabilities of a machine, product, or vehicle". In the context of my study it refers to the degree to which an NGO delivers on the objectives in performing the tasks and functions it has set and the promises made to grant-makers in terms of quality, spread and

depth of agency services. Within the context of the SEEDS Consortium, it refers to the generic objectives and outputs agreed to that unite the members of the consortium.

NGO work is people-centred in my definition, as the people of the organisation are the key to external performance when they are motivated towards the goals of the organisation to deliver measurable results. I submit that systemic organisational performance assessment currently does not consider the staff and their disposition to the output of the organisation. This thesis will hopefully demonstrate that organisational well-being is crucial to organisational performance; operationalise the relevant aspects of this well-being and offer a set of instruments to measure this operationalisation.

To obtain relevant data to address the hypothesis, I used a series of case studies based on ten organisations that were joined in a consortium through a single aid donor around an agreed set of defined and measurable outcomes, making it possible to assess correlations using both a qualitative and quantitative data translated to quantitative data, between the members of the consortium, something not possible considering the competition between NGOs. To obtain the relevant data I made use of a literature review and in-depth qualitative interviews based on a range of different instruments. More specifically, for the interviews I used the qualitative headings from Nel's instrument which was designed for the corporate environment and also developed a change management instrument adapted from Nel's instrument suitable to the NGO environment during 2011 and 2012; a governance instrument I developed from an analysis of the consortium proposal; a structured interview with the CEO of each NGO; and a structured interview with the grant-making staff of OECD countries active in development aid activities in South Africa. The instruments reflected directly on the internal organisational health of each of the NGOs. This also enabled the aggregation of results to determine a baseline for NGO organisational culture and health as well as the performance of a single factor ANOVA correlation analysis between external quantified performance output metrics and internal organisational culture metrics as defined by respondents. Clearly identified sets of data were obtained for the three groups of respondents: CEOs, staff and grant making officers.

The ANOVA statistical test determines whether differences exist between two or more population means (Keller and Warrack, 481). This method is deemed suitable to assess the correlations between the groups of respondents as a rejection result would indicate that there is

not a correlation between the sets of criteria, namely internal organisational culture and external performance. This result, in spite of using different sets of questions all allude to the same underlying qualitative inputs that are required to support the hypothesis of the thesis from different stakeholder perspectives. The significant number of degrees of freedom used in the method makes it suitable for the assessment of the NGOs studied in this thesis. The results of the various ANOVA tests are presented in the standard ANOVA output table format using the Excel spreadsheet tool and is deemed an appropriate way of displaying the analysed data outputs yielding a clear cut-off value to indicate if one data set does not correlate with the rest.

To substantiate my hypothesis that organisational well-being directly impacts on organisational performance, a clear correlation has to exist between results from the three sets of data above at a 95% confidence level as illustrated in insert 30 below. A positive correlation will support my argument that the people-centred method focusing on organisational culture can be used to reasonably predict future NGO performance and contribute to NGO performance development. In contrast to current NGO performance assessment that takes place during and on completion of a project, the close correlation between the internal organisational culture and external operations delivery will enable grant-makers to predict with a 95% or higher confidence level if an NGO will be able to deliver on a promised project. This will add a significant contribution to grant-seeking NGO assessment as it will empower grant-makers to justify a support decision using a standardised and objective system that will significantly reduce the need to read between the lines to predict project implementation success. The fourth element relates to the confidence grant-makers display in the idea of the people-centred methodology. Considered together with the analysis from the case-studies, the views of grant-makers will contribute to a set of results that will inform the value of the innovation to address the two key challenges NGOs face, to prove and improve their performance and secure funding to continue operations.

Insert 30: Figure, Data sets to correlate



The steps I followed in operationalising my hypothesis was to identify the key sources of obtaining organisational culture and performance information from every case I surveyed. To achieve this I identified the staff of the NGO as a key provider of information. In using this information as a performance indicator, I had to obtain performance information, shown as relationship 1 above. Next I had to ascertain if the staff data correlated with management data, shown as relationship 2 above. Next I had to ascertain that the management view of the staff organisational profile and performance were correlated, shown as relationship 3 above. When these three sets of data correlated, it would indicate with certainty that there is a direct correlation between NGO service delivery and its internal organisational culture. To ascertain if this information is of value to grant-makers, I required grant-maker opinion on the value of current methods of assessing NGO funding applications and the value of my proposed method to inform grant-making decisions, shown as relationship 4 above. Four sets of data reflecting the relationships above are interrogated in the process of analysis: Firstly, the correlation between the performance of the NGO obtained from the CEO and the quantified opinion on the internal organisational culture as obtained from the measuring instruments completed by the staff of the NGO, secondly the correlation between the CEO's opinion on the internal organisational culture of the NGO and the opinion as obtained from the measuring instruments completed by

the staff of the NGO, thirdly the correlation between the CEO's opinion on the internal organisational culture and the CEO's opinion on external organisational performance.

Qualitative responses were quantified and correlated across all ten NGOs using single factor ANOVA analysis at a 95% confidence interval. Lastly the opinions of the grant-making staff in OECD countries active in grant-making in South Africa were solicited on the current methods of assessing a grant-seeker and their opinion on the value of the proposed people-centred method in assessing grant-seekers.

The significance, value and innovation in this method is that I have adapted a commercial change management system to the NGO environment and made significant additions to the sets of criteria used. I then tested and applied the adjusted instruments to the group of NGOs used in the case studies and showed a correlation between external performance and internal organisational culture in excess of 95%. The percentages of the grant-makers' confidence was also significantly higher at 84% in my proposed method as opposed to the current methods that returned a 62% confidence level. Furthermore my method provides a standardised method to assess NGO performance across a range of organisations and providing measurable indicators that directly impact on organisational success that can be repeated with consistent results. In practice my method can be used in combination with current methods to mutually support the results from my proposed method and intuition based methods.

4.3 Methodology, methods and instruments

4.3.1 Method

The method I followed in my study was to conduct a literature review to yield an in-depth review of development thinking over the years, starting with a review of the main economic trends and interrogating the work of Adam Smith, Karl Marx, John Maynard Keynes and Amartya Sen as well as neo-liberal thinking. The Capability Approach as developed by Sen forms the ideological basis of my study. I also interrogated grant-making and NGO operations of the past fifty years. To inform the monitoring and evaluation of NGO performance, I interrogated the global agenda on development and the role of NGOs globally and in the development world, interrogated monitoring and evaluation systems used for NGO performance and correlated

these with my proposed method. I also developed my own instruments in addition to the existing instruments I chose for my study.

I chose to use the mixed methodology to obtain my research data to exploit the benefits of both methods. The use of qualitative methods enabled me to obtain in-depth and unanticipated information to assist in a fuller understanding of the issues affecting NGO and grant-making operations. Quantitative methods enabled sampling a far bigger group of respondents enabling the standardisation of trends and benchmarks. In combination, these two methods yielded significant overall benchmark information with in-depth insight into the nuances of the data obtained. This approach was ideal for the study as I required in-depth insight information as well as bigger numbers of standardised data to investigate the validity of my hypothesis.

In assessing NGO performance assessment tools, no standardised system that can be used for benchmarking purposes currently exists, showing a need for standardisation that ensures that the same observation technique is used with every respondent (Babbie and Mouton date, xxix), thereby enabling more objective performance benchmarking. A number of qualitative assessment frameworks are prevalent with their characteristic strengths of giving in depth detailed insights and their inherent weaknesses of not giving a broader based benchmark of organisational performance. The consequence is that every organisational assessment becomes a stand-alone within its own framework that reduces the comparative value of assessing who is doing well and not so well. This makes the job of grant-making particularly onerous and somewhat arbitrary.

As I perceive it, current qualitative systems do not allow for comparisons across cases and do not always reflect the internal organisational culture elements critical to assess successful operations. The value of having reliable comparative information is not only that it allows for fair comparison between NGOs by grant-makers and the like, but also that it facilitates the development of the NGO itself by informing as to what actions to take to ensure or improve organisational efficiency. Furthermore, no system enables the prediction of external organisational performance which my proposed method does. Currently, a sound approach is found in the European Framework for Quality Management, EFQM, but this approach is based on a commercial systemic performance evaluation premise. It is striking that the bulk of the people involved in delivering the agency services, i.e. the staff of the NGOs, are seldom or never

engaged in this approach to performance assessment, calling for the development of a people-centred approach where the rank and file in NGOs become the key to assessment of its performance.

As noted above, a standardised system using a set of questions that can be ranked will enable NGOs to quantify their performance in key output areas. This will contribute to high performance delivery and enable grant-makers to obtain an insight into the operations of the grant-seeker, using a benchmark, thereby reducing grant-making risk and intuitive funding calls. The output will deliver reliable results (Babbie and Mouton, 125), i.e. if the experiment is repeated the same results should be obtained and should be valid, providing a commonly accepted mean of the results obtained.

4.3.2 Approach to instrument design

In designing the instruments, I opted for a mixed method approach which “enables the researcher to simultaneously answer confirmatory and exploratory questions to verify and generate theory in the same study” (Teddlie and Tashakkori date, 15). Johnson and Onwuegbuzie (2004) point out that mixed methods allows researchers to thoroughly understand activities and provide generalisable recommendations, producing knowledge that would not otherwise be available. The mixed method approach (Twinn date, 541-556) draws on the strengths and minimises the limitation of quantitative and qualitative methods without replacing either of the methods. To this end Truscott *et al* (2012) views mixed methods as a pragmatic means to respond to the needs of empirically-based research. Teddlie and Tashakkori distinguish between two mixed methods approaches, which Niglas (2004) describes as, firstly, the mixed model in which both qualitative and quantitative approaches are used that remain relatively independent until the interpretation stage and, secondly, mixed design, where both approaches are combined in various ways in different stage of the study. Toomela’s (date, 24-47) critique of quantitative methods are appropriate for understanding and explaining phenomena and for making generalisations about relationships between events, whilst qualitative methods provide the understanding of what is studied. The relevance of using mixed methods for this study is to meet the need for empirical quantified information that yields both an overall understanding of the phenomena researched and the relationships between phenomena observed.

In preparing the research instruments, I used sets of qualitative questionnaires to obtain an “insider perspective” (Babbie and Mouton date, 270 - 281) on the thinking of NGO CEOs and grant-making personnel with the objective of describing and understanding their perspectives on NGO performance. Generic standardised sets of questions measuring clear outcomes on projects were designed based on the original SEEDS proposal and asked as open-ended questions. The quantitative instruments were designed to provide case study data from a larger group of clearly delineated entities. These instruments consist of the Beehive instrument of Nel and Beudeker amplified by the Governance and Strategy instrument I developed based on the SEEDS proposal. The outcome of using these methods is to provide results on the evaluation of programme management, improvement and refinement of agency service delivery, financial accountability, to meet accreditation requirements, quality assurance and control etc. I now turn to a discussion of the instruments designed and used in the study.

The intended outcome of using the instruments is to present a standardised assessment tool to support NGO development in terms of organisational efficiency as well as from a grant-maker perspective to assess grant-seekers. To craft the measuring tools to assess the trends in NGOs in terms of developing an old / new internal organisational culture profile that reflects external service delivery, a systematic observation programme was followed to find an understanding of the patterns observed (Babbie and Mouton date, xxi). In the research design I planned a structured framework of questions measuring the qualitative and quantitative opinions of the NGO CEOs, the qualitative and quantitative opinions of the grant-makers in embassies and the opinion of the staff of the NGOs on the assessment tools. All responses were planned to be processed using Excel spread-sheets and qualitative summaries. Data capture was designed to enable statistical manipulation of data using the central limit theorem and single factor ANOVA analysis to assess correlation between data sets (Babbie and Mouton date, xxvi).

The results obtained from my method confirmed the significance, value and innovation in adapting and complementing Nel’s commercial change management system for use in the NGO environment. I tested and applied the adjusted instruments to the group of NGOs used in the case studies which confirmed the correlation between external performance and the internal organisational culture in excess of a 95% confidence level. The perceptions of the grant-makers’ confidence was also significantly higher in my proposed method at 84% as opposed to the current methods that returned a 62% confidence level when it came to grant allocation

decision-making. Furthermore, my method provides a standardised method to assess NGO performance across a range of organisations and provides measurable indicators that directly impact on organisational success that can be repeated with consistent results.

4.4 Instrument design

4.4.1 Organisational performance instrument. The first instrument is designed to assess the performance of the organisations obtained through interviews with the CEOs and on obtaining their opinions on the proposed people-centred measuring instruments. The questionnaire starts with an informed consent form as required for ethical clearance, respondent detail and is administered in a face-to-face interview of the CEO and myself. The questions cover two areas extracted from the founding proposal of the SEEDS Consortium relating to generic questions that apply to all consortium partners. These questions are as follows:

4.4.2 Output related questions emanating from the promises in the Royal Netherlands Embassy (RNE) proposal document:

1. What would you regard / define as making a significant change in education?
2. How does this relate to your vision, mission and strategic direction?
3. How have you impacted education?
4. What are the underlying influences that inform and direct these results?
5. How has this contributed to explore and develop multi-disciplinary good practice for education?
6. How has this changed education practice?
7. How have you collaborated with other partners?
 - a. What were the results and underlying considerations?
8. How have you shared your learning with other partners, countries in Africa and the Netherlands?
 - a. What were the results and underlying considerations?
9. On a scale of 10 with 1 being the lowest and 10 the highest, how would you rate your delivery on the project vs. the planned delivery at this point?
10. How has your project contributed to the distribution of education expertise re the changes achieved re:
 - a. Universal enrolment?

- b. Increased the uptake of mathematics and science re disadvantaged children?
- c. Literacy and numeracy?
- d. Accommodating children from many grades in one classroom?
- e. The enhancement of values?
- f. Lifelong learning?
- g. Development and delivery of educational material?
- h. Impacted on the prevention of HIV/AIDS?
- i. Addressing the disparities of our society?
- j. Contributing to / complementing the work of provincial and national government interventions?
- k. Addressing emerging needs?

11. On a scale of 10 with 1 being the lowest and 10 the highest, how would you rate your impact on the following outputs spelled out in the Royal Netherlands Embassy (RNE) application documents:

- a. Impacted on parent involvement.
- b. Thinking, numeracy and language acquisition.
- c. Impact on General Education and Training, Further Education and Training, disadvantaged schools in rural and urban areas, notably the Dinaledi schools.
- d. Educator development.
- e. Classroom practice.
- f. Development of learning material.
- g. Development of support networks.
- h. Learner competency.
- i. Collaboration with the province, other countries in Africa and the Netherlands.
- j. Inset and pre-set training.
- k. Contribution towards school management.
- l. Enhanced community engagement.
- m. The range and numbers your project is impacting.
- n. Pro-poor impact.
- o. Enhancement of women in society.

Organisational culture related questions

12. In view of your performance, how would you describe / typify your institutional culture
re

- a. Strategy execution.
- b. Structures.
- c. Talent creation.
- d. Business disciplines.
- e. Stakeholder commitment.
- f. Recognition and reward.
- g. Change leadership.
- h. Governance.
- i. Management.
- j. Societal impact.
- k. Vision and goals.
- l. Integration.
- m. Empowerment.
- n. Delivery / action on goals set.
- o. Monitoring and Evaluation.



13. How would you summarise your organisational culture?

14. What role has the culture of your organisation played in directing or influencing your outputs as discussed above?

Every question makes provision for a qualitative response, which is then quantified with the respondent as in the example below:

1. In your definition, what would you describe as “making a significant change” in education?

For office use	Totally underperform	Under-perform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

The above scale is the same scale used in the Beehive system as discussed below, indicating a rating above and below neutral. In completing the instruments, some respondents did not understand the “left of neutral” scale. This did not have an impact on the results as I was able to transpose the responses to a 5 point Likert scale of values 0 to 4 which yielded the same level of reliable results. I then applied the central limit theorem statistical techniques to transform qualitative data into quantitative results expressed in percentages using z-score calculations that can be aggregated and graphed. It was accepted that all the questions would not apply to all partners and those responses that were not applicable were left blank to ensure that they were ignored in the statistical analysis process which was performed using Excel spread-sheets.

4.4.3 Organisational culture instruments. The second instrument measuring organisational culture consists of two complementing instruments, the Beehive instrument developed by Christo Nel over more than twenty years of high performance consulting to the then Arthur Anderson Consulting company, and the Governance and Strategy instrument I developed using criteria that flowed from the analysis of the SEEDS Consortium proposal but that followed the same format as Nel’s instrument. The objective of the instruments is to obtain the view of the staff of NGOs surveyed on critical performance indicators. In the case of the Beehive instrument these were critical high performance indicators from commercial applications, and in the case of the Governance instrument they were critical performance indicators relating to NGO governance, strategy execution and monitoring and evaluation.

The criteria measured for the Beehive instrument and which is used in commercial change management practice are (Nel and Beudeker, 2009):

- Strategy Execution: The ways in which strategy is formulated and utilised as a primary driver of performance within the organisation.
- Structures: The extent to which structures are designed to reinforce and drive performance by optimising the organisation's supply chain and the fulfilment of accountability at all levels.
- Talent Creation: Workplace practices and disciplines that ensure the optimum development and utilisation of people and their ability to contribute to performance.
- Business Disciplines: The adoption and widespread use of a set of integrated Business Disciplines that reinforce and cause high performance.
- Stakeholder Commitment: Developing the alignment of all stakeholders so that they operate as active contributors to the competitiveness of the organisation.
- Pay and Incentives: The alignment of pay and incentive systems that attract, retain, and enhance the commitment of people across all levels.
- Change Leadership: The use of proven leadership and processes for implementing change and turning strategy into operational action that delivers competitive performance.

When considering the Beehive criteria it was clear that in the assessment of NGOs more than direct commercial productivity criteria would apply. Using the SEEDS Consortium proposal for funding document as a comprehensive case study, the themes of governance, impact, results, monitoring and evaluation permeated the submission. From these I extracted the criteria for the Governance instrument that are listed below.

- Governance: The degree to which the aid recipient's governance team takes responsibility for its fiduciary duty and provides leadership.
- Management: The degree to which the NGO's management supplies leadership and guidance to the staff to ensure an integrated strategy rollout.
- Societal impact: The degree to which the organisation impacts or displays capacity to impact on society.

- Vision and goals: The degree to which vision and goals are formulated and bought into by staff.
- Integration: The degree to which activities in the organisation work together to achieve the overall goals.
- Empowerment: The degree to which people are empowered to deliver on their required responsibilities.
- Delivery / action on goals set: The degree to which goals are translated into measurable action and output.
- Monitoring and evaluation: The degree to which organisational performance is assessed at all levels.

The significance and results of this thesis suggest that what is really important to a healthy organisational culture are the governance criteria I used to adapt Nel's instrument to the NGO sector. The innovations and criteria I added to the Beehive instrument shows that the criteria from the Beehive instrument reflects a higher confidence level in NGO performance than Nel's Beehive instrument. Insert 31 below summarises the results for criteria where confidence displayed is above 95%. These criteria are critical indicators of NGO performance as providers of agency services and reflect directly on their internal organisational culture as indicators of external output performance. Full details are discussed in the next chapter.

Insert 31: Table, Confidence levels in performance criteria

Instrument	Criterion	Confidence indicator
Governance	Governance	99.9%
Governance	Delivery on actions / goals set	99.9%
Beehive	Organisational structures	99.8%
Governance	Management	99.8%
Beehive	Strategy execution	97.9%

From the results obtained, it is clear that Nel's instrument works, firstly for corporates for which it was developed, but also for NGOs. What became clear from the study was that the

commercial criteria to measure internal organisational culture were not fully applicable to NGOs and the grant-making environment. The new criteria I developed for the governance instrument addressed the specific needs to assess NGO organisational culture that provides a whole new set of criteria and a new paradigm in assessing NGOs providing relevant internal people-centred information as key to the success of the organisation's external performance.

The questionnaire consists of an ethical clearance form for respondents to complete or to choose not to participate in the survey, followed by instructions on the completion of the instruments. The respondents are staff at the NGOs at all levels but exclude the CEO, representing the opinion of staff which is displayed in graph form. Every criterion above is measured on a nine point Likert scale asking a rating between eight sets of two opposing statements. Using an Xcel spread sheet, the responses on the left (old economy culture) of zero are added up, the values supplying the relative weighting for the response. The same process is followed for the responses to the right of zero (new economy culture). An extract from the instruments referring to monitoring and evaluation is in insert 32 below:

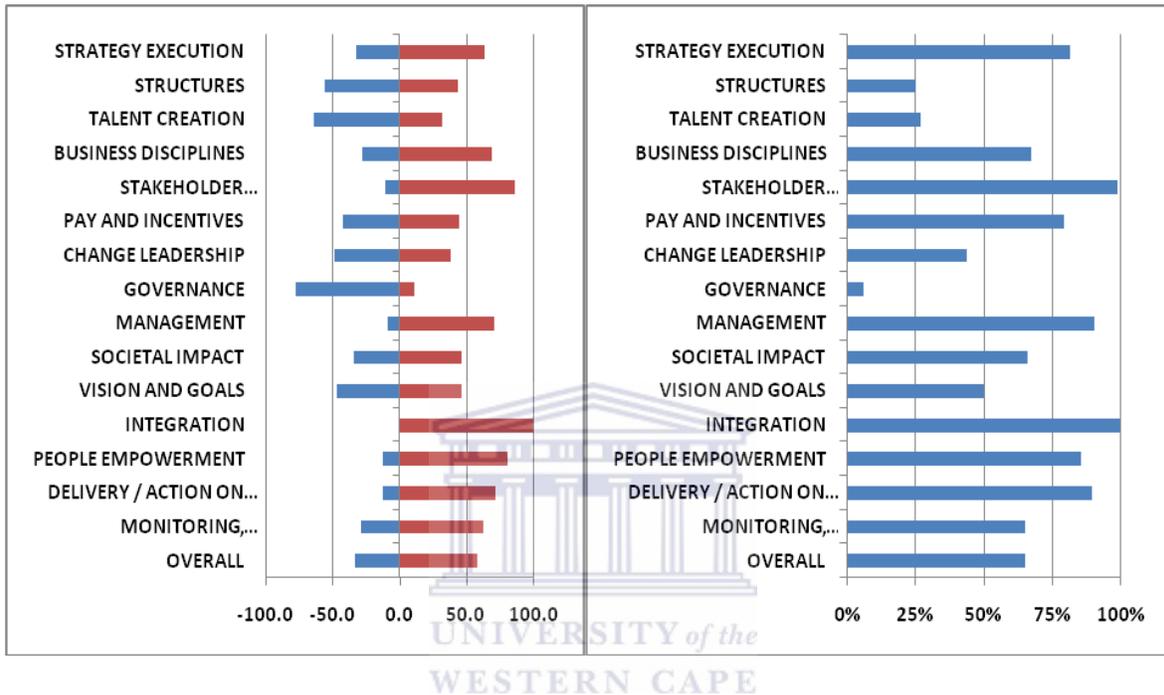
Insert 32: Table, Extract from governance instrument

MONITORING, EVALUATION AND REVIEW	The extent to which this is true					The extent to which this is true					MONITORING, EVALUATION AND REVIEW
	4	3	2	1	0	1	2	3	4		
1. People are unclear on what they should deliver and are not corrected by their superiors											1. Clear annual performance agreements are in place with all persons and they deliver on those requirements

2. The achievement of milestones are seldom checked										2. There is a system in place to make sure the achievement of the organisation's milestones are monitored on a month by month basis
3. Beneficiaries are never asked to give feedback on our programmes										3. Feedback is regularly sought from beneficiary organisations or persons on how they benefit from / experience our programmes
4. Performance evaluation is not taken seriously										4. Regular performance evaluation discussions are held
5. External evaluators are kept at arm's length and staff may not speak to them										5. External evaluation of our projects happen regularly and includes interviews with many staff
6. It does not appear that audit and evaluation reports inform sound decision-making re finances and resources										6. Evaluation reports from external and internal auditors lead to the most efficient use of our organisation's finances and resources
7. Organisational performance reviews are reserved for the privileged top brass only										7. The opportunity exists for everyone in the organisation to question and propose new methods in regular performance reviews
8. Project reviews are undertaken as a routine job and end up in filing cabinets unattended to										8. The result of project reviews result in significant improvements in the efficiency with which projects are implemented or streamlined

The results are then graphed showing both old/new economy culture profiles and the values are converted to percentages as shown in insert 33 below left and right:

Insert 33: Graph, Graphic presentation of results



Using Nel's assessment system in assessing the results obtained and the ranges his work have informed, the data in the graph on the left is interpreted by focusing on the area to the right of 0% which indicates a progressive and result orientated culture with areas to the right exceeding 75% being world class, 65% to 74% being top class, 52% to 64% being average to mediocre and below 51% where motivation is not sufficient to maintain current operations (Nel, 2009). When conducting change interventions intended to inform organisational performance enhancement, focus is placed on areas that are far to the left in an attempt to move the rating to the right. In assessing a grant-seeking organisation the risk / return / results probability is exposed by the organisational culture profile as it will be evident on the graph. The more the organisational culture leans towards the old economy side of the graph, the bigger the risk that an internal organisational culture exists that will not deliver externally on the promises made in fund applications. Conversely, the further the graph is to the right in the new economy area, the

higher the probability that the NGO will be able to deliver on its mandate as it reflects staff buy-in and motivation to deliver results.

In practice the completion of the instruments generally worked well, but took long to complete – fortunately the CEOs pressed for the completion of the instruments. Some respondents indicated two opinions in a single line resulting in one set of data that had to be re-run. The coding for the graph at left in insert 33 was done on a scale of -4, -3, -2, -1, 0, 1, 2, 3, 4 that had to be converted to a scale of 1 – 9 to compile the graph on the right. This enabled the recasting of the data into percentage data that could be compared on a common scale to the results of the previous and next instruments. This also enables standardisation and the creation of a quantitative baseline on qualitative people-centred performance indicators.

4.4.4 Grant-maker instrument. The third instrument focuses on the opinion of grant-makers and was administered to the grant-making officers in the OECD embassies engaged in development aid in South Africa. The questionnaire consists of an ethical clearance form for respondents to complete or to choose not to participate in the survey, followed by instructions on the completion of the instruments that were explained in the interviews. Qualitative questions focused on their perceptions of what makes a good proposal, rating the level of confidence in traditional proposal screening methods and obtaining their opinions on how they regard my proposed method when compared with current screening methods to inform grant-making decisions. The quantitative data obtained reflected the opinion of embassy grant making officers on the detail and relative rating of the screening instrument used for grant-making purposes. This also made a comparison and statistical interpretation of the data across grant-maker's opinions possible. The questions cover both qualitative and quantitative opinions on their confidence in both current screening mechanisms and the people-centred assessment method proposed. The questions posed are as follows:

4.4.5 Output related questions emanating from the NRE proposal document with relevance to current and proposed screening mechanisms reflecting OECD donor views.

1. Please describe the steps you follow in assessing and recommending an aid grant.
2. Describe the 5 most important intangible considerations you look for in an aid grant.

3. Please rate the following “traditional” application elements on a scale of 9 where 1 is the lowest mark and 9 the highest possible mark, regarding of extent to which these items predict project success.
4. Please give your opinion on the value the following current performance indicators will have in predicting future aid success.
5. Please give your opinion on the value of the following organisational culture indicators (new economy, governance and strategy execution profile) and how they are lived in the organisation to predict future aid success.
6. Please indicate if there are indicators that have been overlooked.
7. Please give your 5 strongest impressions / considerations on the value of the Beehive new economic diagnostic tool in predicting the success of an aid project based on the prevalent organisational culture.
8. Please rate your perception of the value of the Beehive tool to predict future development aid project success.
9. Please give your 5 strongest impressions / considerations on the value of the Governance and Strategy diagnostic tool in predicting the success of an aid project based on the prevalent organisational culture.
10. Please rate your perception of the value of the Governance and Strategy diagnostic tool to predict future development aid project success based on current strategy and governance practice.

The choice of scale used is the same scale as the Beehive system as discussed above, indicating a rating above and below neutral. In completing the instruments, respondents only gave opinions to the right of zero in the scale used, resulting in having to transpose the responses to a 5 point Likert scale of values 0 to 4 before applying the central limit theorem statistical technique to transform qualitative data into quantitative results. This was then expressed in percentages using z-score calculations that can be aggregated and graphed. Specific details regarding the SEEDS project were avoided as only the Dutch grant-maker would be able to relate to the details

of the project and I focused on generic issues and indicators. I used Excel spread-sheets to perform the statistical analysis.

The next step is to assess the outcomes of the sets of data underpinning the study. Quantified results from the various instruments are then summarised as in insert 34 below:

Insert 34: Table, Summary of results showing confidence levels expressed

The opinion of the staff on the NGO's culture as measured with the Beehive instrument	Beehive: staff	79.6%	97.8%	CEO, output	The CEO's opinion on the NGO's performance output
The opinion of the staff on the NGO's culture as measured with the Governance and Strategy instrument	Governance & Strategy: staff	87.8%	99.4%	CEO, contribution to education	The CEO's opinion on the NGO's contribution to education in South Africa – a key output of the consortium

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The correlation between the sets of data is then assessed using the ANOVA – Single factor analysis of variation, to determine whether a difference exist among two or more population means (Keller and Warrack, 433-489), i.e. to compare two or more populations of quantitative data to measure their variability. The method compares the ratio of the sample variances and yields the F-distribution at the confidence level specified, 95% in the case of this study. This means that in the example in insert 35 the mean of sample one is compared with the mean of sample 2 considering the degrees of variance within and between samples to produce the F-distribution.

Insert 35: Table, Samples

	Sample 1	Sample 2	
Beehive: staff	79.6%	97.8%	CEO, output
Governance & Strategy: staff	87.8%	99.4%	CEO, contribution to education

When applying a single factor ANOVA analysis using Excel, the following result as shown in insert 36 is generated:

Insert 36: Table, Example of single factor ANOVA table generated using Excel

ANOVA: Single Factor

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Column 1	2	1.674	0.837	0.003362
Column 2	2	1.972	0.986	0.000128

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.022201	1	0.022201	12.72264	0.070401	18.51282
Within Groups	0.00349	2	0.001745			
Total	0.025691	3				

Interpreting the result table, the rejection region is when the F-value is greater than the F-critical value which indicates that the correlation between samples is less than 95%. The next indicator is the spread of variance between the samples. In this example the opinion of this NGO's staff on the organisational culture and the CEO's opinion on the NGO's performance are above the 95% confidence interval as indicated by the F-value of 12.7 being smaller than the F critical value of 18.5.

Assessing this example in terms of the first key question would confirm that there is a significant correlation between organisational culture and performance. This is also confirmed by the very small variance between the samples. The F-score calculation is used to test that the variance of one normal population equals the variance of another normal population, i.e. to determine

whether one normal population has more variance than another (Mason and Lind, 435). The *F-crit* (F-critical) value reflects the rejection region at the confidence interval specified, 95% in the case of this study. Where the F-value generated is below the F-Crit level, the variance between the populations is above the rejection region of 95%, and therefore proves that the correlations exist at the level specified. Where the F-value is bigger than the F-Crit value, it would indicate that there is a significant difference in variances and thus be in the rejection region. The single factor ANOVA analysis is reliable irrespective of the number of samples included in the experiment enabling a correlation measurement including all the SEEDS partners and results from the three sets of data, namely CEOs' opinion on the performance of their organisations, CEO's opinion on the value of the people-centred instruments and the staff responses on rating their organisations' internal organisational culture. The advantage of using the single factor ANOVA method, is that any number of populations can be compared for variance, as is required in this study, to compare the variances within every NGOs results returned and in the overall analysis across ten NGOs and six sets of responses data for every NGO, thus yielding 6 populations' variance to compare. With and without outliers in the overall assessment, the F-value was consistently below the F-Crit value, thereby statically confirming the hypothesis of my study. In the next section I turn to the specifics of the SEEDS consortium.

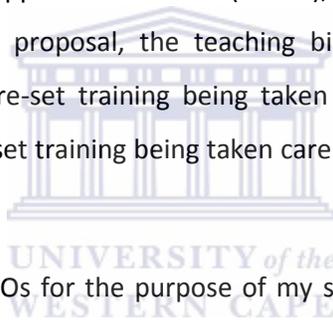
4.5 SEEDS Consortium

To collect evidence for my study, I focused on the NGOs bound together in the SEEDS Consortium. The origin of the consortium goes back to 2007 when representatives of the later consortium members independently visited the First Secretary in the Embassy of the Netherlands in Pretoria, Mr Cornelius Hacking, with the view to solicit development aid funding for their NGOs and projects. Towards the end of 2007, Mr Hacking called a meeting of all the NGOs and indicated that the chances of success for nine organisations each pitching for between 1 and 2 million Euro, would not fly as it was "too small" an amount. However, if we could generate a joint funding proposal of between R150m and R200m, he would support it. The balance of 2007 and 2008 was spent in a nine-way negotiation preparing the joint proposal with the assistance of the manager of Learning Cape, Ms Bev Barry.

The overall goals were to support innovation in education and training to make a difference by strengthening the NGOs and to develop best practice to address issues in education. The long

term idea was that this best practice would be incorporated into provincial and government systems, directly or as expert support providers.

In 2009 the NGOs were united and signed into existence in January of 2009 in what became known as the Systemic Education Extra Mural Development and Support Consortium (SEEDS consortium) consisting of Mathematics and Science Education Project (MSEP), University of Cape Town, (UCT); Institute for Mathematics and Science Teaching (IMSTUS), University of Stellenbosch (US); African Genome Education Institute's African Genome Project (AGP) in partnership with the University of the Western Cape (UWC); Early Learning Resource Unit (ELRU); Science and Industrial Leadership Initiative (SAILI); SciFest Africa; Centre for Multi-grade Education (CMGE), Cape Peninsula University of Technology (CPUT); Extramural Education Programme (EMEP); GOLD Peer Education Development Agency (GOLD); Systemic Education Extra Mural Development and Support Consortium (SEEDS), and University of Stellenbosch as fund-holder. Subsequent to this proposal, the teaching biology project was split into two autonomous projects, teacher pre-set training being taken care of by the University of the Western Cape and the teacher inset training being taken care of by the AGEI, hence ending with ten consortium partners.



The value of this grouping of NGOs for the purpose of my study is that there was a common denominator that brought them together around joint objectives to pursue even though they are quite divergent in nature. This blend of unity and diversity made a good case study as there is enough common ground to inform the generation of a standardised benchmark whilst showing that my proposed method works reliably across a range of divergent organisations. The result is that it shows that a people-centred approach is valid and applies to NGOs across the board. I accept that the study reflects on ten organisations and that, as I recommend in the final chapter, a wider testing of the results will support my hypothesis that internal organisational culture directly impacts on external result delivery. Taking cognisance of the sample size, I believe that the diversity of organisations within the SEEDS consortium can be used as a proxy for the standardisation of my proposed method as both the scope, depth, organisational nature and operating cultures are divergent enough to support my theory.

The details of the Consortium organisations are summarised in insert 37 below:

Insert 37: Table, SEEDS Consortium members and deliverables (Stellenbosch RNE Initiative, pp 13-15)

Consortium partner	Budget allocation	Project goal	Objectives	Planned output
Mathematics and Science Education Project (MSEP), University of Cape Town, (UCT)	R18.5m	To support the development of “better quality” mathematics and science education at traditionally disadvantaged schools, of which the majority are black learners	<ul style="list-style-type: none"> • Teacher training, support and development • Learner support and career direction • School management teams training, support and development • Government officials capacity building • Research 	GET and FET in 5 Dinaledi schools in: <ul style="list-style-type: none"> • Paarl • Khayelitsha • Philippi • Mowbray

Institute for Mathematics and Science Teaching (IMSTUS), University of Stellenbosch (US)	R25m	To advance equal participation and improved performance in Mathematics and Science in previously disadvantaged communities through effective teaching and learning	<ul style="list-style-type: none"> • Teacher training, support and/or development • Parent involvement and development • Research publication and integration at post-graduate level 	Intermediate, senior and FET phases at 5 secondary and 10 primary feeder schools Either Dinaledi and / or focus schools and / or Breede River / Overberg
			Advanced Certificate in Education (ACE): Teacher training, support and / or development	100 mathematics teachers
			SciMathUS: annual programme with three intakes that supports: <ul style="list-style-type: none"> • learners entering Higher Education • Women in science and engineering • Disadvantaged youth in mathematics, physical science and accounting 	75 learners from all consortium programmes
African Genome Education Institute's African Genome Project (AGP) in partnership with the	R16m	To develop and implement professional development training for pre-service and in-service teachers in natural sciences / life science and social	<ul style="list-style-type: none"> • Pre- and in-service teacher development at schools • Curriculum advisors and lead teachers in government and 	GET and FET phases: 8 focus schools in: <ul style="list-style-type: none"> • Langa

University of the Western Cape (UWC)		sciences – evolutionary biology	<p>schools</p> <ul style="list-style-type: none"> • Science educators at the university • Lesson plans and material development and support • Framework for pre-service teacher training • Website development for on-line and distance learning • Biology teacher seminars • Journal launch and scientific conference • Classroom support and research 	<ul style="list-style-type: none"> • Khayelitsha • Gugulethu • Mitchell’s Plain
Early Learning Resource Unit (ELRU)	R13m	To inspire confident, equipped and innovative teachers, promoting young children’s’ curiosity and sense of wonder as a foundation for mathematics and science learning	<ul style="list-style-type: none"> • Material development and distribution: <ul style="list-style-type: none"> ○ 9 new learner support titles in 3 languages ○ 6 teacher support magazines, reprint and translation of existing titles 	<ul style="list-style-type: none"> • Early childhood development: <ul style="list-style-type: none"> ○ 90 teachers in 3 main areas

			<ul style="list-style-type: none"> • Public awareness • Mobile demonstrations of mathematics and science • Teacher and parent training with excursions and development of training modules 	<ul style="list-style-type: none"> • 12 radio broadcasts, community newspaper, museum workshops • 90 teachers in 3 districts
Science and Industrial Leadership Initiative (SAILI)	R6.5	To equip disadvantaged youth with strong capabilities in mathematics and science so that they can participate fully in the disciplines that make up the knowledge society	Learner support: identify learners with aptitude, place them in good high schools and nurture them while providing appropriate support and guidance	<ul style="list-style-type: none"> • 60 learners in catch-up programmes • 20 learners are placed in good schools • Grade 8-9 learners are motivated • Grade 10 – 12 are supported • FET phase learners have counselling and guidance

SciFest Africa	R6m	The promotion of science, technology, engineering and mathematics (STEM) awareness	<ul style="list-style-type: none"> • Public awareness • Two one-week illustrated lecture tours • Two one-week workshop tours • Two one-week science show tours 	All consortium selected areas over the four years
Centre for Multigrade Education (CMGE), Cape Peninsula University of Technology (CPUT)	R22m	To develop a multi-grade centre to give the child in Africa a real chance of succeeding in primary education	<ul style="list-style-type: none"> • Train 6 project staff • Train 10 multigrade education supervisors • Train 20 multigrade curriculum and learning material experts and post-graduate students 	<ul style="list-style-type: none"> • 800 educators • 50 M Ed students • 10 D Ed students

Extramural Education Programme (EMEP)	R18m	To encourage schools to develop extra-murally as child-friendly stimulating and caring hubs of lifelong learning, recreation and support for their children, youth, parents and local communities; to pilot provincial and national models and a school movement of extra-mural school hubs.	<ul style="list-style-type: none"> • Development training and support for principals, teachers, extra-mural teams, parents • Developmental network and support 	<ul style="list-style-type: none"> • 43 schools in South Metro, East Metro and Overberg
GOLD Peer Education Development Agency (GOLD)	R15m	To support viable community organisations in the sustainable roll-out of quality youth HIV prevention and risk behaviour reduction programmes, thereby empowering school-going peer leaders to become positive role models and agents of community change	HIV / AIDS prevention peer education through resource distribution, training and support	<ul style="list-style-type: none"> • 94 secondary schools • 13 implementing organisations • 188 peer education facilitators • 6760 adolescent peer educators

<p>Systemic Education Extra Mural Development and Support Consortium (SEEDS), University of Stellenbosch as fund holder</p>	<p>R10m</p>	<p>Stellenbosch University acts as fund holder on behalf of the Royal Netherlands Embassy (Pretoria)</p>	<p>Stellenbosch University will house the programme management:</p> <ul style="list-style-type: none"> • Set up a governing body / structure • Appoint a project manager and staff • Set up office space and equipment • Review and evaluate all budgets for consortium members • Develop procedures for the distribution of funds • Develop memoranda of understanding with consortium members and other service providers 	<ul style="list-style-type: none"> • Programme management and co-ordination • Establish a steering committee • Manage knowledge experiencing sessions between consortium members • Manage fund-holding budget
<p>TOTAL</p>	<p>R150m</p>			

4.6 Ethics

The principles of research ethics are captured in the Human Sciences Research Council's (HSRC) Code of Research Ethics referring to respect and protection, transparency, scientific and academic professionalism and accountability (HSRC Code of Ethics). To ensure compliance with the principles of respect and protection I adhered to the ethical clearance requirements in my research proposal, informed all respondents in writing requesting their written consent to participate in the data collection. I also put it in writing that responses would be treated as confidential, that the responses would be treated as anonymous, and that no direct reference other than in the thesis would be made to reveal their identity or opinion. Regarding transparency I have given feedback to the various organisations using only generic or their own results in order not to embarrass non-performers. I insist on using my own work only and to reference and acknowledge the work of others used in the thesis to ensure academic professionalism and accountability for the work I present in this study.

4.7 Sampling and data collection

In the whole process of sampling and data collection I was always mindful of not allowing my experience of fifteen years in fundraising for a university to cloud my approach or interpretation of the data. The literature review, my experience in being a part of the SEEDS consortium process for the entire project and local and international fundraising experience did assist in the assessment and compilation of the measuring instrument that reflects on objective and defensible inputs to the instruments used. In collecting the data, its capturing and interpretation were informed solely by the responses I obtained. Working in this field made it imperative to obtain accurate data that have also challenged my personal paradigms on the way funding used to be done.

In collecting the data regarding CEOs of the SEEDs consortium, all ten CEOs were interviewed, the questionnaires recorded and all data captured. With the CEOs the qualitative responses were rated on the quantitative scale for every response, i.e. a numeric value was agreed to reflect the qualitative response on a common scale. Overall good co-operation was received though co-ordinating meeting times proved a challenge at times. In collecting the staff responses from the ten NGOs, 47 responses were obtained, response levels varied from 50% to

100%. CEOs took care of the completion of the questionnaires and put pressure on their staff to retrieve the completed questionnaires.

When considering the quality of the responses, I believe they were accurate reflections and not subject to external influence, an area that I initially viewed sceptically as the first choice remained to personally administer the questionnaires, but this did not materialise. I do not view this as an effort to control the results on the part of the CEOs, but rather a practical consideration for when they would get all their staff together for meetings and then provide a deadline for completion and retrieval of the questionnaires.

In collecting the data from the embassies, I secured appointments with the embassies of Australia, European Union Delegation in Pretoria, Flemish Authority, France, Ireland, Japan, Republic of Korea, Netherlands, Sweden and the United Kingdom. I did not succeed in securing appointments with representatives of Germany, Italy and the United States. All ten grant-making officers in the OECD embassies were interviewed and the questionnaires taken down and all data captured. With the assistance of the grant-making officers the qualitative responses were rated on the quantitative scale for every response. Overall good co-operation was received though co-ordinating meeting times proved a challenge at times as they are all located in Pretoria. As a mixed method approach was followed, the qualitative responses balanced the quantitative responses to deliver what I believe is an accurate assessment of the sampled NGOs' performance, both from the NGOs' developmental agenda and from the grant-maker's agenda.

When assessing organisational performance, the attitude of the CEO upon meeting was a dead give-away of what to expect. In organisations that performed well I was welcome, the co-operation and support to do the one to one interviews and for the completion of the questionnaires were welcomed as an aid to strengthen the organisation. In one case where I had to hound the CEO to assist, upon the question to describe her leadership style the answer was forthright: "a bitch" – it showed in the culture questionnaire. In one case I was attacked outright by the CEO on the irrelevance of what I was researching. Notably, the results from that organisation's staff showed a failing internal organisational culture that also showed an outright failure in delivering externally on what was promised. In short, the CEO's defensiveness was a good indicator on its own. In one case the CEO refused to have me near her NGO, but she was

asked to leave the organisation within a year of being appointed based on her leadership style and the impact she had on the internal organisational culture.

When assessing grant-maker views there was significant interest in the approach I put forward and the proposed instruments, which would assist grant-makers in meeting their obligation in terms of the Paris Declaration scorecard. If it was not for the interest in my research, I would not have been able to secure appointments at the various embassies that would otherwise be purely based on a university fundraiser seeking an appointment to discuss funding options.

The use of a mixed methods approach in collecting data from CEOs and grant-makers provided the benefit of both quantitative and qualitative data collection providing depth and understanding of processes and also the option to produce quantified data for statistical analysis purposes. The Beehive and Governance instruments worked well in collecting qualitative opinions on organisational culture in a quantitative format enabling statistical analysis, presentation of results in a graphic format, and focusing attention on areas requiring change interventions. Working with quantified information enabled the use of statistical instruments to verify the correlation between variables. The result of this approach enables the standardisation of assessment methods across organisations and informs the creation of a baseline internal organisational profile against which to assess other NGOs.

4.8 Conclusion

The innovation in this method is the testing, expanding and reconfiguring of a commercial change management instrument and technique to an NGO environment. This was done with the addition of critical performance criteria to assess NGO performance in a standardised format that allows for cross-organisational benchmarking with repeatable results. The result of this method is that it enables NGOs to focus attention to areas that impact on their performance and enables grant-makers to assess the risk of supporting a grant application, meeting the two main challenges NGOs face of proving performance and securing funding. From a grant-maker perspective it can assist in the more efficient allocation of funding, significantly changing the impact of funding on delivery for the better.

In the next chapter I discuss the detailed results obtained from the data collected. I discuss the detail of every NGO sampled and review the correlations between delivery, CEO opinion and

staff responses to the measuring instruments. A qualitative overview of every NGO is discussed followed by an analysis of variation for every case and results are graphed. Then I combine all the results and perform an ANOVA analysis for the ten NGOs to determine the correlations, the development of a baseline internal organisation profile and determine the most important profile indicators for NGOs. In chapter six I then assess grant-maker responses and compare the levels of confidence displayed in current funding application processes and my proposed people-centred method. Detailed results are expounded in Chapter Seven.



CHAPTER 5

RESULTS: CORRELATION BETWEEN INTERNAL ORGANISATIONAL CULTURE, NGO PERFORMANCE AND CEO PERCEPTIONS OF NGO PERFORMANCE

5.1 Introduction

In the course of my field work and data collection, two distinct sets of data emerged. Data yielding results relating to the assessment of NGO performance and data relating to the perceptions of development aid grant-making officers in the OECD country embassies I surveyed. This dual result is in line with the two key challenges in NGO performance, namely the ability to attract funding from grant-makers and the NGOs ability to deliver on its mandate and promises. The data obtained are separate sets of data that are correlated later in the study. From a practical point of view I deal with these two sets of data in this and the following chapter. In this chapter I focus on the results obtained from interacting with the NGOs that were united in the SEEDS consortium and in the next chapter I focus on the correlation between the opinion of grant-makers relating to the confidence displayed in current practice and methods of grant-seeker assessment of NGOs and my proposed internal organisational culture methodology, discussed in the results presented in this and the next chapter.

The data collection focusing on the performance of the NGOs consisted of structured interviews and questionnaires, namely a qualitative and quantitative questionnaire administered to the CEOs of the SEEDS partners. Firstly, quantitative questionnaires focusing on obtaining an old / new economy profile of every NGO was administered to as many of the staff of the SEEDS partners as possible. Then directors / CEOs of SEEDS partners were surveyed on their perception of how their organisation performed based on the original grant undertakings as proposed to the grant-maker and its correlation to the people-centred methodology as reflected in the internal organisational culture profile of the organisation. Lastly staff in the SEEDS partners was asked to indicate their opinion of their organisations' culture profile using the people-centred assessment tools proposed. To enable statistical interpretations of the results obtained from the CEO opinion and staff ratings were reworked to a common scale and are presented in common size percentage format. This allows for an analysis of variation (single factor ANOVA) to be conducted within a 95% confidence interval. As statistical methods are used in interpreting

sample data at a 95% confidence interval, as opposed to population data, a degree of freedom is allowed that accurately reflects results at a plus or minus five percent level. Results of the single factor ANOVA algorithm are displayed in a table generating two F-scores. The F-score reflects the variance within a sample and between samples. The F-Crit, F critical score, is the rejection threshold. This means if the F-score is higher than the F-Crit score, then there is less than a 95% correlation between the sample data sets, i.e. it reflects the rejection region. The accuracy of the result is based on a sample size of more than 30 providing a valid and reliable result based on the data used. After processing the results of the individual SEEDS partners, I present aggregated results on the people-centred methodology I propose for the study in assessing NGO performance, also using the single factor ANOVA method to assess the within-sample and between-samples variation.

When reflecting on the validity of the research instrument, the Beehive of Nel (2009) has been used in more than 3000 business cases yielding valid and replicable results that enable between-case comparisons. The coding methodology has also proven robust and reliable. I used the same coding methodology in the governance questionnaire I developed based on an analysis of the key indicators presented in the SEEDS consortium. I verified the categories of data required during my interviews with the grant-making officers in embassies. Before administering the instruments, I pre-tested the instrument on an NGO and obtained relevant feedback to fine-tune and verify the validity of the questions used in the instruments. In administering the instruments consistent results were obtained that reflect the internal organisational culture of the individual organisations and that correlate with the external performance of the organisations, enabling deductions on the correlation between internal organisational culture and external performance.

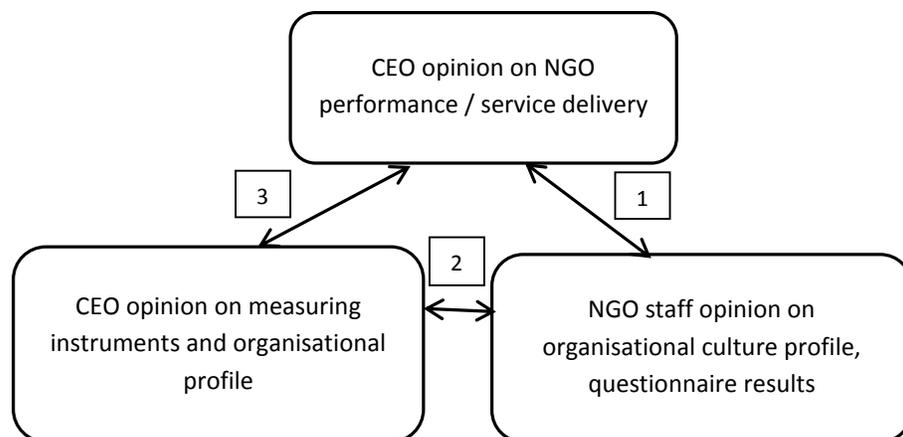
5.2 Research question and hypothesis

The research question and hypothesis for the study and anticipated results using evidence from the SEEDS partners is: 'Is there a correlation between using a people-centred assessment methodology and NGO performance?' A positive correlation will validate the people-centred assessment method proposed in this study as a reliable method to assess NGO operations, as a predictor before and during engagement with donors and to guide change management interventions in NGOs to enhance service delivery performance. This method will provide a

reliable set of measurable agency criteria informing the operationalising of the Capability Approach. This led to me to formulate my hypothesis that ‘there is a positive correlation between the people-centred method as proposed in this study and NGO service delivery performance’.

Three sets of data are presented to assess the research question as shown in insert 38 below. The correlation between the three sets of data are interrogated: Firstly, the correlation between the performance of the NGO as obtained from the CEO and the quantified opinion on the organisational culture as obtained from the measuring instruments completed by the staff of the NGO; secondly, the correlation between the CEO’s opinion on the organisational culture of the NGO and the opinion as obtained from the measuring instruments completed by the staff of the NGO; thirdly, the correlation between the CEO’s opinion of the organisational culture and the CEO’s opinion of organisational performance. Qualitative responses were quantified and correlated across all ten NGOs using single factor ANOVA analysis at a 95% confidence interval. These three sets of data for every member of the SEEDS Consortium are discussed below and presented in graph format. The correlations with the grant-making officers’ results are discussed in the next chapter.

Insert 38: Figure, Data sets to correlate



5.3 SEEDS partners' perspectives

In gathering the data, I made appointments with all CEOs of the SEEDS Partners and interviewed them in a one-to-one situation, taking down qualitative responses and converting it to quantitative values with their assistance. With the exception of one respondent, they were all very co-operative in administering the quantitative instruments to their staff and to return these to me, some more prompt than others.

In assessing the SEEDS partners individually and jointly, key comparisons are drawn between the CEOs' opinions on how the NGO is performing based on the promises made in terms of the SEEDS agreement and how their performance correlates with the people-centred criteria I propose. The qualitative responses are first discussed followed by a comparison of the delivery outputs as described by the CEO and compared to the BEEHIVE and Governance questionnaire results obtained from the staff of the NGO. These results are then compared using the single factor Analysis of Variation (ANOVA) statistical tool that measured the correlation between population means at a 95% confidence level. Keller (481, 482) describes the analysis of variation as a procedure that tests to determine whether differences exist among two or more population means. This is then followed by assessing the correlation between the CEO's opinion on the organisational culture and that obtained from the staff and again followed by a single factor ANOVA analysis. My hypothesis implies that there is no or insignificant difference between sample means at a 95% confidence interval, which the results obtained support.

The graphs graphically reflect the old / new economy culture as discussed in Chapter 3 and are interpreted by focusing on the areas to the right of zero. The area to the right of 0% indicates a progressive and result orientated culture with areas to the right exceeding 75% being world class, 65% to 74% being top class, 52% to 64% being average to mediocre and below 51% where motivation is not sufficient to maintain current operations (Nel, 2009). When conducting change interventions focus is placed on the areas that are furthest to the left as these are the most significant in undermining organisational performance. Strategies are then developed in an attempt to move the rating to the right. This is achieved by identifying the ideal behaviour, then identifying the inputs required to produce the ideal behaviour followed by identifying the leadership style required to make these inputs. I now report the individual results for the ten SEEDS Consortium partners.

5.3.1 Teaching Biology: African Genome Education Institute (AGEI)

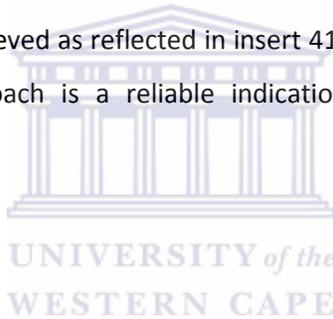
Cheryl Douglas (interview 23 March 2012), CEO of the African Genome Education Institute indicated that AGEI operated on a grant of R14.3m from the Netherlands embassy with the vision 'to develop and implement professional development training for in-service teachers in natural sciences / life science and social sciences in evolutionary biology'. This is done through in-service teacher development at schools, training of curriculum advisors and lead teachers in education departments, schools and science educators at university level. The training includes lesson plans and material development and support, website development for on-line and distance learning, biology teacher seminars, journal launches and scientific conferences and classroom support. It also includes research in the GET and FET phases in eight focus schools in Langa, Khayelitsha, Gugulethu and Mitchell's Plain. After the initial award of the SEEDS grant, the outcomes were renegotiated and divided between AGEI and UWC, who operate independently of one another and AGEI now presents three teacher training seminars per annum for 50 life sciences educators.

AGEI focuses on updating life sciences teachers with the latest subject content and ICT resources to make teachers more confident in teaching their subject, which has also impacted on curriculum advisors of the Western Cape Education Department. Unique components of the programme are the IT skills component that contributes to the development of broad science skills in association with other like-minded organisations such as the IZIKO museums in Cape Town, MTN Science Centre, Kirstenbosch Botanical Garden, MSEP, Siyavula and IMSTUS.

Success is seen in the increased confidence of biology teachers to present their subject and the ICT based training material that has been developed as well as exceeding the training targets set. Learning has been shared with partners in Bridge, SEEDS, attending of an e-learning conference in Benin and a biology teacher conference in the USA, links with JetNet of the Netherlands and doing presentations at conferences. A strong indicator is the demand of increasing numbers of educators who want to attend the seminars. The strong demand for the practical laboratory work and the usage of data made available using ICT resources that are not copyright protected indicates the success of the programme. AGEI's organisational culture is collaborative and collegial where educators complement one another and help one another with skills development.

When considering the people-centred method of assessing performance, four out of five staff completed the quantitative survey and indicated an average institution culture profile on the Beehive instrument of 65.5% percent and on the Governance and Strategy instrument an average of 65.5%. According to Nel this indicates an average organisational culture. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion on the organisational performance with the institutional culture profile, an F-value of 32.4 is returned, which is significantly higher than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 39. This indicates that a good output in terms of results is possible with an average organisational culture.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion on the organisational culture with the opinion of the staff, an F-value of 0.5 is obtained which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 41. This confirms that, in this case at least, the people-centred approach is a reliable indication of organisational performance assessment.



Insert 39: Table, Performance: Culture and ANOVA table: AGEI
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Beehive: Staff	65.5%	99.0%	CEO, output
Governance & Strategy: Staff	65.5%	89.0%	CEO, contribution to education

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.31028	0.65514	7.79E-08		
Column 2	2	1.88	0.94	0.005		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.081145	1	0.081145	32.45754	0.029455	18.51282
Within Groups	0.005	2	0.0025			
Total	0.086145	3				

The people-centred assessment results are below in insert 40 below showing an old / new economy graph left and displaying the same results expressed as percentage results below right.

Insert 40: Graph, AGEI profiles, old/new economy and common scale



Insert 41: Table, CEO culture: Staff culture and ANOVA table: AGEI

Beehive: Staff	65.49%	71.90%	Beehive: CEO			
Governance & Strategy: Staff	65.53%	28.10%	Governance & Strategy: CEO			
ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.31028	0.65514	7.79E-08		
Column 2	2	1	0.5	0.095922		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.024068	1	0.024068	0.501834	0.552131	18.51282
Within Groups	0.095922	2	0.047961			
Total	0.119991	3				

5.3.2 Centre For Multigrade Education (CMGE)

According to the CEO of the Centre for Multigrade Education, Dr Jurie Joubert (Interview 1 March 2012), the CMGE is an autonomous centre within the Cape Peninsula University of Technology operating on a grant of R22m from the Netherlands embassy over a four year period with as vision 'to develop a multi-grade centre to give the child in Africa a real chance of succeeding in primary education'. Planned output was to train 6 project staff, 10 multi-grade education research supervisors, 20 multi-grade curriculum and learning material experts and post-graduate students and to deliver multigrade education training to 800 educators, 50 M Ed students and 10 D Ed students. Multigrade education refers to the pedagogy to educate more than one grade in one classroom that typifies rural education and which reflects 30% of all primary school children in South Africa and up to 50% of primary school children in developing countries. The CMGE has developed a national and international footprint of operations and has far exceeded its stated targets. Outputs include the introduction of ICT delivery of primary school curriculum in rural schools into the mix and hosting international conferences. Furthermore the CMGE is a contracted education service provider to the national department of education, provincial departments of education in South Africa, Botswana and Namibia.

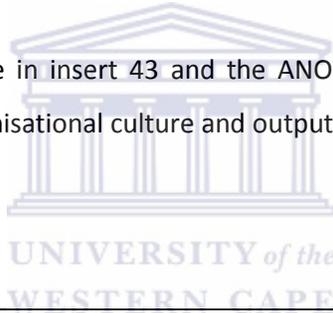
Success is attributed to a clear identification of the strategic intent, good roll out programme, attracting good and multi-skilled human capital that address the problem of rural primary education directly. Impact is assessed anecdotally by monitoring the demand for training, training material, invitation to conferences, IT capacity and publishers seeking to partner in disseminating the training material. Furthermore, extensive partnerships, some extending into Memoranda of Understanding have been developed including the Commonwealth Education Desk, leading educational institutions and universities in the Netherlands, Southern Africa, UNESCO Africa and South Africa with the view to significantly address the rural multigrade education challenges of Africa and South Africa. Assessing the CMGE's performance based on the undertakings given at the beginning of the SEEDS Consortium's work, Joubert's assessment is a performance rating of 99% and on contributing to education a rating of 89%.

When considering the people-centred method of assessing performance, seven out of eight staff completed the qualitative survey and indicated an average institution culture profile on the Beehive instrument of 93.5% and on the Governance and Strategy instrument an average of

99%. According to Nel this indicates a world class culture that also explains the performance of the CMGE over the past three years from its start-up operation. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion on the organisational performance with the institutional culture profile, an F-value of 0.158409, which is significantly lower than the F-critical value of 18.51 is returned that indicates the rejection zone at a 95% confidence interval, as is also reflected in insert 42. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 4.32 is obtained which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, as reflected in insert 44. This confirms in this case that the people-centred approach is a reliable indication of organisational performance assessment.

The summary of the outputs are in insert 43 and the ANOVA table in insert 42 indicating a correlation of 95% between organisational culture and output with F significantly smaller than F-Critical.



Insert 42: Table, Response summary and ANOVA table: CMGE

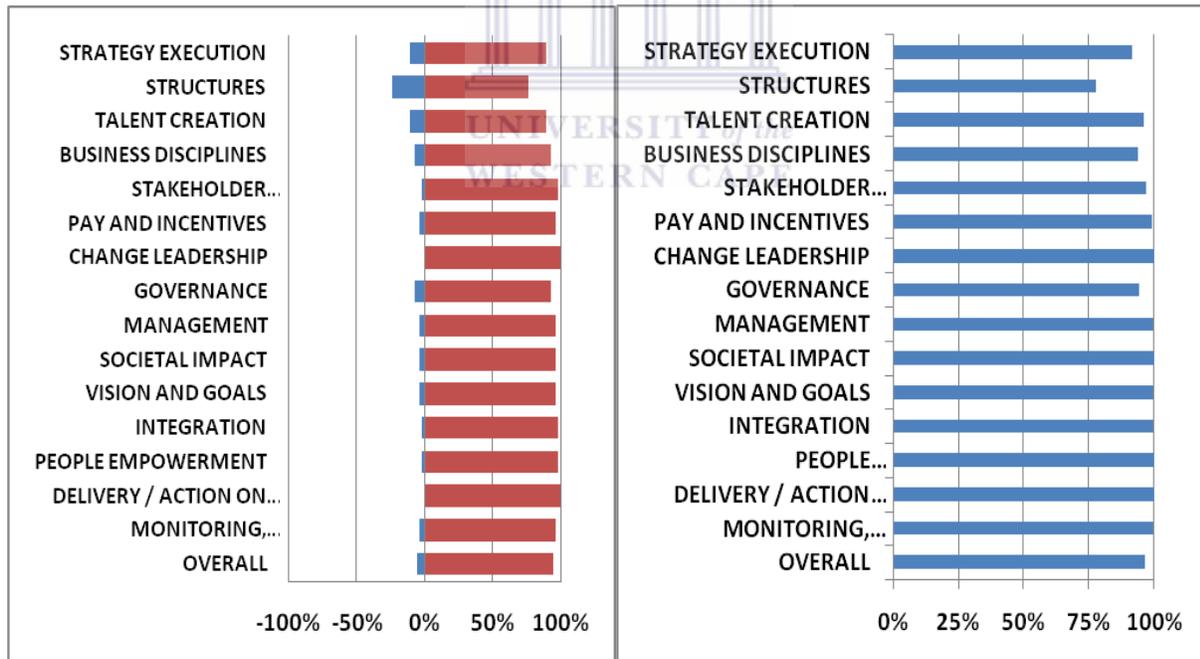
Beehive: staff	93.5%	99.0%	CEO, output
Governance & Strategy: staff	99.0%	89.0%	CEO, contribution to education

ANOVA: Single Factor					
SUMMARY					
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>	
Column 1	2	1.925436	0.962718	0.001516	
Column 2	2	1.88	0.94	0.005	

ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>Df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.000516	1	0.000516	0.158409	0.729091	18.51282
Within Groups	0.006516	2	0.003258			
Total	0.007032	3				

The people-centred assessment results are in insert 43 below left on an old/ new economy graph and displaying the same results expressed as percentage results right.

Insert 43: Graph, CMGE profiles, old/new economy and common scale



Insert 44: Table, CEO culture: Staff culture and ANOVA table: CMGE

Beehive: staff	93.50%	89.25%	Beehive: CEO
Governance & Strategy: staff	99.00%	91.15%	Governance & Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.925	0.9625	0.001513		
Column 2	2	1.804	0.902	0.00018		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.00366	1	0.00366	4.323981	0.173112	18.51282
Within Groups	0.001693	2	0.000846			
Total	0.005353	3				

5.3.3 Early Learning Resources Unit (ELRU)

Mrs Freda Brock (Interview 13 March 2012), director of the Early Learning Resources Unit, indicated that she was the outgoing CEO of ELRU and that significant organisational changes were underway leading to an imbalance of systems and people. In a subsequent conversation with the new CEO, Ms Lazarus indicated that she would not allow the qualitative questionnaires to be completed as her staff has been subjected to many organisational development activities lately and that she felt it could upset the equilibrium in the organisation. She was asked to leave after one year in the position as CEO. ELRU operates on a grant of R13m from the Netherlands embassy with the vision *to inspire confident, equipped and innovative teachers, promoting young children's' curiosity and sense of wonder as a foundation for mathematics and science learning*. This is achieved through material development and distribution (nine new learner support titles in three languages and six teacher support magazines, reprint and translation of existing titles), public awareness, mobile demonstrations of mathematics and science and teacher and parent training. This includes excursions and the development of training modules through early childhood development for 90 teachers in three main geographic areas, 12 radio broadcasts, and community newspaper and museum workshops for 90 teachers in three education districts.

Success has been achieved in working intensively with small groups of 60 educators per region to achieve a replicable improvement in effectiveness, the deepening of teacher receptiveness, the growth of an urgency to inspire curiosity in children, and the exposure of teachers to learning opportunities for educators in poor and under-resourced areas. A participatory adult education method is followed that links educators to resources and specialists to amplify teaching in the pre-literacy and pre-numeracy phases.

An important caveat is that when considering the people-centred method of assessing performance, access to staff was not made possible and I was forced to use the outgoing CEO's perception of the organisational culture as a proxy. I believe it to be a credible indication based on her no longer having any vested interest in the opinion and based on my knowledge of Freda Brock as a person of the highest integrity. Bearing this caveat in mind, an average institution culture profile on the Beehive instrument of 60.7% and on the Governance and Strategy instrument an average of 64.3% was returned. According to Nel this indicates a strong average

culture. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational performance with the institutional culture profile, an F-value of 3.477 was returned, which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 45. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 2.39 was returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 47. This confirms that in this case the people-centred approach is a reliable indication of organisational performance assessment.

Insert 45: Table, Response summary and ANOVA table: ELRU

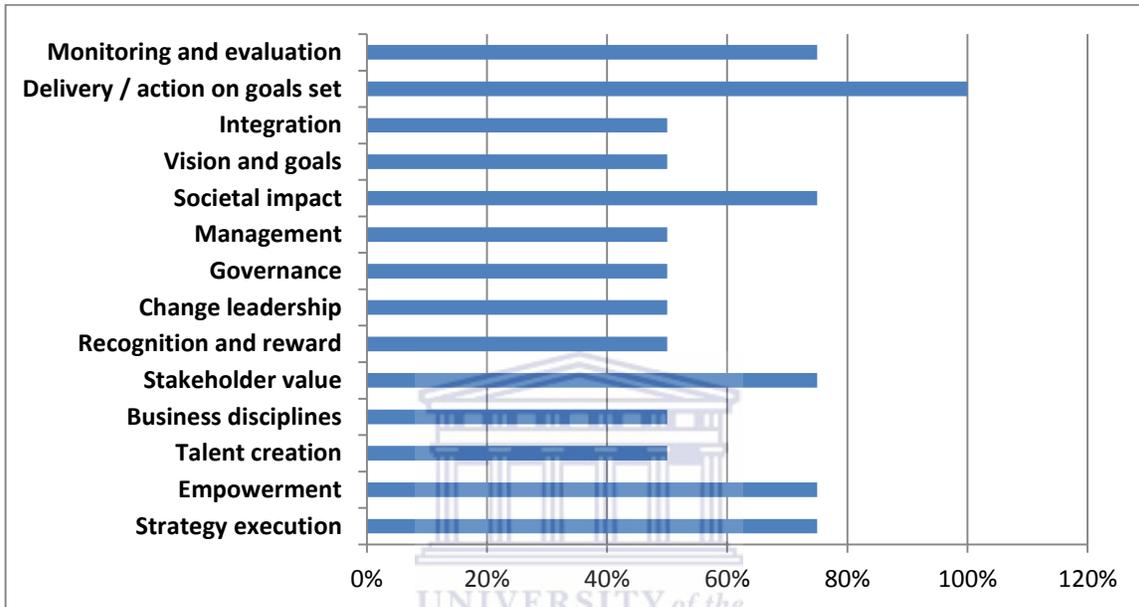
Beehive: staff	60.7%	71.6%	CEO, output
Governance & Strategy: staff	64.3%	65.9%	CEO, contribution to education

UNIVERSITY of the
WESTERN CAPE

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.25	0.625	0.000638		
Column 2	2	1.3748	0.6874	0.001602		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.003894	1	0.003894	3.477293	0.203221	18.51282
Within Groups	0.00224	2	0.00112			
Total	0.006133	3				

The people-centred assessment results are below expressed as percentage results in insert 46 below, bearing in mind that this represents the outgoing CEO's opinion.

Insert 46: Graph, ELRU profiles on common scale



Assessing the CEO and staff views on the measuring instruments makes no sense as it is deducted from the outgoing CEO's opinion as a proxy.

Insert 47: Table, CEO culture: Staff culture and ANOVA table: ELRU

Beehive: staff	60.70%	65.91%	Beehive: CEO
Governance & Strategy: staff	64.30%	76.73%	Governance & Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.25	0.625	0.000648		
Column 2	2	1.4264	0.7132	0.005854		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.007779	1	0.007779	2.393016	0.26194	18.51282
Within Groups	0.006502	2	0.003251			
Total	0.014281	3				

5.3.4 Extramural Education Programme (EMEP)

According to the CEO of the Extramural Education Programme, Jonny Gevisser (interview 25 April 2012), EMEP operates on a grant of R18m from the Netherlands Embassy with the vision ‘to encourage schools to develop extra-murally as child-friendly stimulating and caring hubs of lifelong learning, recreation and support for their children, youth, parents and local communities; to pilot provincial and national models and a school movement of extra-mural school hubs’. This is achieved by developing training and support for principals, teachers, extra-mural teams, parents as a developmental network and support in 40 schools in South Metro, East Metro and Overberg education districts. Extra-mural education refers to transforming both organisational and pedagogical practices aligned appropriately to the developmental needs of the children that are geared to improve both learning and developmental outcomes. In practice, it means introducing a new pedagogy into the schools where EMEP works to open space in the schools for new practices to be tested and spread and to provide a unique trigger for whole school development. The concept of fixed school periods in classrooms is challenged enabling educators to use longer periods for lessons and the whole school terrain. This allows for integrated learning and integrating sport and extra-mural activities into the subject teaching and general education programme that allows for level differentiation within a group, i.e. bringing the classroom outside the classroom. In facilitating this change, EMEP gives teachers a lived experience of what participatory humanistic creative educational processes feel like and then support them in their method to escape the “besieged classroom” teaching environment. Teachers learn to appreciate that classrooms are learning societies.

Success is attributed to a method proven over 21 years of operations, close support from education authorities, monitoring and evaluation that has set a high bar re standards expected and running a very tight ship meeting all external evaluation criteria over the 21 years. Furthermore, invitations to replicate and disseminate information on their pedagogy in Uganda, Zimbabwe, Ethiopia, Mozambique, Swaziland and Kenya support their success record. Assessing EMEP’s performance based on the undertakings of the SEEDS agreement, Jonny Gevisser indicates a performance rating of 97% and a rating of 99% on EMEP’s contribution to education.

When considering the people-centred method of assessing performance, seven out of 12 staff completed the qualitative survey and indicated an average institution culture profile on the Beehive instrument of 79.6% and on the Governance and Strategy instrument an average of 87.8%. According to Nel this indicates a world class culture that also explains EMEP's performance. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion on the organisational performance with the institutional culture profile, an F-value of 12.6 which is lower than the F-critical value of 18.51 is returned that indicates the rejection zone at a 95% confidence interval as reflected in insert 48. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

Secondly, when performing an ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 9.07 is returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, as reflected in insert 50. This confirms that in this case the people-centred approach is a reliable indication of organisational performance assessment.

Insert 48: Table, Response summary and ANOVA table: EMEP

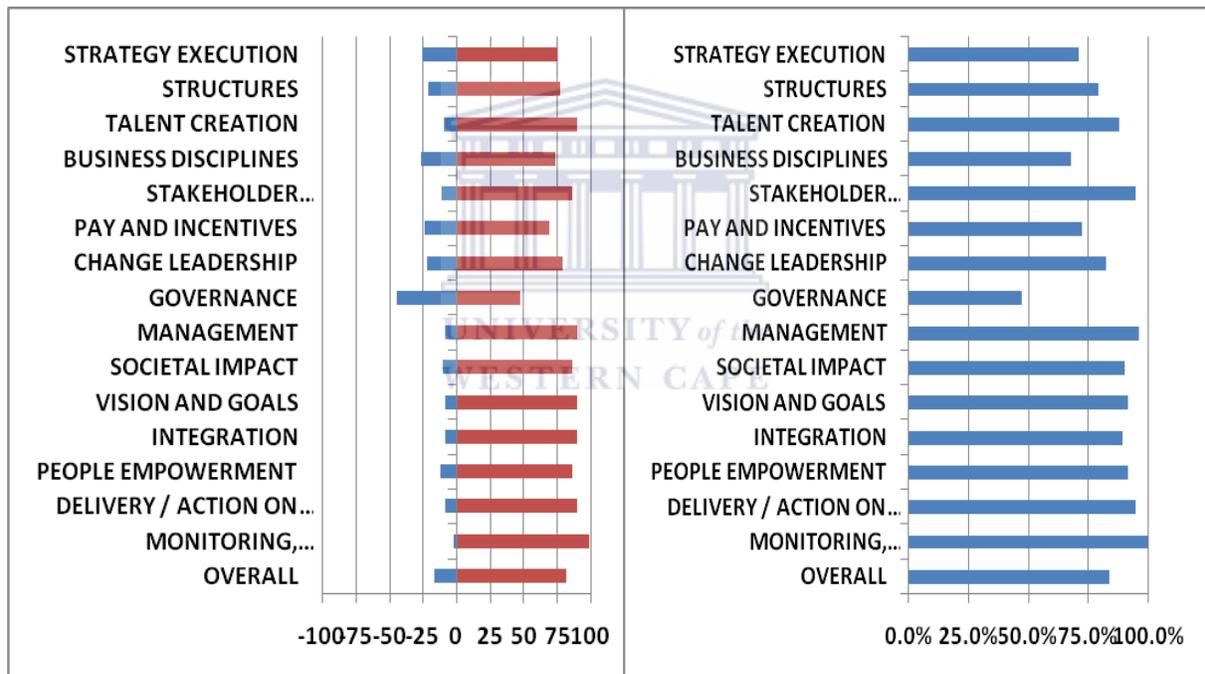
Beehive: staff	79.6%	97.8%	CEO, output
Governance and Strategy: staff	87.8%	99.4%	CEO, contribution to education

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.6735	0.83675	0.003403		
Column 2	2	1.9726	0.9863	0.000128		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>

Between Groups	0.022365	1	0.022365	12.66747	0.070676	18.51282
Within Groups	0.003531	2	0.001766			
Total	0.025896	3				

The people-centred assessment results are in insert 49 below left on an old/ new economy graph and displaying the same results expressed as percentage results right.

Insert 49: Graph, EMEP profiles, old/new economy and common scale



Insert 50: Table, CEO culture: Staff culture and ANOVA table: EMEP

Beehive: staff	79.6%	99.8%	Beehive: CEO
Governance & Strategy: staff	87.8%	95.5%	Governance & Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	2	1.6735	0.83675	0.003403		
Column 2	2	1.9538	0.9769	0.000924		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.019642	1	0.019642	9.077507	0.094763	18.51282
Within Groups	0.004328	2	0.002164			
Total	0.02397	3				

5.3.5 Gold Peer Education Development Agency (GOLD)

According to Suzanna Farr, CEO of the Gold Peer Education Development Agency (Interview, 17 April 2012), GOLD operates on a grant of R15m from the Netherlands embassy with the vision 'to support viable community organisations in the sustainable roll-out of quality youth HIV prevention and risk behaviour reduction programmes, thereby empowering school-going peer leaders to become positive role models and agents of community change'. This is achieved by focusing on HIV/AIDS prevention peer education through resource distribution, training and support in 94 secondary schools, 13 implementing organisations through 188 peer education facilitators and 6760 adolescent peer educators. GOLD's programmes address the root issues of not having food, physical risk, gender issues and violence which holds young people back from education. The aim is to reduce the number of school dropouts and increase academic performance with the view to create an enabling environment and community. This is central to GOLD's vision of supporting education, creating leaders and reducing risk behaviour, especially with regards to HIV/AIDS which is a function of inadequate education of the young.

Success is seen as the result of a strong and structured stakeholder strategy in terms of meeting monitoring and evaluation benchmarks set by international funders and making a significant contribution to HIV/AIDS education strategies. This is achieved at both provincial and national level by directly influencing peer and mentor training policies and serving on the provincial AIDS council. Gold has also established a consulting arm to provide for times when funding becomes difficult to solicit and have successfully managed a scaling down process without dire impact on operations. Measurable results also include getting significant numbers of orphans back to school.

When considering the people-centred method of assessing performance, all twelve staff completed the qualitative survey and indicated an average institution culture profile on the Beehive instrument of 77.5% and on the Governance and Strategy instrument an average of 90.7%. According to Nel this indicates a world class culture. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational performance with the institutional culture profile, and F-value of 0.25 is returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval

as reflected in insert 51. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

Secondly, when performing an ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 0.0004 is returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, as reflected in insert 53. This confirms that in this case the people-centred approach is a reliable indication of organisational performance assessment.

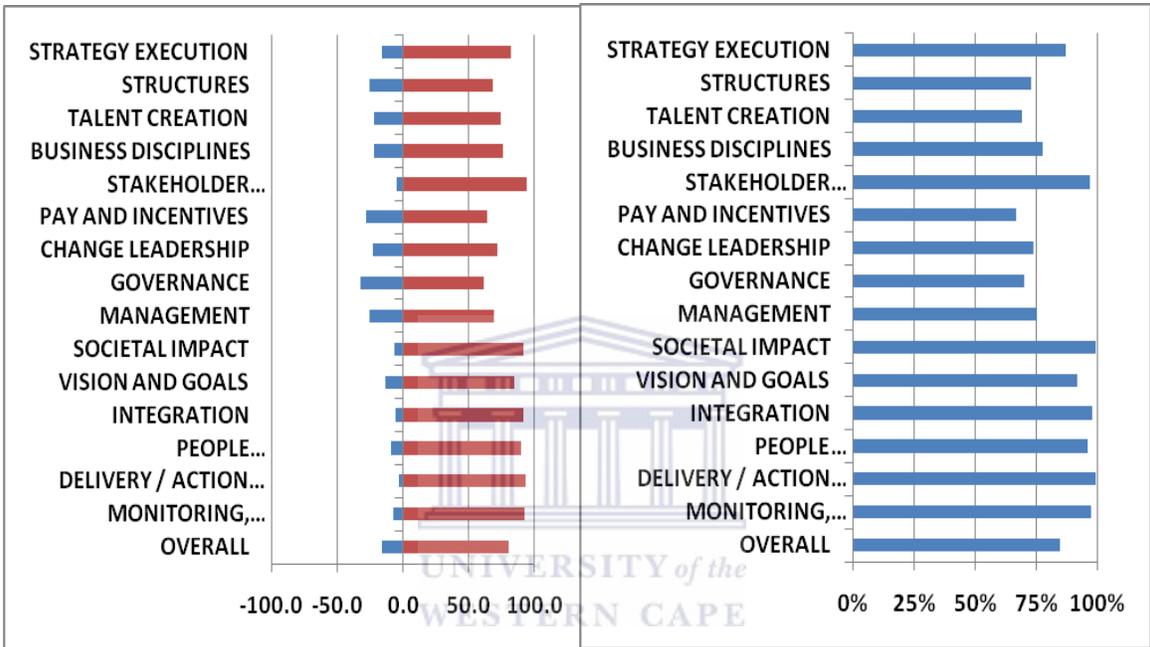
Insert 51: Table, Response summary and ANOVA table: GOLD

Beehive: staff	77.6%	71.3%	CEO, output
Governance & Strategy: staff	90.7%	86.9%	CEO, contribution to education

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.683096	0.841548	0.008548		
Column 2	2	1.5813	0.79065	0.012152		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.002591	1	0.002591	0.250294	0.666492	18.51282
Within Groups	0.020701	2	0.01035			
Total	0.023291	3				

The people-centred assessment results are in insert 52 below left on an old/ new economy graph and displaying the same results expressed as percentage right.

Insert 52: Graph, GOLD profiles, old/new economy and common scale



Insert 53: Table, CEO culture: Staff culture and ANOVA table: GOLD

Beehive: staff	77.6%	71.90%	Beehive: CEO
Governance & Strategy: staff	90.7%	95.82%	Governance & Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.683096	0.841548	0.008548		
Column 2	2	1.6772	0.8386	0.028608		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	8.69E-06	1	8.69E-06	0.000468	0.984707	18.51282
Within Groups	0.037157	2	0.018578			
Total	0.037165	3				

5.3.6 Institute for Mathematics and Science Teaching, University of Stellenbosch (IMSTUS)

According to Dr Kosie Smit, Director of the Institute for Mathematics and Science Teaching (Interview 22 March 2012), IMSTUS is a dedicated outreach centre within the University of Stellenbosch (US) to enhance the learning and teaching of mathematics and science in educationally disadvantaged schools to inspire learners aspiring to higher education and to contribute to the University's student diversity profile. IMSTUS operated on a grant of R25m from the Netherlands embassy over a four year period with a vision 'to advance equal participation and improved performance in Mathematics and Science in previously disadvantaged communities through effective teaching and learning'. This is achieved through the delivery of teacher training, support and/or development, parent involvement and development and research publications. Furthermore, programmes are integrated at post-graduate training level to manage interventions at intermediate, senior and FET phases in five secondary and ten primary feeder schools. These schools are either part of the Dinaledi programme and / or focus schools and / or located in the Breede River / Overberg. Imstus also presents an Advanced Certificate in Education (ACE): Teacher training, support and / or development to 100 mathematics teachers. They also run SciMathUS: an annual empowerment programme with three intakes that support learners entering Higher Education, women into science and engineering and disadvantaged youth into mathematics, physical science and accounting in a focused programme to 75 selected learners.

Success is attributed to IMSTUS forming part of a clearly understood high level strategic initiative of the University to promote diversity with a vision of hope without compromising on standards. IMSTUS is one of a range of complementing initiatives targeting feeder schools and communities, including co-operation with language training and Celemus, the leadership centre of the University. This allows for the optimising of resources and sharing responsibilities to offer a comprehensive service whilst maintaining a specialist input. Results are seen in confirmation of own practice, demands for assistance from neighbouring schools, results from a problem-based learning approach ranging from Grade 1 to 12, the number of educators who proceed beyond the ACE course to M Ed and D Ed degrees. Furthermore, mathematics learning material is produced, making use of e-learning and telematic education delivery resulting in IMSTUS doubling the numbers reached when measured against the funding proposal and a significant

increase in the University admission numbers of learners from targeted schools. Smit describes IMSTUS's culture as co-operative, participatory, open and collaborative and a key to the success achieved with IMSTUS and rates their performance as 72% and their contribution to education as 59%.

When considering the people-centred method of assessing performance, seven out of twenty-eight staff completed the qualitative survey with a number choosing not to participate in the survey, indicated an average institution culture profile on the Beehive instrument of 82.9% and on the Governance and Strategy instrument an average of 91.9%. According to Nel this indicates a top class operating culture. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion on the organisational performance with the institutional culture profile, an F-value of 7.31 is lower than the F-critical value of 18.51 is returned that indicates the rejection zone at a 95% confidence interval as reflected in insert 54. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 2.13 which is significantly lower than the F-critical value of 18.51 is returned that indicates the rejection zone at a 95% confidence interval, as reflected in insert 56. This confirms that in this case the people-centred approach is a reliable indication of organisational performance assessment.

Insert 54: Table, Response summary and ANOVA table: IMSTUS

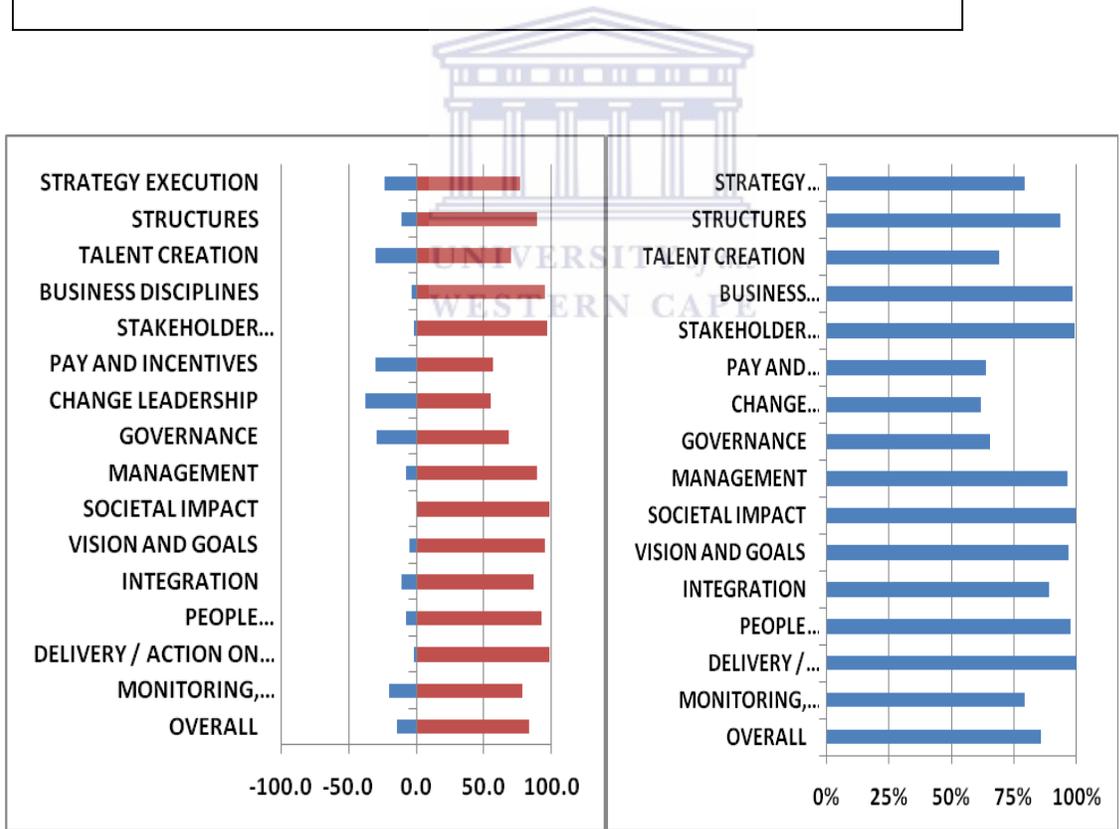
BEEHIVE Staff	82.9%	72.2%	CEO, output
Governance and Strategy: Staff	91.9%	58.7%	CEO, contribution to education

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.748727	0.874363	0.004041		
Column 2	2	1.3095	0.65475	0.009153		

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.04823	1	0.04823	7.310967	0.113885	18.51282
Within Groups	0.013194	2	0.006597			
Total	0.061424	3				

The people-centred assessment results are in insert 55 below left on an old/ new economy graph and displaying the same results expressed as percentage results right.

Insert 55: Graph, IMSTUS profiles, old/new economy and common scale



Insert 56: Table, CEO culture: Staff culture and ANOVA table: IMSTUS

BEEHIVE Staff	82.9%	82.6%	BEEHIVE CEO
Governance and Strategy: Staff	91.9%	72.8%	Governance and Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.748727	0.874363	0.004041		
Column 2	2	1.5544	0.7772	0.004822		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.009441	1	0.009441	2.130497	0.28181	18.51282
Within Groups	0.008862	2	0.004431			
Total	0.018303	3				

5.3.7 Mathematics and Science Education Project (MSEP)

According to the CEO of the Mathematics and Science Education Project, Dr Johnathan Clark (interview 13 March 2012), MSEP is a project of the Faculty of Education of the University of Cape Town (UCT) with the aim of improving the quality of education and performance at grade three, six, nine and matric level within a broad context of improving overall school development. MSEP operates on a grant of R18.5m from the Netherlands embassy with a vision 'to support the development of "better quality" mathematics and science education from traditionally disadvantaged schools, of which the majority are black learners'. This is to be achieved through teacher training, support and development, learner support and career direction, school management teams training, support and development, government officials capacity building and research in GET and FET phases in 5 Dinaledi schools situated in Paarl, Khayelitsha, Philippi and Mowbray.

Success in the project is qualified when operating in an environment where the pre-conditions to shift educator attitudes are not present and the operating environment is characterised by negative drivers in an overarching context where there is no buy-in, bearing in mind that the nomination of the five schools was left to powers that be in the provincial education department other than MSEP. Limited success has been recorded with some teachers and some general school organisation improvement, but building on a weak base, resulting in what Clark describes as "patchy" improvements in the uptake of mathematics and science with the biggest contribution from MSEP being in the field of reflective and practical pedagogy research output that informs the academic body of knowledge within the Education Faculty.

When considering the people-centred method of assessing performance, the academic staff of MSEP chose not to participate in the survey resulting in four out of eight staff in the support section completing the qualitative survey with the result that the reported results can be skewed as it does not reflect a representative group of the MSEP staff. With the results obtained, an average institution culture profile on the Beehive instrument of 60.6% and a Governance and Strategy instrument average of 69.3% was recorded. This is in sharp contrast to the CEO's opinion of an output of 20% and a contribution to education of 0,4%. According to Nel this indicates an average to mediocre performance which does correlate with the CEO's opinion but does not indicate the depth of the underperformance. When performing a single factor

ANOVA analysis to compare the means of the CEO's opinion of the organisational performance with the institutional culture profile, and F-value of 25.95 is registered which is higher than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval is achieved as reflected in insert 57. Within the caveat of academic staff not participating in the survey leading to a stratification bias, there is a significant variance in the means of the two data sets, suggesting that an average to mediocre organisational culture profile can indicate significant underperformance.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 112.22 which is significantly higher than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 59. In the case of MSEP the people-centred approach is rejected.

Insert 57: Table, Response summary and ANOVA table: MSEP

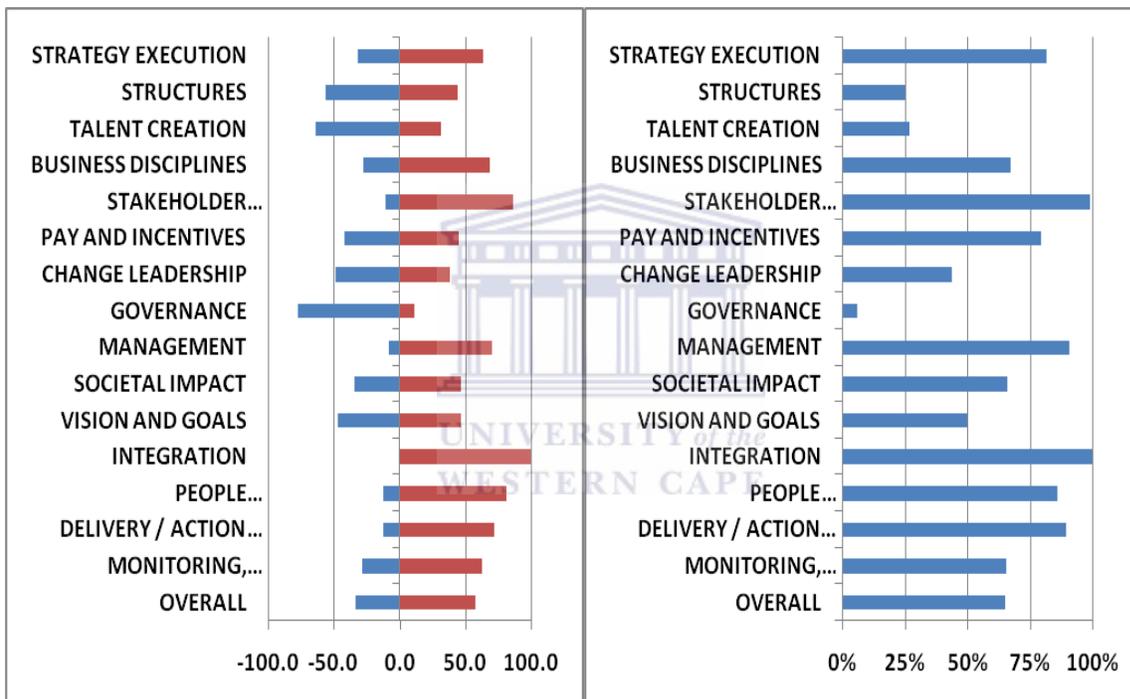
Beehive: staff	60.6%	20.0%	CEO, output
Governance and Strategy: staff	69.3%	0.4%	CEO, contribution to education

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.29878	0.64939	0.00381		
Column 2	2	0.2035	0.10175	0.019306		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.29991	1	0.29991	25.9479	0.036445	18.51282
Within Groups	0.023116	2	0.011558			

Total	0.323026	3				
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The people-centred assessment results are in insert 58 below left on an old/ new economy graph and displaying the same results expressed as percentage results right.

Insert 58: Graph, MSEP profiles, old/new economy and common scale



The summary of the outputs in insert 59 indicate a significant difference between the two means between the organisational culture and the CEOs opinion of the organisational culture output with F significantly larger than F-Critical. This indicates that a low rating points to underperformance, but that it would suggest that the lower the organisational culture rating, the performance will be disproportionately lower.

Insert 59: Table, CEO culture: Staff culture and ANOVA table: MSEP

Beehive: staff	60.6%	17.4%	Beehive: CEO
Governance and Strategy: staff	69.3%	14.2%	Governance and Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.29878	0.64939	0.00381		
Column 2	2	0.316	0.158	0.000493		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.241464	1	0.241464	112.2266	0.008793	18.51282
Within Groups	0.004303	2	0.002152			
Total	0.245767	3				

5.3.8 Science and Industrial Leadership Initiative (SAILI)

According to Sam Christie (Interview 20 March 2012), CEO of the Science and Industrial Leadership Initiative, SAILI has made significant tactical and programmatic directional changes since his appointment as CEO two years ago in achieving the vision of 'equipping disadvantaged youth with strong capabilities in mathematics and science so that they can participate fully in the disciplines that make up the knowledge society'. This is achieved by using the Netherlands grant of R6.5m to identify learners with aptitude, place them in good high schools and nurture them while providing appropriate support and guidance. SAILI supports 60 learners in catch-up programmes, 20 learners are placed in good schools, grade 8-9 learners are motivated, Grade 10 to 12 are supported and FET phase learners have counselling and guidance. Under Christie's leadership operational practice focused away from placing children in upmarket schools to identifying strong throughput learners from poor communities by placing them in low cost high quality schools and to build partnerships with low cost high quality primary schools. The rationale and practice shows that good quality schools have good embedded practices even drawing on external support to build good practice. Furthermore there are a significant number of schools from disadvantaged areas that offer excellent schooling and output comparable to more "socially acceptable" schools at four times the price delivering the same and less quality in output. The strategy is to optimise resources to extend quality opportunities to more children.

Success is seen in that SAILI has redefined the way scholarships work, interacting with donors and interacting with parents to make sound decisions on schools chosen, close collaboration with MSEP on CAPS training and tutoring, partnering with Leisure Education Trust in beneficiary selection, active participation with Bridge and sharing information via their website and various forums. Christie typifies SAILI's culture as focusing on experience, research-based and values-driven and to stretch opportunity provision by annually increasing the merit threshold, reducing average school fees paid, reducing the needs threshold over time and improving performance targets using a baseline approach. Operations are driven by analysis to balance new thinking with practical low risk components whilst experimenting within limits with new methods to improve performance.

When considering the people-centred method of assessing performance, only one staff member from one organisation completed the questionnaire, and therefore the result is treated with circumspection from a statistical point of view, but regarded as valid from a qualitative point of view. The lady indicated an organisational culture opinion of the Beehive instrument of 58.8% and on the Governance and Strategy instrument an opinion of average of 70.3%. According to Nel this indicates an average to top class culture that also explains the improved performance of SAILI in terms of efficiency and reach achieved. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational performance with the opinion of the institutional culture profile, an F-value of 2.56 is returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval as reflected in insert 60. This confirms that the people-centred approach is a reliable indication of organisational performance assessment, bearing in mind that the response of 1 person represents a 100% respondent rate.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 5.93 is returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 62. This confirms that in this case the people-centred approach is a reliable indication of organisational performance assessment.

Insert 60: Table, Response summary and ANOVA table: SAILI

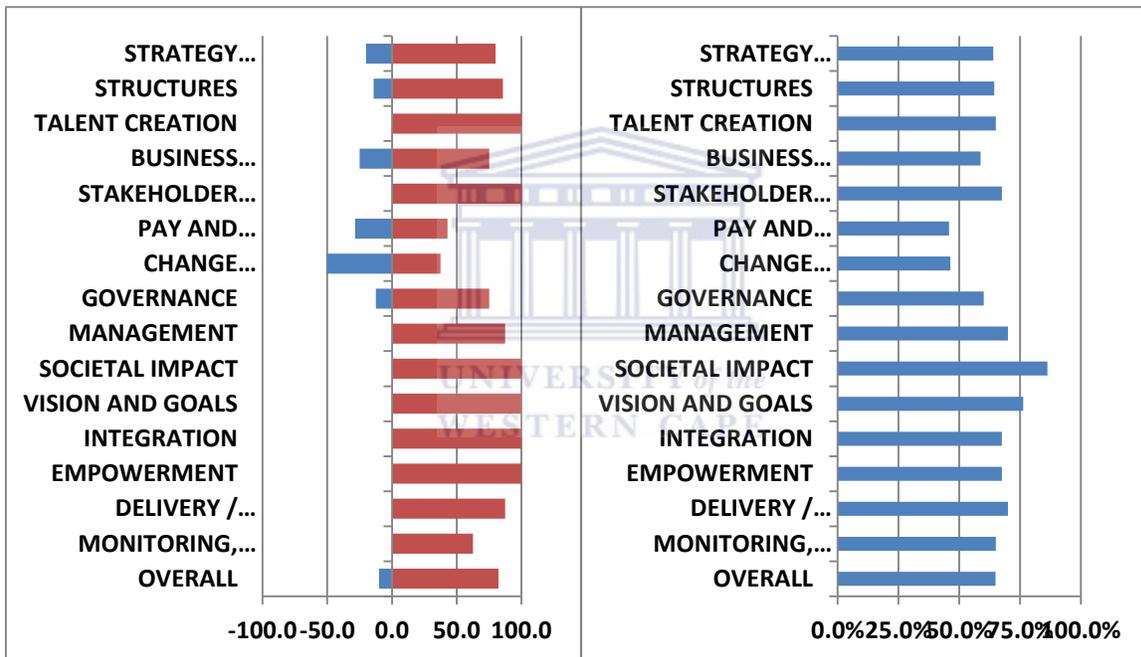
Beehive: staff	58.8%	99.9%	CEO, output
Governance and Strategy: staff	70.3%	74.2%	CEO, contribution to education

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.290982	0.645491	0.006643		
Column 2	2	1.7407	0.87035	0.032845		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.050562	1	0.050562	2.560844	0.250677	18.51282

Within Groups	0.039488	2	0.019744			
Total	0.09005	3				

The people-centred assessment results are in insert 61 below left on an old/ new economy graph and displaying the same results expressed as percentage results right.

Insert 61: Graph, SAILI profiles, old/new economy and common scale



Insert 62: Table, CEO culture: Staff culture and ANOVA table: SAILI

Beehive: staff	58.8%	95.5%	Beehive: CEO
Governance and Strategy: staff	70.3%	80.2%	Governance and Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.290982	0.645491	0.006643		
Column 2	2	1.7577	0.87885	0.01172		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.054456	1	0.054456	5.931053	0.13523	18.51282
Within Groups	0.018363	2	0.009182			
Total	0.07282	3				

5.3.9 Scifest Africa

According to the CEO, Anja Bruton (Fourie) (Interview 9 March 2012), SciFest Africa supplies educators with the resources to effectively teach mathematics and science, especially in areas where laboratories and equipment are not available, by training them in circumventing these shortcoming. The SciFest vision of 'promotion of science, technology, engineering and mathematics (STEM) awareness' is achieved through public awareness campaigns, two one-week illustrated lecture tours, two one-week workshop tours and two one-week science show tours to the Eastern Cape and nationally on a R6m grant from the Netherlands embassy over the four years. Programmes typically cover a visit to eight schools per day for five days a week on 12 tours per year, maintaining a focus on the same schools.

Success is seen in a mind shift in the attitude of educators to realise that they can effectively teach science using local materials without fully equipped laboratories. Good relations exist with the Eastern Cape and Northern Cape Education Departments, science centres, SAASTI, Imstus, GOLD and SAILI. SciFest consists of a team of five where a good community of practice has evolved, where no-one is threatened and where all staff members have a passion for what they are doing resulting in a constant search for new and better methods to achieve their objectives.

When considering the people-centred method of assessing performance, all staff completed the quantitative survey and indicated an average institution culture profile on the Beehive instrument of 68.7% and on the Governance and Strategy instrument an average of 89.1%. According to Nel this indicates a top class operating culture touching on a world class culture. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational performance with the institutional culture profile, and F-value of 0.41 is lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval as reflected in insert 63. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 0.41 is returned which is significantly lower than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, as reflected in insert 65. This confirms that the people-centred approach is a reliable indication of organisational performance assessment.

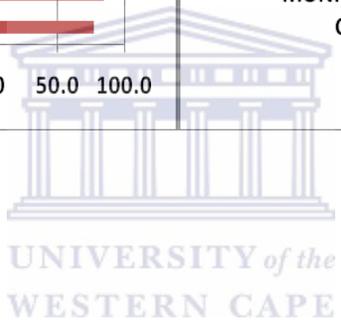
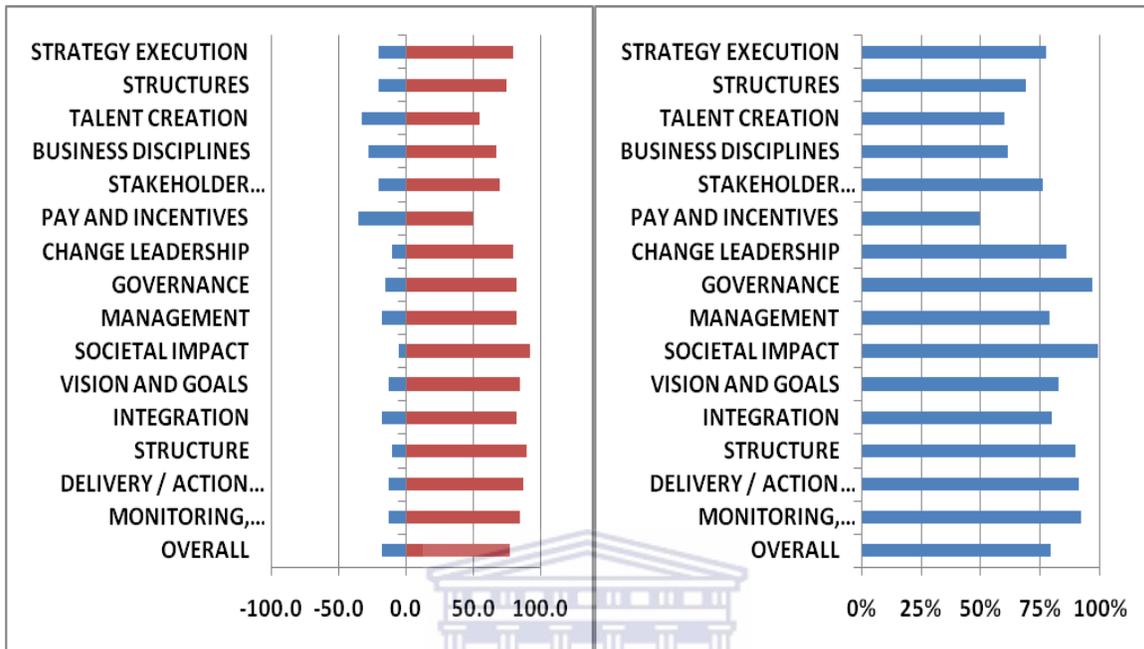
Insert 63: Table, Response summary and ANOVA table: SciFest

Beehive: staff	68.68%	97.00%	CEO, output
Gov & Strategy: staff	89.10%	69.00%	CEO, contribution to education

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.577854	0.788927	0.020848		
Column 2	2	1.66	0.83	0.0392		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.001687	1	0.001687	0.056189	0.834692	18.51282
Within Groups	0.060048	2	0.030024			
Total	0.061735	3				

The people-centred assessment results are in insert 64 below left on an old/ new economy graph and displaying the same results expressed as percentage results right.

Insert 64: Graph, SciFest profiles, old/new economy and common scale



Insert 65: Table, CEO culture: Staff culture and ANOVA table: SAILI

Beehive: staff	68.68%	82.64%	Beehive: staff
Governance & Strategy: staff	89.10%	88.88%	Governance & Strategy: staff

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	1.577854	0.788927	0.020848		
Column 2	2	1.7152	0.8576	0.001947		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.004716	1	0.004716	0.413776	0.585968	18.51282
Within Groups	0.022795	2	0.011397			
Total	0.027511	3				

5.3.10 Teaching Biology – UWC

According to the programme head, Prof Lorna Holtman (Interview 9 May 2012), the Teaching Biology project of UWC intensively trains a small group of biology pre-service educators through active in-classroom research to establish education best practice. This is achieved through the development of meaningful education material, cascading the learning into the main stream pre-set educator training at UWC and the dissemination of learning results through consultation and conference papers in Africa and internationally. Success is seen in the project manager being elected at President of the International Union of Biological Sciences and the project staff being involved in international projects and in actually being allowed into school classrooms to conduct research which normally is a no-go zone. The Teaching Biology – UWC project operated on an R1.7m grant from the Netherlands embassy over the four year period.

When considering the people-centred method of assessing performance, one out of two staff completed the qualitative survey and indicated an average institution culture profile on the Beehive instrument of 30% and on the Governance and Strategy instrument an average of 33.5%. According to Nel this indicates a very risky organisational culture profile suggesting insufficient motivation to maintain current operations. When performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational performance with the institutional culture profile, an F-value of 53.2 is returned, which is significantly higher than the F-critical value of 18.51 that indicates exceeding the rejection zone at a 95% confidence interval as reflected in insert 66. This indicates that the people-centred approach is not a reliable indication of organisational performance assessment, but a caveat is drawn to the fact that results are based on a single response and therefore represents a 100% respondent rate.

Secondly, when performing a single factor ANOVA analysis to compare the means of the CEO's opinion of the organisational culture with the opinion of the staff, an F-value of 120.06 which is significantly higher than the F-critical value of 18.51 that indicates the rejection zone at a 95% confidence interval, is achieved as reflected in insert 68. The people-centred approach is rejected.

Insert 66: Table, Response summary and ANOVA table: Teaching Biology: UWC

Beehive: staff	30.14%	80.78%	CEO, output
Governance & Strategy: staff	33.50%	95.91%	CEO, contribution to education

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	0.636429	0.318214	0.000564		
Column 2	2	1.7669	0.88345	0.011446		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.319491	1	0.319491	53.20704	0.018281	18.51282
Within Groups	0.012009	2	0.006005			
Total	0.331501	3				

The people-centred assessment results are below in insert 67 expressed as percentage results below.

Insert 67: Graph, Teaching Biology: UWC profiles, common scale



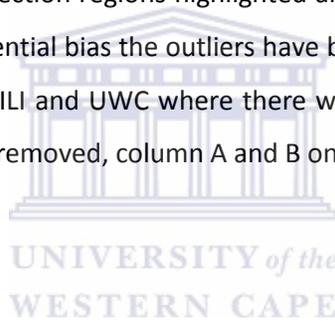
Insert 68: Table, CEO culture: Staff culture and ANOVA table: UWC

Beehive: staff	30.14%	98.84%	Beehive: CEO
Governance & Strategy: staff	33.50%	88.10%	Governance & Strategy: CEO

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	2	0.636429	0.318214	0.000564		
Column 2	2	1.8694	0.9347	0.005767		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.380055	1	0.380055	120.0634	0.008226	18.51282
Within Groups	0.006331	2	0.003165			
Total	0.386386	3				

5.4 Discussion of results

The first step is to give an answer to the research question: *“Is there a correlation between using a people-centred assessment methodology and NGO performance?”* The first correlation to assess, shown in column A below, is to determine if a correlation exists between the performance of the NGO as obtained from the CEO and the quantified opinion of the organisational culture as obtained from the measuring instruments completed by the staff of the NGO. The data are summarised for the institutions in column A in insert 69 below showing the single factor ANOVA F-score results vs the F-Critical scores. The second question addressed, shown in column B below, is the correlation between the opinions CEOs expressed on their organisations’ culture using the people-centred measuring instruments and the opinions expressed by their staff shown in column B in insert 69 below. The resulting f-scores vs. F-critical scores with the entities in the rejection regions highlighted are shown in insert 69 in columns A and B on the left. To address potential bias the outliers have been removed to reduce bias risk – ELRU, no staff responses, and SAILI and UWC where there was only one response each on the right under the headings outliers removed, column A and B on the right, below.



Insert 69: Table, f values vs. f-critical values for Performance: staff culture and CEO: Staff on culture – all responses and with outliers removed. Rejection range data shown in grey.

	All responses					Outliers removed			
	Column A		Column B			Column A		Column B	
	CEO on Performance : staff opinion on culture		CEO on organisational culture : Staff on organisational culture			CEO on Performance : staff opinion on culture		CEO on organisational culture : Staff on organisational culture	
	F	F Crit	F	F Crit		F	F Crit	F	F Crit
AGEI	32.45	18.51	0.5	18.51	AGEI	32.45	18.51	0.5	18.51
CMGE	0.16	18.51	4.32	18.51	CMGE	0.16	18.51	4.32	18.51
ELRU	3.48	18.51	2.39	18.51					
EMEP	12.67	18.51	9.07	18.51	EMEP	12.67	18.51	9.07	18.51
GOLD	0.25	18.51	0	18.51	GOLD	0.25	18.51	0	18.51
IMSTUS	7.31	18.51	2.13	18.51	IMSTUS	7.31	18.51	2.13	18.51
MSEP	25.94	18.51	112.23	18.51	MSEP	25.94	18.51	112.23	18.51
SAILI	2.56	18.51	5.93	18.51					
SciFest	0.06	18.51	0.41	18.51	SciFest	0.06	18.51	0.41	18.51
UWC	53.2	18.51	120.06	18.51					

The above indicates that in assessing an NGO's organisational culture, that the CEO's view of organisational culture needs to be assessed separately from the staff of the NGO and if the CEO's opinion moves into the rejection region, to proceed with circumspection re the organisation's ability to deliver services and raise funds.

5.4.1 Directors' view of performance vis-à-vis directors' view of organisational culture profile.

When considering the performance of the organisations and their people-centred profiles, the quantified results of CEOs' opinions of their organisations' delivery on the grant promises and the impact they made on education are compared to the staff's opinion on the organisations' people-centred profiles as aggregated and are presented in insert 70 below:

Insert 70: Table, CEOs on Output vs CEOs on organisational culture profile

SEEDS partner	CEOs' opinion on the output promised	CEOs' opinion on enhancing education	Staff opinion on organisational BEEHIVE profile	Staff opinion on organisational Governance and Strategy profile
AGI	50.00%	74.22%	65.49%	65.53%
CMGE	99.00%	89.00%	93.52%	99.03%
ELRU	71.57%	65.91%	60.71%	64.29%
EMEP	97.83%	99.43%	79.55%	87.80%
GOLD	71.27%	86.86%	77.62%	90.69%
IMSTUS	72.24%	58.71%	82.94%	91.93%
MSEP	20.00%	0.35%	60.57%	69.30%
SAILI	99.85%	74.22%	58.79%	70.31%
SciFest	97.00%	69.00%	68.68%	89.10%
UWC	80.78%	95.91%	30.14%	33.50%

When considering the differences in average between the CEOs' opinions of their organisations' performance and the people-centred staff profile in a single factor ANOVA at a 95% confidence interval, a F-value of 0.30 is returned which is significantly lower than the F- critical value of 2.87 which indicates the rejection region as shown in insert 71 below. This indicates that there is a strong correlation above 95% between the people-centred methodology proposed and NGO performance as rated by the CEOs. This supports the study's hypothesis. Three outliers are observed in the data set: In the case of MSEP the results suggest that as the organisational culture moves towards the old economy profile, performance deteriorates at a disproportionate rate. In the case of UWC's teaching biology project and the AGEI good results are returned in spite of a less than favourable organisational profile. The latter reflects an opinion of the grant-making officer (Interview: 17 November 2010) of the British Embassy that he has encountered NGOs with good delivery results with an unfavourable management culture, bearing in mind that the data reflect a low response rate. In my observation of MSEP the low response rate is a reflection of academic snobbery on the one hand – too important for this type of trivial survey, and the rank and file non-academic support staff who were quite demotivated at their task. In the case of AGEI the manager's style in her own word reflects in the survey, "a bitch". The overwhelming evidence supports the proposed theory but indicates that a qualitative opinion e.g. using Porter and De Wet's action learning methodology, will be valuable when forming a final opinion.

The single factor analysis of variation for the above data set is shown in insert 71 below.

Insert 71: Table, ANOVA table on data set: CEOs on Output vs CEOs on organisational culture profile

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	10	7.5954	0.75954	0.065626		
Column 2	10	7.1361	0.71361	0.079957		
Column 3	10	6.780214	0.678021	0.030366		
Column 4	10	7.61487	0.761487	0.03823		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.04821	3	0.01607	0.30012	0.825073	2.866266
Within Groups	1.927616	36	0.053545			
Total	1.975825	39				

5.4.2 Directors' views of organisational culture vis-à-vis the organisational culture profile provided by staff.

The second correlation to be investigated is that between the CEOs' opinions of the organisational culture of the NGO and those obtained from the measuring instruments completed by the staff of the NGO. When considering the people-centred profiles, the quantified results of CEOs' opinions of their organisations' people-centred profiles are compared to the staff's opinion of the organisations' people-centred profiles as aggregated and are presented in insert 72 below:

Insert 72: Table, Output of CEO opinion vs. staff opinion on organisational culture profile

SEEDS partner	CEO output on BEEHIVE	CEO output on Governance and strategy	Staff on BEEHIVE	Staff on Governance and Strategy
AGI	71.90%	28.10%	65.49%	65.53%
CMGE	89.25%	91.15%	93.52%	99.03%
ELRU	78.81%	76.73%	60.71%	64.29%
EMEP	99.84%	95.54%	79.55%	87.80%
GOLD	71.90%	95.82%	77.62%	90.69%
IMSTUS	82.63%	72.81%	82.94%	91.93%
MSEP	17.37%	14.23%	60.57%	69.30%
SAILI	95.54%	80.23%	58.79%	70.31%
SciFest	82.64%	88.88%	68.68%	89.10%
UWC	98.84%	88.10%	30.14%	33.50%

When considering the difference in average between the CEOs' opinion of the people-centred profile of their organisations and those obtained from the staff in a single factor ANOVA at a

95% confidence interval, a F-value of 1.13 is returned which is much lower than the F-critical value of 2.14 which indicates the rejection region. This indicates that there is a strong correlation between the CEOs' people-centred profiling of the organisations and the staffs' people-centred profiling as indicators of NGO performance above a 95% confidence level. This indicates that administering the people-centred instruments to a smaller group of staff will yield the same indicators as when a population completes the survey instruments. This supports my research hypothesis. The single factor ANOVA table results are in insert 73 below.

Insert 73: Table, ANOVA table on data set

ANOVA: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	10	7.764	0.7764	1.37E-32		
Column 2	10	9.162	0.9162	1.37E-32		
Column 3	10	7.5954	0.75954	0.065626		
Column 4	10	7.1361	0.71361	0.079957		
Column 5	10	7.8872	0.78872	0.057022		
Column 6	10	7.3159	0.73159	0.081937		
Column 7	10	6.780214	0.678021	0.030366		
Column 8	10	7.61487	0.761487	0.03823		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.349147	7	0.049878	1.129943	0.35421	2.139656
Within Groups	3.17824	72	0.044142			
Total	3.527388	79				

Overall the results indicate a positive correlation between the people-centred method as proposed in this study and NGO service delivery performance, supporting my hypothesis that there is a strong positive correlation between NGO performance and a strong and healthy organisational culture.

Flowing from the evidence that there is a positive correlation between organisational culture and performance, and having evidence from ten organisations, it followed that by aggregating the evidence, that a baseline for the ten organisations could be developed that can serve as a proxy for NGO organisational culture diagnosis. This is further developed in the next section.

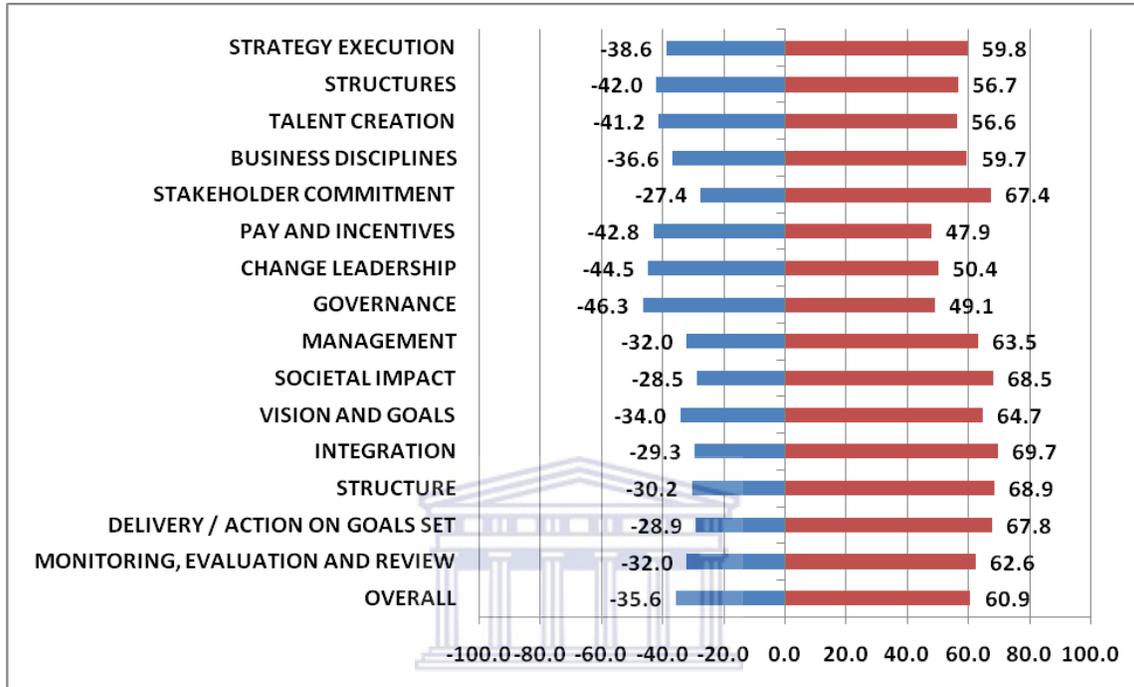
5.4.3 Organisational culture baseline for SEEDS partners.

The aggregated data for the SEEDS consortium for every criterion used in the Beehive and the Governance instruments were compiled using the method developed by Nel on the scale of -4 to +4, and the same data reworked as percentages using a Likerts scale of 9 points. The objective was to assess if a baseline for NGO performance could be determined that could serve as a proxy to assist in future NGO assessment or research to verify the results using a wider and more diverse group of NGOs to provide evidence. The results from aggregating the results from the SEEDS partners on the consortium's organisational culture profile are summarised in insert 74 and graphically presented in inserts 75 and 76 below:

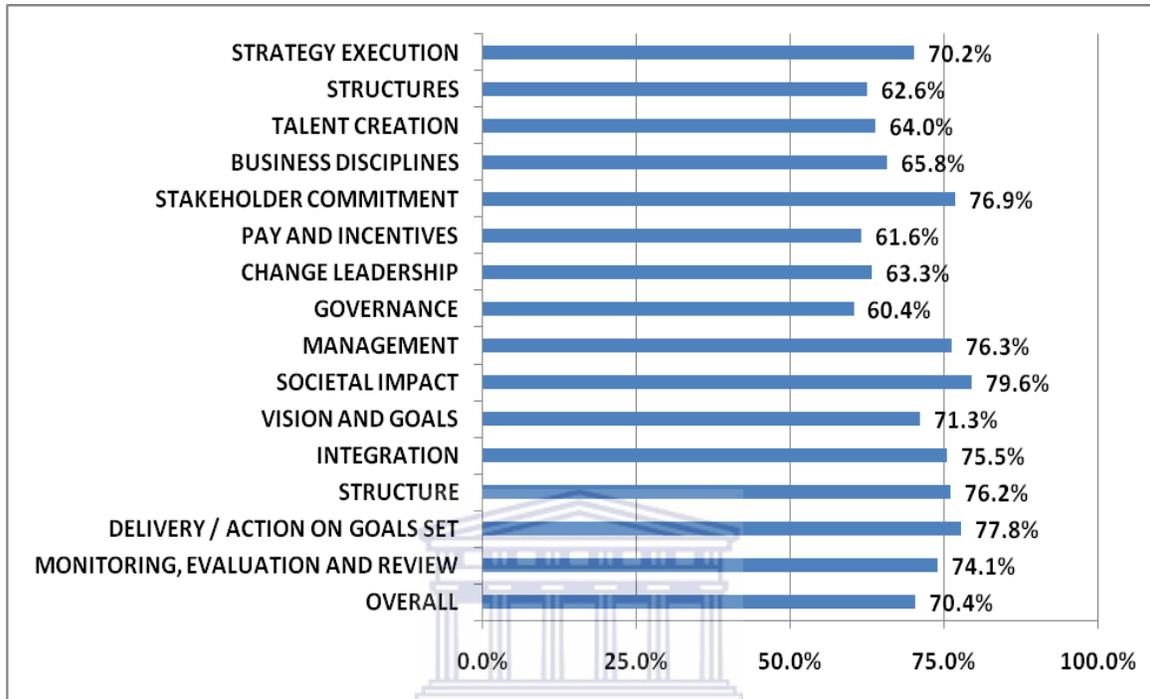
Insert 74: Table, SEEDS Old / New economy profile baseline left and expressed in percentage right

Old / new economy data			Data in percentage	
Overall	-26.3	69.8	Overall	80.5%
Monitoring, evaluation and review	-21.3	72	Monitoring, evaluation and review	84.8%
Delivery / action on goals set	-17.4	78.5	Delivery / action on goals set	92.3%
Structure	-19.1	79.8	Structure	89.9%
Integration	-17.9	80.8	Integration	90.8%
Vision and goals	-23.8	74.7	Vision and goals	84.6%
Societal impact	-18.4	77.8	Societal impact	90.2%
Management	-21.3	73.1	Management	88.2%
Governance	-39.2	55.2	Governance	58.0%
Change leadership	-35.8	57.9	Change leadership	68.8%
Pay and incentives	-35.9	53.4	Pay and incentives	71.8%
Stakeholder commitment	-18.7	78	Stakeholder commitment	92.4%
Business disciplines	-28.3	68.6	Business disciplines	77.4%
Talent creation	-33	64.2	Talent creation	69.8%
Structures	-33.7	64.6	Structures	68.7%
Strategy execution	-30.6	68.7	Strategy execution	79.5%

Insert 75: Graph, SEEDS Old / New economy profile baseline



Insert 76: Graph, SEEDS Old / New economy profile baseline expressed as percentage



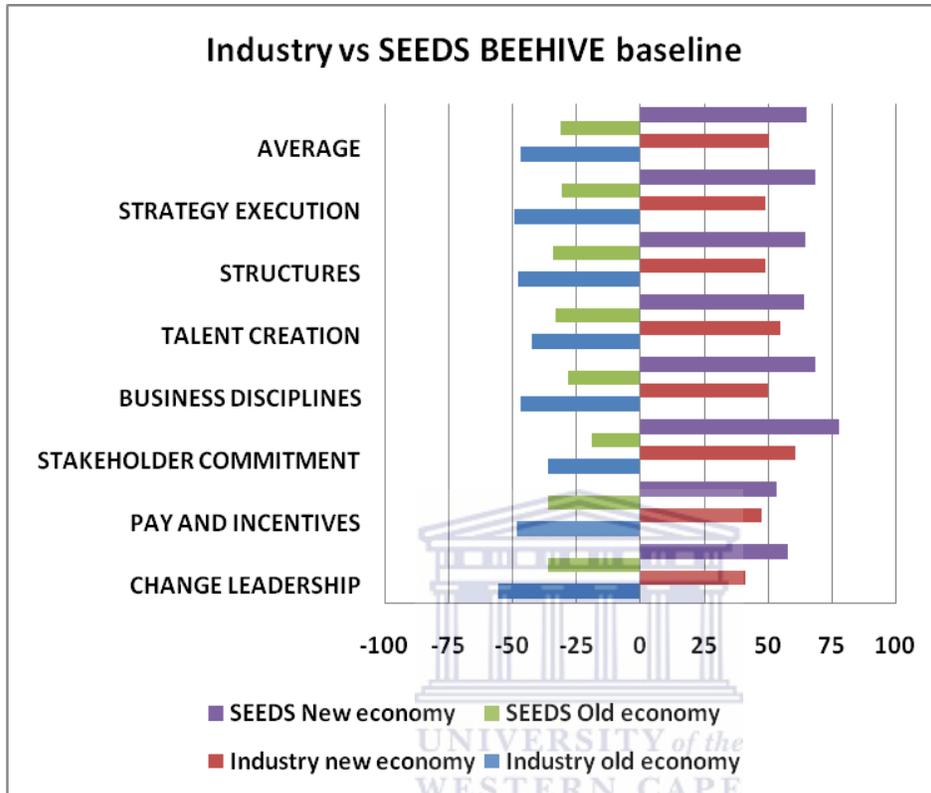
I argue that the results above provide convincing evidence of a baseline against which to assess NGO internal organisational performance and that it can be used as a proxy for NGO and NGO type organisations to benchmark their performance as an alternative assessment of NGO performance. Three groupings of performance behaviour are evident to characterise NGO performance: firstly, world class performance, defined as the organisation is dynamic and considered a model of excellence, are in the areas of: delivery on goals set, social impact, and stakeholder commitment, structures, management and monitoring and evaluation and strategy execution. The second level, middle class performance, defined as motivation being adequate to maintain current operations but will not facilitate growth and change, are in the areas of: business disciplines, talent creation, change leadership, pay and incentives and governance. The third level, showing overall lowest rating, is below par referring to: governance, a source of concern alluding to a disconnect between staff and people serving in organisational governance positions.

When comparing this baseline data using the BEEHIVE criteria with the commercial results of the BEEHIVE instrument alone – the governance instrument was developed during this study – it reflects average South African business profiles. A difference of a 15% favourable comparison to the average commercial internal organisational culture baselines is reported based on my research and the 2008 Industry-wide Beehive survey conducted by Nel and reflected on his website (Villageofleaders, 2008 Industry-wide Beehive survey). The comparative results between the average commercial company's internal organisational profile and the SEEDS Consortium of NGOs, used as a proxy, are given in insert 77 below and shown in insert 78 below:

Insert 77: Table, Industry vs. SEEDS BEEHIVE baselines

	Industry old econom y	Industry new econom y	SEEDS Old econom y	SEEDS New econom y	Differenc e: Old Economy	Differenc e: New Economy
CHANGE LEADERSHIP	-55.3	41.3	-35.76	57.90	-19.54	16.60
PAY AND INCENTIVES	-48.4	47.6	-35.89	53.43	-12.51	5.83
STAKEHOLDER COMMITMENT	-36	61	-18.66	77.97	-17.34	16.97
BUSINESS DISCIPLINES	-46.9	49.9	-28.31	68.61	-18.59	18.71
TALENT CREATION	-42.5	55	-32.95	64.24	-9.55	9.24
STRUCTURES	-47.9	49.1	-33.75	64.61	-14.15	15.51
STRATEGY EXECUTION	-49.2	49.3	-30.56	68.68	-18.64	19.38
AVERAGE	-46.6	50.46	-30.84	65.06	-15.76	14.61

Insert 78: Graph, Industry vs. SEEDS BEEHIVE baselines



Whilst no comparative data is available for the Governance and Strategy instruments, it is suggested that the same tendency that NGOs would outperform industry service providers by 15% when using the Governance instrument will also apply. The significance of this result is that it supports the notion that NGOs are 15% more efficient in delivering development services than the business world. Unfortunately, comparative information is not available for government agencies – a possible further research area. Anecdotal evidence on the efficiency of government development agencies is not positive, leading me to argue that the most efficient way to address developmental problems to unlock capabilities in people is the support of NGOs that display a strong internal organisational culture.

5.5 Conclusion

Reflecting on the results from the case studies of all ten consortium partners, my first and follow-up reception were pre-cursors to the way in which my field work was received, how welcome I was made to feel, the support to get the questionnaires completed and how welcome my feedback was. The results obtained from using a mixed method approach yielded valuable insights into the soul of the organisations and which was then confirmed with the quantitative instruments supporting the qualitative data obtained from the staff. Mostly my experience was that I was met with significant interest by the CEOs who found my approach unusual – they were used to and regularly subjected to systemic reviews and reporting to donors. In most of the cases where the CEOs did not feel threatened, they welcomed the opportunity to obtain insights to improve their organisations.

Considering the evidence from the SEEDS Consortium, the significance of the survey of SEEDS partners confirms that there is a positive correlation between the people-centred method as proposed in this study and NGO service delivery performance at a 95% confidence level. Firstly, in the first dataset assessed for correlation, there is a positive correlation between external organisational performance as perceived and reported by CEOs and the internal organisational culture profile of NGOs as supplied by organisational staff at a 95% confidence level. In the second set of data assessed, the correlation between the CEOs opinion on the internal organisational culture as compared to the staff's opinion of the internal organisational culture showing a positive correlation at a 95% confidence interval. Outliers point to the need that where the organisational culture profile drops to an average level, that additional action learning techniques need to be employed to assess if results are what they are claimed to be or not, and such organisations should be flagged for more in-depth probing. The creation of an NGO baseline against which to assess organisational culture is a unique contribution of this study. My study further alludes to the fact that NGOs perform at an average 15% better in terms of the new economy culture measures than commercial businesses. With the perception that government agencies are more inefficient than commercial entities, I argue that well-run NGOs with a strong internal organisational culture are the prime providers of capability development and agency service delivery, thereby providing a viable means to operationalise the Capability Approach. I further submit that the use of organisational culture profiling is a valid method to significantly amplify NGO performance assessment and that it provides a standardised

instrument that can be used across all agency service providers. This leads me to conclude that my hypothesis holds at a 95 % confidence level, that *there is a positive correlation between the people-centred method as proposed in this study and NGO service delivery performance.*

In the next chapter I turn to the third critical question relating to the results of my study re the opinions of the grant-making staff in OECD countries active in grant-making in South Africa and their views on my proposed people-centred method and how it compares to current grant-seeker screening methods.



CHAPTER 6

RESULTS: DEVELOPMENT AID GRANT OFFICERS SURVEYED

6.1 Introduction

In the previous chapter I addressed the prime key issue regarding NGO performance, namely assessing the relationship between external organisational performance and the internal organisational culture. The results demonstrated a 95% and stronger correlation between these two variables. In this chapter I address the second key issue for NGO performance, namely the ability to raise funds which is a function of how the NGO can present itself to a prospective funder. By presenting a sound internal organisational profile the grant-seeker can demonstrate a significantly lower investment risk to the grant-maker based on a higher probability of successful external delivery. This reduced risk in turn implies a higher level of value added for grant-makers in terms of confidence that the money will be spent well and delivers greater value to the intended beneficiary. It also addresses the challenge grant-making officers face in deciding which NGOs to support within their budget constraints.

Current methods of assessing aid applications consist of collecting a range of systemic and compliance data from a grant-seeker, accompanied by a concept document of what the grant-seeker wants to do and an operational plan. Much of the current assessment methods reflect on an organisation's history and track record, governance and financial information in combination with the proposal for the project for which funding is sought. The main weakness in this method is that internal organisational culture is very difficult to assess as no instrument to this end is currently available. During site visits before a grant is made, the CEO and one or two persons nominated by the CEO will be interviewed by grant-making officers, but the opinion of the staff at large is seldom tested, and if it is, it will be through interviews. The result is that grant-making officers have to read between the lines and make an informed yet undefendable decision based on intuition. In effect, it means a decision based on organisational history and future plans without a systematic indication of the NGOs capacity to deliver on the future plans presented, and without any particular regard for the health of an organisation's internal organisational culture. My method addresses this gap in grant-seeker assessment for grant-making purposes.

For the purpose of my study I solicited evidence from the grant-making officers in die OECD countries that are active in grant-making in South Africa. Development aid from international government grants represents the bigger grant-makers with the most impact based on budget and reach, arguably representing the most influential grant-makers in the country. This influenced my decision to interview only embassy staff. My experience of grant solicitation, the process of identifying a prospective donor, matching a proposal to the donor's focus areas and interacting on a personal level, is that corporates in South Africa also follow international trends. These corporate grant-makers however are subject to regular and significant grant-making policy changes and staff turnover, making it difficult to develop a representative view of grant assessment and allocation processes.

Following on from the previous chapter, in this chapter I assess the intangibles that grant-makers seek, the current methods used and their credibility in predicting NGO performance success and their views on the credibility of my proposed people-centred method. The key findings that emanated from the research engaging grant-makers is that they place 62% confidence in current grant-maker assessment methods and acknowledge outright that they are working with imperfect data, making decisions they cannot substantiate or defend systemically. The confidence displayed in my proposed method to predict the probability that an NGO will be able to deliver on its promises is 84%. My method furthermore provides replicable results. In monetary terms this reflect a 22% lower risk and a 22% higher return on investment which, when considering the percentage difference in monetary terms, reflects billions of Rands worth of better targeted and utilised development funds. From a governance and accountability point of view, it places the grant-making officer in a better position to make an informed, standardised and defensible decision when recommending or declining a grant. Using my method in combination with current methods, it addresses the main gap in current systems, i.e. the internal people-based considerations indicating future external delivery capacity of an NGO, linked with detail of what is proposed, governance and track record information.

6.2 Grant-making officers in embassies' perspectives

In soliciting responses from grant-making staff in OECD Embassies, I used the CEO questionnaire (Appendix B) as a basis to customise the questions to the grant-making staff. These consisted of a mixed methods questionnaire seeking the intangibles and considerations grant-makers

consider. The questionnaire consists of a qualitative section as well as a quantitative section to assess the reliability of current methods of aid application assessment and the value attached to my organisational culture profile method. Qualitative questions were also quantified to enable statistical manipulation.

Appointments were made and interviews conducted with a grant-making officer in the embassies of Australia, the European Union Delegation in South Africa, the Flemish Authority, France, Ireland, Japan, the Japanese International Cooperation Agency (JICA), Republic of Korea, Netherlands, Sweden, and the United Kingdom, with a written response from Austria. Despite numerous efforts appointments with grant-making representative from Denmark, Finland, Germany, Italy, and the USA (including USAID) were not secured. Despite the absence of responses from these countries, the data collected from those grant-making officers interviewed are viewed as representative and valid as it represents 11 out of the 18 OECD countries active in grant-making in South Africa. Their approaches display a generic pattern of grant-making, which is also consistent with my experience in the grant-seeking field, to inform a generic grant-making opinion and therefore to base firm decisions on. In assessing the ability to secure funding, I focused on determining what grant-making officers look out for in an application followed by a review of the intangibles, “what is read between the lines” in a grant application. After this a quantitative opinion is explored on current “standard” grant application and the method I propose in this study is discussed as indicators grant-makers seek on NGO performance.

6.2.1 Grant application assessment.

In assessing grant aid applications, the Netherlands grant-making officer (Interview 1, 15 November 2010), indicated that “recommending aid is largely reactive, waiting for proposals to be submitted and growing the portfolio of projects from this source” and this is borne out by all the other respondents in that aid grants are dealt with in a largely reactive way upon receipt of an enquiry or appeal that is submitted. According to the grant-making officers for Japan (Interview 2, 16 November 2010), and Australia (Interview 3, 16 November 2010), detailed application forms with guidelines are then forwarded to the grant-seeker. Upon return of these forms they are scrutinised for completeness paying special attention to whether the details in the instructions have been complied with and the nature of information gaps that become evident. According to the Irish grant-making officer (Interview 7, 16 February 2011), upon

receiving an application its modality is verified being either government-to-government, sector support or small scale projects with NGOs. According to the grant-making officer from JICA (Interview 4, 17 November 2010), “the full application only is considered” indicating a variation on the format in which grant-makers prefer to receive proposals. The United Kingdom’s grant-making officer (Interview 5, 17 November 2010), indicates that “it is first checked if the proposal fits the embassy target area, the capacity to deliver and the organisational management and structure capacity”. The Irish grant-making officer (Interview 7, 16 February 2011), added a requirement for the sustainability after completion of the project as well as an in-depth scrutiny of the applicant’s financial systems. This is supported by the other respondents. The Japanese grant-making officer pays special attention to accommodate applicants for whom English is not a natural means of communication. In an application he also looks for completeness, neediness and urgency and how it addresses benefitting the number of beneficiaries, geographic spread, other support received and service delivery by relevant authorities (Interview 2, 16 November 2010). The Republic of Korea’s grant-making officer looks for “mutual benefits that can be drawn from the project between both funder and receiver” (Interview 6, 16 November 2010), whilst the JICA grant-making officer (Interview 4, 17 November 2010), seeks to learn about the history and background of the project submitted. The Japanese grant-making officer (Interview 2, 16 November 2010), indicated that site visits are kept for very late in the application process to prevent creating expectations. Submissions are first made to the decision-making authorities to finalise approval of the project before grant-seeker contact is made. According to the French grant-making officer (Interview 10, 17 February 2011), France includes representatives of other embassies, EU and civil society / NGO bodies on their selection panels for decision-making transparency.

Standardised assessment formats are in use in some instances. According to the Swedish grant-making officer (Interview 9, 17 February 2011), the Swedish format assesses objectives, risk, roll-out plan, realism of the budget, implementation method, a log frame / project plan, assessment whether the proposal is realistic and achievable, time allocation, competition and mutual interest, sustainability, organisational capacity, financial systems and external audit and assessment. The European Union’s grant-making officer (Interview 8, 16 February 2011), referred to the European Union’s (EU) Project Cycle Management Guide’s checklists. Upon identification of a project, the checklist in insert 79 below is used:

Insert 79: Table, European Union's Project Cycle Management Guide's Checklists	
Quality attributes, Criteria and Standard at identification	
A	RELEVANT – the project meets the demonstrated and high priority needs
	<ol style="list-style-type: none"> 1. Consistent with and supportive of EU development and cooperation policies 2. Consistent with and supportive of partner government policies and relevant sector programmes 3. Key stakeholder and target groups are clearly identified, equity and institutional capacity issues analyses, and local ownership demonstrated 4. Problems have been appropriately analysed 5. Lessons learned from experience and linkages with other on-going / planned projects or programmes have been assessed and incorporated into strategy selection
B	FEASIBLE – The project is well-designed and is likely to deliver tangible and sustainable benefits to target groups
	<ol style="list-style-type: none"> 1. The preliminary objectives are clear and logical, and address clearly identified needs 2. The preliminary resource and cost implications are clear, and a preliminary economic and financial analysis has been carried out 3. Preliminary coordination / management and financing arrangements are clear and support institutional strengthening and local ownership 4. Monitoring and evaluation – optional at the beginning of the project 5. Assumptions / risks are identified and assessed, and appear acceptable 6. The project is likely to be environmentally, technically and socially acceptable and sustainable
C	WELL-MANAGED – The preparation of the project is being well-managed (by EU task managers)
	<ol style="list-style-type: none"> 1. Good practice principles of project cycle management are applied by the EC Task Managers

(EU, Project Cycle Management Guidelines, pp 30, 31)

The capacity of the implementing organisation is verified using the EU's checklist, summarised in insert 80 below:

Insert 80: Table, European Union Checklist

Organisational elements to be analysed	Issues to be assessed
<p>External aspects of an organisation</p> <p><i>External factors</i></p>	<ul style="list-style-type: none"> • How does the legal framework affect the functioning of the organisation? • How does the political climate affect the functioning of the organisation? • How are macro-economic and financial conditions influencing the functioning of the organisation? • Is the performance of the organisation impacted by other socio-cultural influences, e.g. attitudes to corruption?
<p>Linkage/relationship with other organisations</p>	<ul style="list-style-type: none"> • Is the organisation outward looking? • Does it pay adequate attention to building and maintaining effective relationships with other key stakeholders? • How are its relations with key financing institutions/donors? • How are its relations with policy-making bodies? • How are its relations with NGOs and civil society groups? • How is the organisation perceived by external actors (does it have a good image)? • Is the organisation's mission statement understood and accepted by external stakeholders?
<p>Views of clients/users</p>	<ul style="list-style-type: none"> • Are the needs/demands of target groups/clients known by the organisation? • How adequate is the relationship between target groups/users and the organisation? • How satisfied are users with services delivered by the

	<p>organisation?</p> <ul style="list-style-type: none"> • Is the organisation adequately assessing target group/client needs?
<p>Internal aspects of an organisation</p> <p><i>Management style and culture</i></p>	<ul style="list-style-type: none"> • Does the organisation have strong and effective leadership? • Is management well informed of the operations of the organisation? • Is the attention of management adequately divided between internal and external relations/concerns? • Is there an appropriate balance between delegation of responsibilities and maintaining overall control of staff performance? • Is there a service-oriented culture? • Are decisions taken in a timely manner? • Is management adequately accountable for their decisions and performance? • Are staff kept adequately informed of management decisions? • Is there a learning culture within the organisation?
<p><i>Organisational structure</i></p>	<ul style="list-style-type: none"> • Is there a description of the structure of the organisation with a division of authorities, responsibilities and activities for each department, division or unit? • Does the organisation function in line with the formal structure? • Is the decision-making structure based on a clear division of responsibilities? • Is the division of responsibilities and tasks clear and understood by staff? • Is there sufficient coordination between departments/ units?

<p><i>Policy-making and planning</i></p>	<ul style="list-style-type: none"> • Does the organisation have a clearly defined mission statement which is understood and supported by management and staff? • Is the mission adequately translated into organisational policy, strategies and plans? • Does the policy and strategy state well-defined and realistic development objectives? • Is the strategy translated into well-defined annual implementation plans and operational budgets? • Is there a structured process for monitoring and reviewing the implementation of operational plans, and adjusting plans in the light of lessons learned? • Has the organisation effectively realised former plans and budgets? • Is there an evaluation capacity within the organisation, and do lessons learned get fed back into policy-making – either formally or informally? • Is there an equal opportunities policy, which ensures non-discrimination on grounds of gender, race, religion or disability?
<p><i>Systems, including financial management and accountability</i></p> <p>approved by an independent auditor?</p>	<ul style="list-style-type: none"> • Does the organisation have financial and annual reports approved by an independent auditor? Are these of an adequate quality? • Are experiences of other stakeholders (including donors) with regard to management of funds by the organisation satisfactory? • Does the organisation provide regular information of an adequate quality about its operations and achievements? • Are basic administrative and financial management systems and procedures documented? • Is there a clear system of work planning and operational

	<p>monitoring which adequately involved the organisation's staff?</p> <ul style="list-style-type: none"> • Are these systems understood and applied by managers and staff? • Are procurement procedures appropriate?
<p><i>Personnel management, training and motivation</i></p>	<ul style="list-style-type: none"> • Does the organisation have a HRM policy, and if so, how adequate is it? • Do staff have job descriptions/terms of reference, and if so, are these clear and useful? • Are salaries/staff remuneration appropriate? • Are there appropriate incentives in place to motivate staff? • Is staff performance assessed periodically, and are these systems appropriate and effective? • What is the status of recruitment procedures? • Is staff turnover at acceptable levels? • Are appropriate training opportunities available for staff? • Is there an organisational policy on gender equality? • Is there an occupational health and safety policy and system in place? • Are staff adequately motivated?

(EU, Project Cycle Management Guidelines, pp 96 - 98)

6.2.2 Between the lines assessments.

When considering the intangibles “between the lines” that a grant-making officer seeks, the key themes sought are enthusiasm and innovation to deliver significant solutions. The grant-making officers from the Netherlands (Interview 1, 15 November 2010), and United Kingdom (Interview 5, 17 November 2010), seek the use of mutual resources within a context of other projects, i.e. stand-alone tunnel vision proposals are not entertained. The Republic of Korea grant-making officer (Interview 6, 16 November 2010), seeks clarity on who the real beneficiaries really are whilst grant-making officers from Japan (Interview 2, 16 November 2010), Australia (Interview 3,

16 November 2010) and the United Kingdom (Interview 5, 17 November 2010), seek vision, high ambition, imagination, enthusiasm, real initiative and unusual and innovative approaches, something with a “wow” factor. The Japanese grant-making officer (Interview 2, 16 November 2010), attaches value to how their application forms are completed, the handwriting and the additional material volunteered, to try and determine if it is a serious proposal or a customised one-size-fits-all proposal. The grant-making officers from the United Kingdom (Interview 5, 17 November 2010), and JICA (Interview 4, 17 November 2010), also seek plausibility that the applicant can actually deliver on the proposal promises and continue to exist after the grant period. These elements are informed by official registration compliance and the CVs of the project champions, i.e. a feeling of trust in a reliable service provider. The Irish grant officer (Interview 7, 16 February 2011), seeks clarity on inefficiency and corruption as well as the real motivation for an appeal to deliver real results in addition to sustainability, culture, gender, custom and environmental sensitivity.

The European Union’s grant officer (interview 8, 16 February 2011), is sensitive to an impression that a proposal is too good to be true or too ambitious, contains inconsistencies, is poorly presented, circumspect relating to the claimed track record. She also seeks a profile of the people involved in the project in addition to the potential for self-sustainability. Presentation and language are the first things the Swedish grant-making officer (Interview 9, 17 February 2011), looks at in an appeal, in addition to an indication that the applicant knows Sweden’s donation guidelines, and full coverage is given to all criteria in addition to personal motivation. In addition to elements mentioned above, the French grant-making officer (Interview 10, 17 February 2011), is also sensitive to the originality of the proposal, keeping a lookout for a paternalistic trend, i.e. a grant-seeker could potentially decide what beneficiaries required without proof of engaging with them in a democratic way, and whether the real underlying issues of a need have been identified and will be addressed. She also looks out for the grant-seeker showing an understanding of a community and the training, experience, qualifications and profile of the implementing staff. The Flemish Authority’s grant-making officer (Interview 11, 22 March 2011), also seeks an indication that the project will have a catalytic effect in the area of implementation.

6.2.3 Risk

The grant-making officers of the United Kingdom (Interview 5, 17 November 2010), Netherlands (Interview 1, 15 November 2010), and Japan (Interview 2, 16 November 2010), indicated that the risk of fraud should also be covered as a consideration. The United Kingdom's grant-making officer (Interview 5, 17 November 2010), requires to see how the project will fit into a bigger picture showing background research, the value it will add and why the proposal will have a unique benefit whilst the Japanese and JICA officers (Interview 4, 17 November 2010), seek indications of the project's life after a grant has expired. The Republic of Korea's grant-making officer (Interview 6, 16 November 2010), seeks clarity on the communication between CEOs and lower levels. The Australian grant-making officer (Interview 3, 16 November 2010), sees value in face-to-face interaction but only for repeat funding whilst an indication of neediness and urgency would also add value. The Irish grant officer (Interview 7, 16 February 2011), seeks clarity on political and macro-economic risk, adequate staffing levels and uses visits to distinguish between well-written proposals that are not so good and not-so-well-written proposals that are good. The European Union's grant officer (Interview 8, 16 February 2011), seeks monitoring and evaluation and reference to policy where applicable whilst the French officer (Interview 10, 17 February 2011), seeks government interaction and integration into results. The Flemish grant officer (Interview 11, 22 March 2011), seeks a logical framework and budget.

The United Kingdom's grant-making officer (Interview 5, 17 November 2010), indicated that information on the sharing of delivery to beneficiaries with other providers would be valuable as well as an outreach plan. The Republic of Korea's grant-making officer (Interview 6, 16 November 2010), requires information on the self-satisfaction of the individuals in the organisation, that they enjoy their work and contribute to it. The Japanese (Interview 2, 16 November 2010), and JICA grant-making officers (Interview 4, 17 November 2010), would also value information on other donors or partners approached as well as how eco-friendly and clean-energy-focused grants applicant are, including technical requirement details. The Irish grant-making officer (Interview 7, 16 February 2011), highlights accommodating start-up NGOs that have potential to grow, the European Union's grant officer (Interview 8, 16 February 2011), seeks sustainability whilst the Swedish grant-making officer (Interview 9, 17 February 2011), seeks indications of review, critical self-evaluation and change management. The French grant-

making officer (Interview 10, 17 February 2011), seeks more empowerment action detail and diversity in board membership whilst the Flemish grant-making officer (Interview 11, 22 March 2011), seeks alignment of proposals with the provincial, national and presidential outcomes.

In reflecting on the qualitative responses it is clear to me that grant applications are assessed in depth on technical issues, i.e. scrutinised for what the proposal and concept presented are proposing. This will entail all the current assessment elements focusing on the governance and history aspects on the one hand and the concept document and roll-out plan for the project for which funds are sought on the other. A significant emphasis is also placed on “reading between the lines” as to the motivation of an organisation and its ability to deliver on promises presented, and aspects that depend in intuition and years of experience as a grant-maker. It again emphasises the point that no standardised and defensible method is used to assess the internal organisational staff motivation and culture that directly inform the “between the lines” aspects of grant-making. Lastly, the risk of supporting an organisation, risk in its broadest sense, is also considered, pointing to an organisation’s ability to deliver and not waste the grant-maker’s money.

From the above it can be deduced that in considering a funding application far more is sought than what can be presented on paper and that grant-making officers are required to not only assess on technical issues covered, but also on a range of sensing and intuitive issues to make recommendations based on subjective input with little or no defensible method to assess the people-based attitudes and inclination of the staff of the executing NGO. My method directly addresses this gap.

6.3 Assessment criteria: current systemic methods vs. organisational culture profile assessment

For the grant-maker, a practical method of proposal assessment is critical in making funding recommendations. Grant-making officers also operate within the limitations of low staff numbers compelling them to use whatever techniques and tools are available to manage the volume of grant-making work that precludes them from significant interaction with grant-seekers. Just as critical is the confidence displayed in the method used to assess a grant

application within the practical challenges of operating a grant-making office as illustrated above.

The current method of assessing an aid grant application consists of assessing a personal approach by the grant-seeker in combination with the submission of two core documents: the concept document of five to six pages that cover the credentials of the grant-seeker, the need that is addressed, a summary of the current situation, a summary of the ideal situation, a summary of how the ideal situation will be achieved as well as a summary budget, normally accompanied by a cover letter of the CEO. The second document that can be submitted as a follow-up to the concept document or as a more detailed document is an operational roll-out plan that covers details on how the overall plan will be implemented, providing key performance areas, key output areas, organograms, job descriptions, milestones and detailed budgets.

Grant-makers can also seek exhaustive documentation on the grant-seeker's governance, management, financial statements, identity of board and senior managers, risk profile and assessment, legal indictments and banking details to audit reports. I submit that this information gives a clear indication of the grant-seeker's intent and the historic track record of the organisation, but says little about the organisation's internal organisational ability to deliver on the promises made in the funding proposal. The key element of the grant-seeker's internal organisational culture as key to predict its probability to delivery is not covered. This leaves the grant-maker to make a subjective and often difficult judgement call on a funding decision based on intuition.

In line with my hypothesis that there is a positive correlation between the people-centred method I propose and NGO service delivery based on the internal organisational culture profile of the grant-seeker, I argue that there will also be a positive correlation between a grant-maker's confidence level in my method to predict internal organisational culture and the external performance of the organisation. I also argue that the people-centred method will return a higher level of confidence in assessing a grant-seeker's application for funding than the current method in the range of being 22% more accurate. A significantly higher confidence level is placed in the people-centred method than conventional methods. This will also support my overall hypothesis and the value the method I propose holds to optimise grant-making efficiency.

6.3.1 Quantitative results.

To obtain meaningful results in assessing if there is a difference in the confidence levels between the current and the people-centred assessment methods, I first interrogate the current methods by rating the grant-makers' confidence displayed in every item that is found in most application packages. This is followed by the same process to rate every item of the Beehive and Governance instruments to assess the confidence levels grant-makers display in each of these. I asked the grant-making officers to compare the value they saw between the current and my proposed method. They were unanimous in agreeing that the people-centred method would significantly enhance their work and efficiency in reducing the time required to determine an intuitive opinion of an application and to have a standardised, defensible and reliable tool that would also enable the benchmarking of results across projects which is not possible with qualitative assessments and reports.

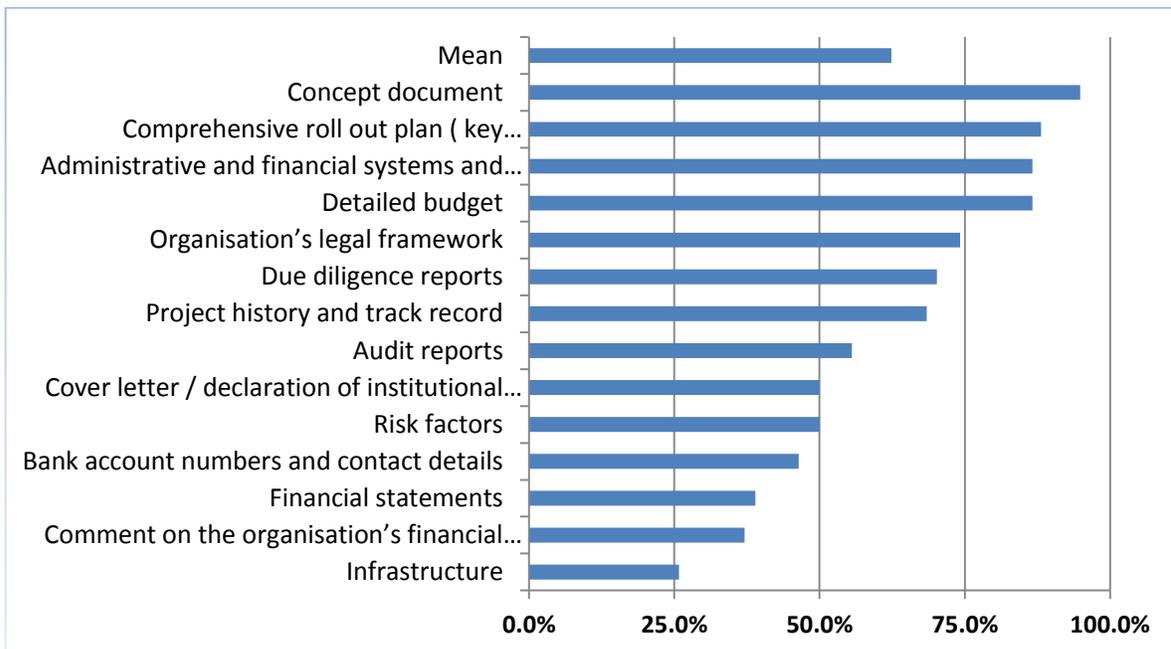
In the next section, the levels of confidence displayed by grant-making officers display in current methods of assessing NGO performance and the people-centred method I propose, are reported. In considering current methods and headings sought in application formats, respondents were requested to rate the level of confidence they display in assessing the applying NGOs performance. The average and standard deviation of every category was calculated applying the central limit theorem statistical techniques to transform qualitative data into quantitative results. This was then expressed in percentages providing a Z-score that produced the percentage confidence displayed in every item after reading the values off a z-table. These z-score calculations can be aggregated and graphed. I then sorted the table from the highest confidence level to the lowest. The criteria were rated as follows in insert 81 and insert 82 using a 5 point Likert rating scale using rating of 0-1-2-3-4.

Insert 81: Table, Grant-maker confidence levels in current system

Individual z-scores and corresponding %	z-score	z-table value	0.5	%
Concept document	1.63299	0.4484	0.5	94.8%
Comprehensive roll out plan (key performance areas, intended outcomes, implementations strategies)	1.11803	0.381	0.5	88.1%
Detailed budget	1.10702	0.3665	0.5	86.7%
Administrative and financial systems and procedures	1.10702	0.3665	0.5	86.7%
Organisation's legal framework	0.6455	0.2422	0.5	74.2%
Due diligence reports	0.62696	0.2019	0.5	70.2%
Project history and track record	0.47673	0.1844	0.5	68.4%
Audit reports	0.14257	0.0557	0.5	55.6%
Risk factors	0	0	0.5	50.0%
Cover letter / declaration of institutional support of the CEO	0	0	0.5	50.0%
Bank account numbers and contact details	-0.0908	-0.0359	0.5	46.4%
Financial statements	-0.2752	-0.1103	0.5	39.0%
Comment on the organisation's financial wellbeing	-0.3297	-0.1293	0.5	37.1%
Infrastructure	-0.6455	-0.2422	0.5	25.8%
Mean				62.3%

The same data is reported in graph form below in insert 82:

Insert 82: Graph, Grant-maker confidence levels in current criteria used



From the above, it is deduced that grant-making officers primarily focus on a comprehensive proposal consisting of a concept document and roll out plan that clarifies the concept, how it will be delivered and be organisationally supported against a detailed budget. These four elements carry an 89.1% confidence level, whilst the average level of confidence displayed in using the current criteria as above is 62,3%.

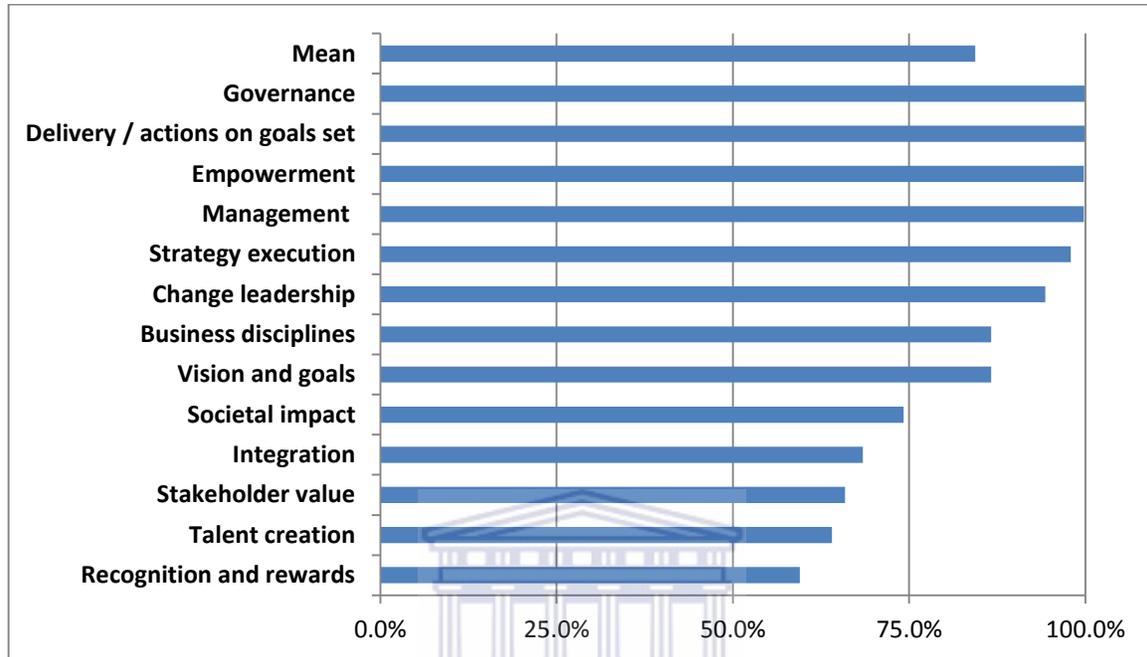
In assessing the confidence grant-making personnel display in the proposed people-centred method to assess the NGOs organisational culture, respondents were asked to rate the individual items of the BEEHIVE and Governance and Strategy questionnaires as indicators of NGO performance and that all staff in an NGO would be required to complete the measuring instruments. The criteria were rated using a 5 point rating scale, (0-1-2-3-4) and the confidence level in every criterion was rated as shown in insert 83 below:

Insert 83: Table, Grant-maker confidence levels in people-centered system

Institutional culture	z-score	z-table value	0.5	%
Governance	3.22749	0.4987	0.5	99.9%
Delivery / actions on goals set	3.22749	0.4987	0.5	99.9%
Organisational structures	2.85774	0.4979	0.5	99.8%
Management	2.85774	0.4979	0.5	99.8%
Strategy execution	2.04124	0.4793	0.5	97.9%
Change leadership	1.58114	0.4429	0.5	94.3%
Business disciplines	1.10702	0.3665	0.5	86.7%
Vision and goals	1.10702	0.3665	0.5	86.7%
Societal impact	0.6455	0.2422	0.5	74.2%
Integration	0.47673	0.1844	0.5	68.4%
Stakeholder value	0.40825	0.1591	0.5	65.9%
Talent creation	0.36274	0.1406	0.5	64.1%
Recognition and rewards	0.23905	0.0948	0.5	59.5%
Mean				84.4%

The same data is reported in graph form in insert 84 below:

Insert 84: Graph, Grant-maker confidence levels in the people-centered system criteria



From the above, it is deduced that grant-making officers will place significant value in results from the internal organisational culture measures to make a decision on an NGO's capacity. The most important indicators that will give a 99.5% level of confidence are governance, delivery on goals set, empowerment, management and strategy execution as rated by the staff of the grant-seeking organisation. The overall value perceived in the internal organisational culture assessment is rated at 84.4%.

Considering the results reported in the previous chapter that indicated a 95% or stronger correlation between the internal organisational culture and the delivery on goals set, I argue that using the people-centred approach to assess grant-seekers will reliably add the capacity to predict grant-seeker success. When the results of the grant-making officers are considered rating the confidence in the current screening methods at 62.3% and the confidence in the people-centred method at 84.4%, an increase in quantifying performance indicators by some 22% is indicated, and an increase in people-centred information of 84% that would otherwise not be available for decision-making purposes.

6.3.2 Qualitative results

While gathering the quantified data reflected above, qualitative data on what grant-makers look out for, the intangible and “between the lines” issues were interrogated with the embassy grant-making officers. Grant-making officers’ perceptions on the proposed people-centred method I propose were also assessed qualitatively.

Regarding the between the lines issues grant-makers are sensitive to, the Netherlands grant-making officer (Royal Netherlands Embassy, Interview 1, 15 November 2010), indicated that further value adding elements include indicators on the continuity of governance and the tangible significance of trustee meetings. The Republic of Korea’s grant-making officer (Interview 6, 16 November 2010), emphasised the value of information on the relationship between employees where younger people prefer a horizontal structure vs. the hierarchical structures of old. The JICA grant officer (JICA, Interview 4, 17 November 2010), values information on staff morale and customer relations management whilst the Japanese grant-making officer (Interview 2, 16 November 2010), needs information on partnerships and sharing experiences. The Australian grant-making officer (Interview 3, 16 November 2010), would value more information on innovation.

On the issue of informing grant-makers on the probability that a grant-seeker can deliver on its mandate and commenting on the concept of a people-centred assessment tool, the Irish grant officer (Interview 7, 16 February 2011), sees it as a more sophisticated tool with a lot of potential for bilateral donors. The people-centred approach would address issues required in the Paris Declaration, but should also include a section on monitoring and evaluation and results that I added in. The measuring instruments should be incorporated into one tool whilst care needs to be taken to prevent bias in people not qualified to administer the tool. The European Union grant-making officer (Interview 8, 16 February 2011), views the measuring instrument to offer a broader and deeper view of the organisation being funded and will possibly provide a better predictor of success. The Swedish grant-making officer (Swedish Embassy, Interview 9, 17 February 2011), sees great value in giving an indication of the strength and reliability of the organisation and as predictor of the probability of staff turnover. The French grant-making officer (Interview 10, 17 February 2011), sees good value in the process for really big funding but

that it can be too expensive for smaller projects, not required where beneficiaries are well-known, and that it needs to be used with discretion where needed.

In analysing the original SEEDS Consortium proposal as put forward to the Royal Netherlands Embassy, most of these additional points were mentioned or implicit as a given. All the additional elements of the Governance instrument tie in closely with and are inherent to the old / new economy theory and are incorporated in the detail of the measuring instruments. The one area that was implied but not covered in the SEEDS proposal or any other funding application format I have encountered, is the assessment of monitoring and evaluation practice upfront. Feedback from grant-making officers resulted in the development of a dedicated section on Monitoring, Evaluation and Review that I added as a section to the Governance questionnaire. In the last few interviews with grant-makers, they could also comment on the value they attached to monitoring and evaluation as a criterion to assess an NGO. This criterion proved to be a very significant indicator and the results for monitoring and evaluation are incorporated for the final results and conclusions.

6.3.3 Assessing the value of the BEEHIVE and Governance and Strategy Questionnaires

When reflecting on the value of the two instruments for grant-making purposes, three key value added focus areas are identified, firstly, the contribution to grant-making efficiency, secondly, the reliability of the instruments and thirdly, their contribution to the optimising of grant fund spend.

The contribution to efficiency is underscored by the grant-making officer from the United Kingdom (Interview 5, 17 November 2010), who feels that the assessment system will help with the assessment process and organisational delivery and will reduce guessing in making intuitive judgement calls. Furthermore, it will show that grant-seekers are self-aware and want to improve to deliver a better product. For the grant-maker it will enhance assessing the plausibility of an application and cut down on scanning time, enable grant-seekers to prepare a better structured bid and to weed out speculative bids by exposing grant-seekers' institutional culture upfront. It will also address the issues of the available time for grant assessment.

However, he feels that for smaller grants the system will be interesting, but not that essential, and that the value of the system will be for bigger grant projects.

As a contribution to objectivity the grant-making officer of the Republic of Korea (Interview 6, 16 November 2010), indicates that the measuring tools will reduce the pressure on the grant-maker's judgement call to reduce bias and prejudice. It will also ensure that all factors are emphasised to give a balanced view and make sure that points are not missed. The JICA grant-making officer (Interview 4, 17 November 2010), views the value of the approach as strengthening the grant-seeker's vision and goals, bringing a strong management and leadership focus and a business discipline and professionalism to grant-seeking organisations. The Netherlands grant-making officer (Interview 1, 15 November 2010), however feels that the assessment tools reflect the current assessment, rating and delivery charts in use with the Netherlands' systems, thereby validating the system from a different perspective.

To optimise grant fund spend the Australian grant-making officer (Interview 3, 16 November 2010), believes that in the development situation, the people-centred method will lift out issues in a way that gets around the shortage of resources in embassies to do more detailed screenings, thereby helping to reduce grant-making risk and increasing the delivery of developmental results flowing from grant funds. The Japanese grant officer (Interview 2, 16 November 2010), views it as ambitious to measure intangibles, but that that the index produced will be very productive once contact has been made with a potential beneficiary in dealing with emotional areas at the start of a relationship. He feels that the system must provide for a broader variety of projects and cultures, scales and variance in organisational culture, e.g. schools vs. clinics vs. NGOS for specific intangibles and to accommodate e.g. geographic variables. As an added benefit it will increase effective development aid by boosting the confidence of potential and current donors.

6.3.3.1 Confidence indicators of grant-makers in the people-centred method.

In assessing the two instruments used in the people-centred method, the commercially based Beehive instrument and the governance instrument I developed, grant-making officers rated the value they perceived in the use of the people-centred measuring instruments as follows in insert 85:

Insert 85: Table, Value grant-makers perceived in the people-centered instruments

Overall assessment opinion	z-score	z-table values	0.5	%
Beehive	0.75955	0.2764	0.5	77.6%
Governance and strategy	1.37932	0.4162	0.5	91.6%
Mean				84.6%

Grant-making staff confidence in the governance and strategy instrument's ability to deliver on a project's promises was rated at 91.6%, an instrument developed for the use in the NGO environment and innovated from the Beehive, with the Beehive institutional culture profile at 77.6%, a sound instrument but designed for use in the corporate environment. This clearly shows that the governance instrument is regarded as a sound instrument to assess NGO performance. In combination these two instruments yield an indication of an 84.6% accurate indication of development aid project success and NGO performance. A combination of the highest rated criteria from the people-centred methodology together with a sound concept, roll-out plan, detailed budget, delivery systems and capacity with an appropriate legal framework should significantly improve the assessment of NGOs by at least an estimated 22%. The output should yield a more productive and accountable allocation of development aid funds. Therefore, from a grant-maker's point of view, my hypothesis holds that there is a positive correlation between the people-centred method that reflects on the internal organisation culture of an NGO as proposed in this study and external NGO service delivery performance. The people-centred methodology yields a higher level of confidence in NGO performance than "traditional" methods that include a large reliance on intuitive subjective opinions.

6.3.3.2 Implications for grant-makers using the people-centred method.

The results from the grant-making officers indicate an increased confidence level of some 22% over using current conventional grant screening methods from 62.3% to 84.4% when using the people-centred profiling method proposed in this study. It is significant that the commercially based BEEHIVE criteria are rated as a confidence indicator of 77.6% whilst the governance and strategy instrument is rated at 91.6%. When considering the top quartile of responses above the 75% confidence level, the critical indicators for grant-makers are a selection of the criteria from

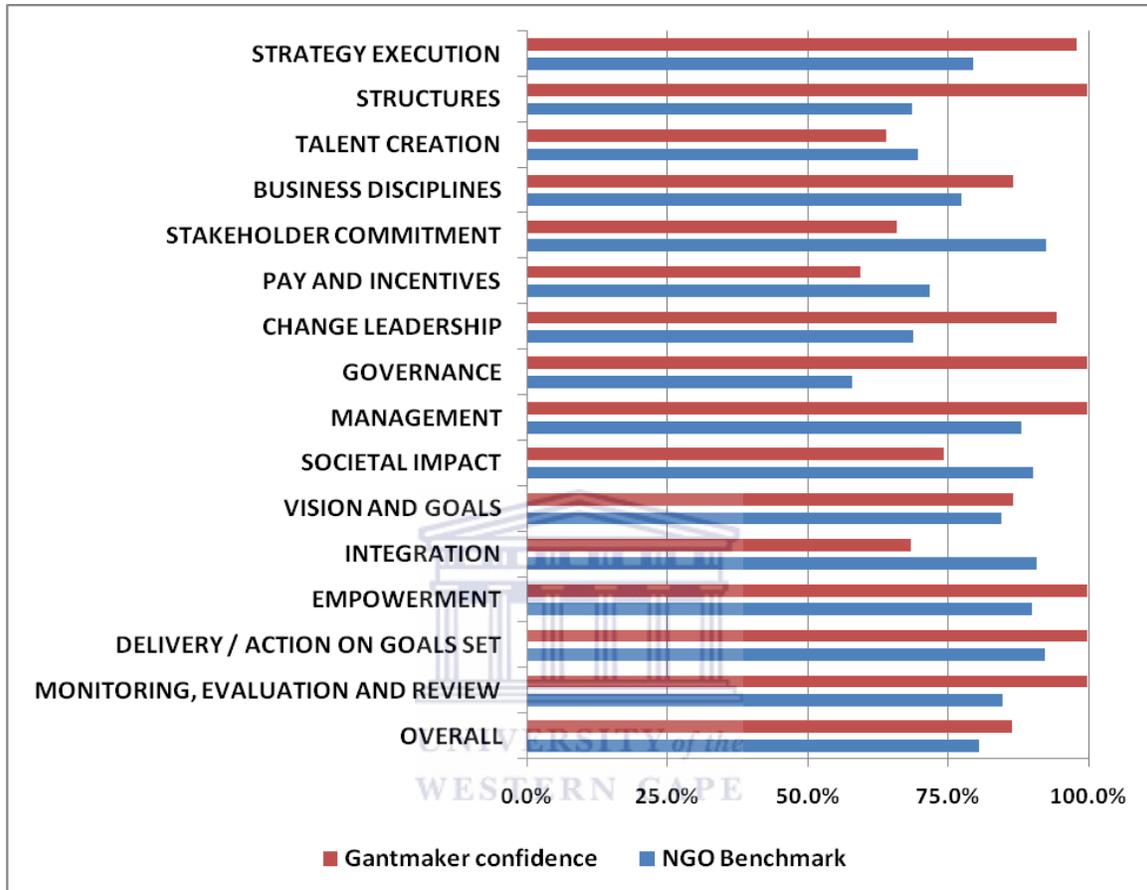
both instruments, namely: governance, delivery / actions on goals set, empowerment, management, strategy execution, change leadership, business disciplines and vision and goals. These results inform the redesign of the instruments for future use to one instrument with eight main categories instead of the current 13. The responses from the grant-making personnel in the OECD embassies surveyed conclusively point to a positive correlation between the people-centred method and NGO performance.

In assessing the benchmark NGO profile as developed in the previous chapter, indicating a standard level for every criterion against which to assess and NGO's internal organisational profile, against the aspects grant-makers view with confidence using the people-centred method with evidence from the SEEDS consortium, the ratings are displayed as in insert 86 and insert 87 below show the difference in expectations grant-seekers present as opposed to the information grant-makers require:

Insert 86: Table, Grant-maker vs. NGO staff ratings

	Embassy staff	NGO staff	Difference
Governance	100%	61%	39%
Organisational structures	100%	65%	35%
Change leadership	93%	65%	29%
Monitoring evaluation and review	100%	78%	22%
Management	100%	78%	21%
Strategy execution	94%	73%	21%
Business disciplines	89%	68%	21%
Delivery / actions on goals set	100%	83%	17%
Talent creation	71%	65%	7%
Societal impact	88%	83%	5%
Stakeholder value	83%	82%	1%
Vision and goals	72%	76%	-4%
Integration	68%	80%	-12%
Recognition and rewards	50%	63%	-13%
Overall	86%	73%	13%

Insert 87: Graph, Grant-maker vs. NGO staff ratings



In the next graph the gap between what grant-seekers look out for in appeals for support compared to what the staff of NGOs display in terms of their organisational culture, is shown insert 88 below:

Insert 88: Graph, Gap between what grant-makers look out for and grant-seekers present



In assessing the second of the key performance areas of NGOs, namely securing funding, the above graphs show a significant disconnect between what grant-makers value and the perception of the same indicators by the staff of the SEEDS partners, that I argue can be used as a proxy for NGOs. The most significant disconnect between what grant-makers seek and organisational culture points to governance that can indicate a "rubber stamp" culture. This points to one of the biggest challenges facing NGOs, namely to recruit competent and engaged board members, followed by sound organisational structures, competent change leadership, regular and credible monitoring evaluation and review, competent management, efficient strategy execution and the practice of sound business disciplines.

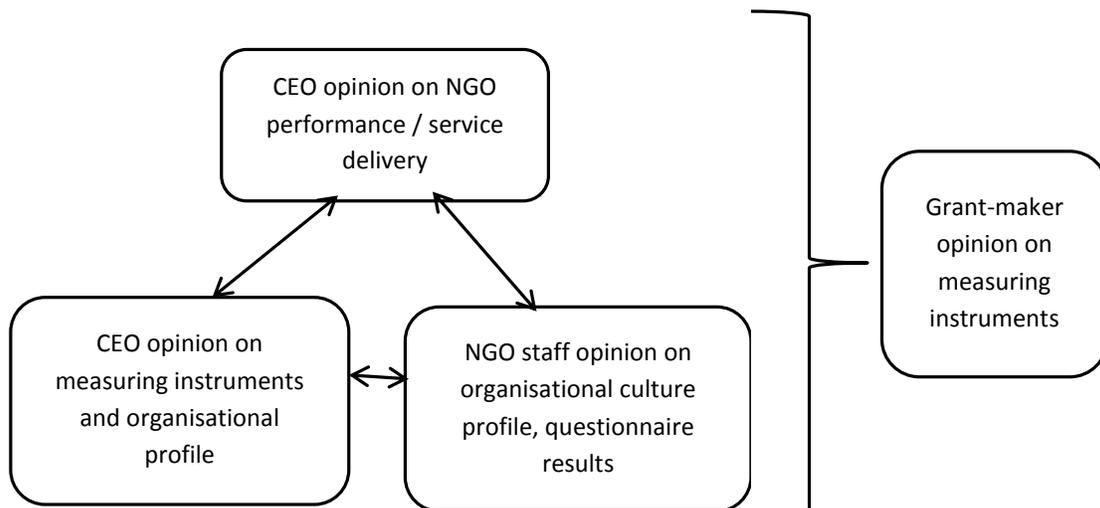
The significance of this result is the gap between what grant-making officers look for and what grant-seeking organisations present to grant-makers. It also explains the insistence of grant-makers on soliciting reams of historic data with applications relating to who board members are, providing the identity documents of office-bearers, risk assessments, proof of organisational legal status, organograms and more, to try and bridge the governance information and ability to deliver information gap. This is normally required in addition to a concept document, roll-out document and detailed budget. I submit that the value added proposition of the people-centred

method I propose will assist grant-makers in covering these gaps with the insights they require from instruments used in the people-centred method in a more efficient way than current methods dictate.

6.4 NGO and grant-maker results combined

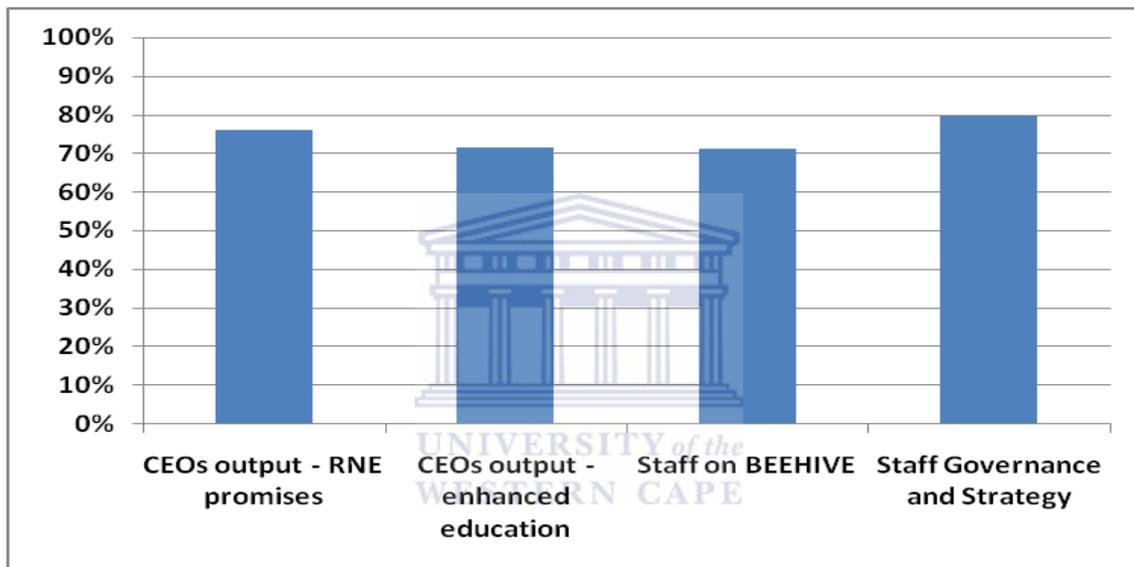
In reflecting on the results presented in chapters 5 and 6, the combination of results from the SEEDS consortium partners and the grant-making officers need to support one another to support my hypothesis. This is also reflected in the two key challenges in NGO performance, namely the ability to attract funding and the ability to deliver on its mandate and promises. All the sets of results, delivery, CEO opinion, staff opinion and grant-maker opinion must support my hypothesis that there is a positive correlation between the people-centred method as proposed in this study and NGO external service delivery performance. Using the baseline data developed in this and the previous chapter, I assessed the correlations using three sets of data, the summaries of which are presented in the graphs and discussion below. The assessment scheme is repeated below for clarity in insert 89 below:

Insert 89: Figure, Data sets to correlate



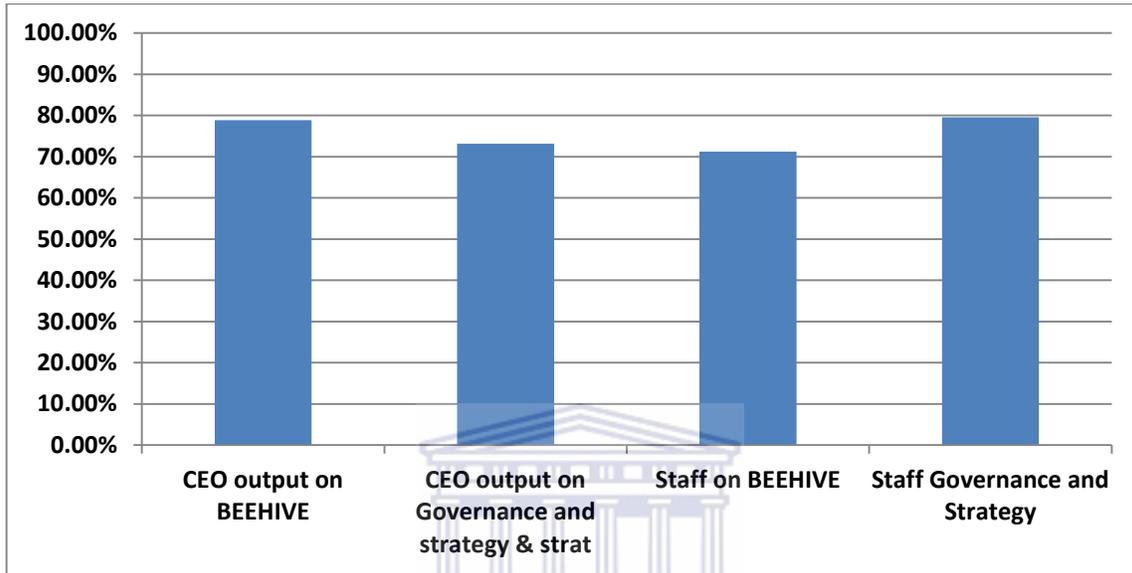
Firstly, I assessed the correlation between the performance of the NGO as obtained from the CEO and the quantified opinion on the organisational culture as obtained from the measuring instruments completed by the staff of the NGO. This showed a consistent return of a 95% or higher confidence interval in the correlation between NGO performance and staff morale profiles as shown in insert 90 below. This supports my hypothesis.

Insert 90: Graph, CEO Responses on output and contributing to education; and staff rating of BEEHIVE and Governance and strategy organisational profile



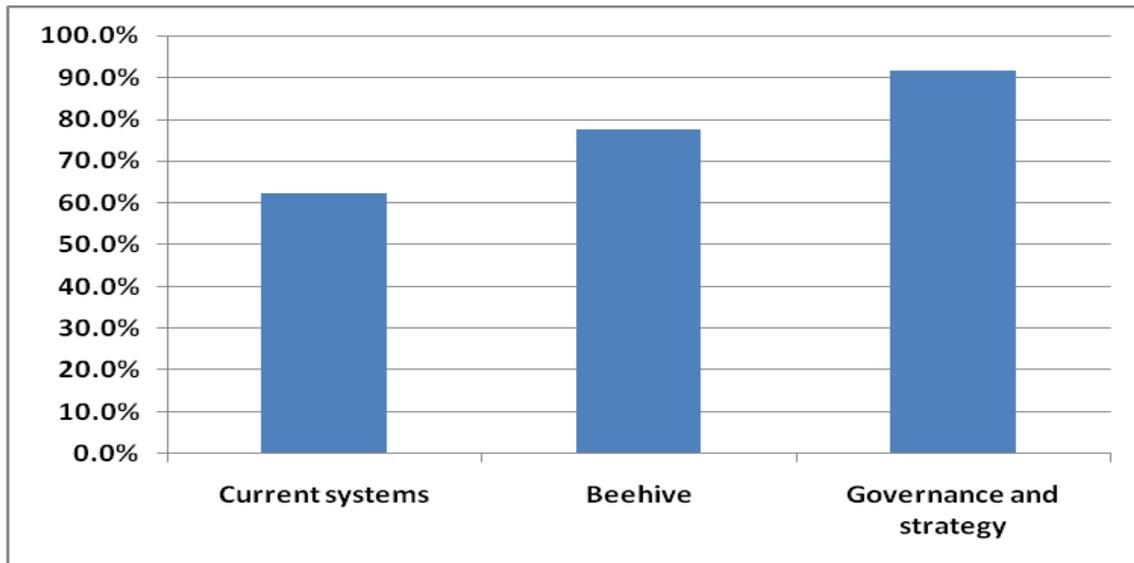
Secondly, the correlation between the CEOs' opinion on the organisational culture of the NGO and the opinion as obtained from the measuring instruments completed by the staff of the NGO. This shows a 95% and higher confidence interval in the correlation between CEO opinion of staff morale profiles and staff opinion of staff morale profiles. This supports the premise of this study that the people-centred method proposed in my study returns a valid form of NGO performance assessment. The results are shown in insert 91 below and support my hypothesis:

Insert 91: Graph, CEO Reponses on BEEHIVE and Governance and strategy organisational profile; and staff rating of BEEHIVE and Governance and strategy organisational profile



The third set of data reflects the opinions of the grant-making staff in OECD countries active in grant-making in South Africa. Their responses are based on the confidence they place in current methods compared to the confidence they would place in the proposed people-centred method. The confidence placed in current methods of assessing a grant-seeker showed a 62% confidence level whilst their opinion on the people-centred method was an average of 84%. This showed that the value grant-making officers would attach to the people-centred method in assessing grant-seekers, was 22% higher in assessing grant-seekers than using the standard method only of assessing funding proposals. The results are shown in insert 92 below. This supports my hypothesis.

Insert 92: Graph, Conventional screening of grant-seekers: and confidence placed in the BEEHIVE and Governance and Strategy instruments



The above summary results confirm that all three major groups involved in NGO performance, CEOs, staff and grant-makers are unanimous in the value of the people-centred method to assess NGO performance. The two NGOs surveyed that manifested as outliers in the study, one re performance and the other re organisational culture underline that a need remains to conduct a qualitative assessment for final decision-making purposes, however the people-centred method will take care of quantifying a significant part of intuitive decision making required by a grant-maker in assessing NGOs' performance.

I argue that in assessing an NGO's performance and possible future performance from a donor perspective that an indication of its internal organisational culture profile as produced in the people-centred method can be used in combination with the current method. The first will indicate the ability to deliver and the latter the detail of what is proposed to be delivered. This will yield information reflecting a combination of organisational culture with systemic planning, answering the question of what is intended and if the organisation will be able to deliver on the promises. I propose that to optimise NGO performance that the top quartile of the traditional and people-centred methods be used in combination to cover what NGOs intends to achieve with the organisational culture to support it. Criteria should thus focus on the following areas: a) the NGOs intended output: concept document, comprehensive roll out plan, detailed budget, administrative and financial systems and procedures, and the organisation's legal framework

and b) organisational culture profile: governance, delivery / actions on goals set, empowerment, management, strategy execution, change leadership, business disciplines, vision and goals and societal impact. Furthermore the significant discrepancies between grant-maker priority areas and organisational culture, notable in the areas of governance, serves to inform grant-seeking NGOs to introduce steps to close these gaps. Top quartile confidence indicators for the current and people-centred methods are as shown in insert 93 below:

Insert 93: Table, Top quartile indicators of NGO success

People-centred method		Current method	
Governance	99,9%	Concept document	94,8%
Delivery / actions on goals set	99,9%	Comprehensive roll out plan (key performance areas, intended outcomes, implementations strategies)	88,1%
Monitoring and evaluation	99,9%	Detailed budget	86,7%
Empowerment	99,8%	Administrative and financial systems and procedures	86,7%
Management	99,8%	Organisation's legal framework	74,2%
Strategy execution	97,9%	Mean	86,1%
Change leadership	94,3%		
Mean	98,8%		

6.5 Conclusion

Reflecting on the results obtained from the grant-maker results clearly shows that the people-centred method will fill a significant void in the assessment of NGO grant-seekers by adding a defensible internal organisational profile to the proposed projects at a 98% confidence level. The significance of this result is that it will provide decision-making information that has not previously been available to grant-making officers.

Reflecting on all the sets of data combined, in all cases my hypothesis is upheld that there is a positive correlation between the internal people-centred method as proposed in this study and NGO external service delivery performance. The use of the people-centred methodology to assess NGO performance will enable NGOs to optimally perform their agency role in unlocking people's capabilities.



CHAPTER 7

CONCLUSION: OPERATIONALISING THE CAPABILITY APPROACH FOR NGOs

7.1 Introduction

In this concluding chapter, I review the study from the introduction, problem statement and hypothesis through the literature review, method and results to draw overall conclusions and review the significance of the study. I also identify further research that can flow from this study. At the outset I make the case that a key challenge facing NGOs is a more systematic, thorough and 'objective' performance assessment system. This in turn is vital to ensure better service delivery and the securing of grant-maker funds to continue with operations. The key challenge to grant-makers is to be able to assess an application for financial support. This includes reading between the lines of a great or not-so-great application. This judgment can be clouded by competent fund-raisers who are able to convince the grant-making officer of the ability of a grant-seeker to perform on the promises made in solicitation documentation. In essence, the challenge for an NGO is to prove its merit in the face of stiff competition for donor funds and for a grant-maker to manage the risk of making a futile grant that could have been used more productively elsewhere. This situation is even more difficult for NGOs and grant-makers where the project may not have a track record or may be a proposed project. These decisions are made under conditions of uncertainty as in current methods the decision has to be made with a significant blind spot that cannot be assessed with conventional methods, namely the NGOs staff's ability and motivation to execute the promises made in proposal submissions.

The most common current proposal format and approach consists of a concept document of normally five to six pages giving a background and conceptual framework, the need addressed, the current situation to change, a description of the ideal end situation, how it will be achieved and a summarised budget. This can be amplified with a detailed operational roll-out plan covering details on schedules, key performance outputs and detailed budgets and more. What this does reveal, is the intent and depth of planning for the proposed project and relies on the quality of the representative's presentation and the proposal writing skills of the grant-seeking applicant. What it does not reveal is the grant-seeker's ability to deliver on the promises made in the concept document which is a direct function of the internal culture of the organisation and which is determined by the "rank and file" staff that are required to execute the promises

made to the donor. In my some fifteen years in fund-raising for a university, it is the biggest challenge when doubt on the ability to deliver sits in the back of one's mind when negotiating with a potential donor. To ferret out these issues, grant-makers have only their intuition to trust and are forced to make a largely subjective call based in their intuition about the application before them.

I have experienced this go-between dilemma numerous times in determining the motivation and drive of a project manager, equivalent to an NGO's CEO and grant-makers from both industry and development aid officers in embassies. A reputable name, good proposal and sales pitch are simply not enough to secure funding as once interest is aroused, site visits and due diligence procedures are the next step to get a feel of the applicant's motivation and dedication, i.e. the culture of the organisation. This step is normally followed by written contractual agreements. Once funding commences, it is released piecemeal against agreed to milestones, indicating a strong risk management approach underlying all grant-making. A clear need exists for grant-makers to fill the gap of making intuitive calls on proposals, to have a standardised and comparable set of criteria against which they can assess the organisational culture of the organisation. This will provide significant risk reduction and impact improvement in grant-making. A standardised system measuring internal organisational culture against defined criteria can also significantly assist NGOs in their own change and performance management processes that will also enhance their chances for obtaining funding.

I argue that a key gap in decision-making information for grant-making purposes is the lack of criteria to assess the internal functioning and culture of the organisation. Based both on an organisation's past performance and the considered views of all members of the organisation, many of these risks can be known, thus enabling a more confident and supportive approach to grant-making. Better risk assessment means more confidence for donors which can translate into more money on easier terms to the grant-seeking organisation.

I submit that my research makes a significant contribution to bridge this assessment gap to provide substantiated and defensible data on the ultimate agents of success, the staff of the NGO. It is their motivation to deliver that will determine whether the promises CEOs and fundraisers make to grant-makers, will actually be realised, and these very people are never or seldom included in the grant-making process. This is the underlying reality from which I

undertook the study to determine if a people-centred methodology would yield a more reliable and accurate reading to significantly increase the probability of addressing the key issues faced by NGOs and grant-makers alike, namely how to use a people-centred approach to assess NGO performance. The answer, it turns out, is yes – with the promise not only of much better assessment of applications for funding but also as a means for organisations to improve and develop their internal functioning.

The significance of the results from my study also extends well beyond the case study results. I submit that the method developed in this thesis provided a tangible approach to address the key critique of Sen's Capability Approach by providing a method to operationalise the Capability Approach. I believe my models provide a contribution towards solving a fundamental issues and point of critique on Sen's Capability Approach theory. My study places NGOs at the centre of the debate as the enabling agency providers to move people from functioning to capability. I anticipate that my proposed method can also impact on and even inform a change in funding procedures and grant making assessment that can be institutionalised in high level decision formulation guidelines and even at policy level. A further key contribution is that my method addresses the issues of pre-screening before a grant is made providing a high probability indication of a NGOs ability to deliver on promises. A further paradigm that my study refutes is that all assessment of NGOs will by its nature always be qualitative only. I believe that these outputs are significant contributions to the literature and debate related to how application of the Capability Approach is operationalised in practical terms which has been the main critique of the theory.

7.2 Review of problem statement, hypothesis and significance of the study

My research has its roots in determining why certain application for funding are successful and why others fail when on purely proposal writing merit there should not be a difference, accepting that all proposals meet the same grant-maker criteria. It centres on the question of what makes the difference. When combining this question with a commercial change management system that focuses on critical people-centred criteria that indicate a high performance organisation, i.e. outperforming its peers on profitability and significantly reduced staff turnover, it led me to believe that the differentiating factor is the organisational culture. It is this internal organisational culture that influences external success levels and which grant-

makers try to pinpoint intuitively when interacting with prospects. It appeared to me that grant-making and a people-centred assessment of grant-seekers was the underlying intangible that could make the difference – the intuition whether a potential grant-seeker is sound or not. This informed my research question of *Is there a correlation between using a people-centred assessment methodology and NGO performance* and then formulated as my hypothesis that *there is a positive correlation between the people-centred method and NGO service delivery performance.*

The variables I had to research in assessing an organisation's internal culture were to determine performance criteria against which to measure NGOs to determine an internal organisational culture baseline. My research consisted of structured interviews with CEOs of NGOs on the generic outputs required from the SEEDS Consortium and a rating of their organisations using the proposed people-centred method. I conducted ten interviews with the CEOs of the SEEDS consortium members using the questionnaire at Appendix A to obtain qualitative responses. These were quantified with their approval and quantitative data on rating their organisations' performance against the criteria used and developed. The second variable assessed the commercial change management model of Christo Nel and its application in terms of NGOs by interrogating the criteria in his system, adjusting and amplifying it for use in the NGO environment. The result that flowed from this and within the SEEDS Consortium resulted in significant modifications and additions to Nel's instrument. This resulted in the development of a second instrument, the Governance and Strategy instrument, that I developed based on both the SEEDS proposal and from the literature review. I applied the questionnaires to the staff of all the SEEDS partners except one where a newly appointed CEO would not co-operate. All the results were quantitative responses to qualitative people-centred organisational performance criteria and yielded 49 completed questionnaires that I analysed as shown in Chapter Five.

The third variable assessed the opinion of grant-makers in OECD Embassies on the value of the proposed people-centred model compared to the current system. I conducted ten interviews with grant-making staff in OECD embassies in Pretoria using the questionnaire at Appendix B. From these interviews I obtained qualitative responses that I quantified with their approval, and quantitative data on rating the confidence they placed in current proposal assessment methods and my proposed people-centred method. In the next step I correlated the quantified results for performance and the results instrument using the single factor ANOVA statistical tool that

showed a correlation of 95% between external organisational performance and internal organisational culture. In a similar trend grant-makers showed an 84% confidence level in the people-centred method as predictor of NGO performance when compared to a 62% confidence level for current methods.

The result supports my hypothesis that states that there is a positive correlation between the people-centred method as proposed in this study and NGO service delivery performance. The significance of accepting the hypothesis as supported in this study is that the method I proposed in this study can bring a significant change in the way NGO performance is assessed. This is achieved by adding a people-centred component to the development of NGOs beyond systemic interrogation that is based on organisational history, a concept document and roll-out document. The shortcoming of the concept document and roll-out plan criteria is that without ever considering the people on whose behalf undertakings are given, decisions are made without an indication of the internal organisational culture's ability to execute the promises.

Furthermore my method presents an easy to use instrument that is standardised enabling comparative quantitative performance assessment of qualitative considerations in an easy to interpret visually presented graph as output. This presentation enables the identification of areas that need to be addressed from a change management and operational performance perspective. It also provides a sound indication of the probability that the organisation can perform in terms of service delivery for grant-making decisions. Further benefits that can potentially flow from this system include the improvement in operating efficiency of NGOs based in change management to enhance the organisational culture of the NGO and its ability to present a more credible profile to donors. From the donor perspective using this method holds the potential to significantly reduce the risk in making grants that are dubious, providing a standardised and defensible method to assess issues left to intuition in the past. The outcome can make more impact possible as organisations with a better chance of delivering on objectives will be supported, possibly also using easier criteria for funding. The overall significance of this method is that NGO and grant-maker efficiency can be improved to deliver efficient agency service delivery at a reduced risk of failure level.

7.3 People-centred development paradigms

As background to the research question I followed the main trains of thought on development that has one unifying theme running through them, namely the plight of the poor, the part of the population at the receiving end of decision-makers' actions and intents. In all the scenarios spanning the past some 250 years society has been characterised by division of a relatively smaller number of those who control the means of production and therefore wealth, and those who make up the larger part of society, those who contribute to the generation of the wealth but do not fully share in its benefits. It is notable that the key theories were developed in times of industrial development and progress that enhanced the division of society into rich and poor segments, and that the aim of the key theories was to understand and alleviate the impact of industrial development on the poor.

Adam Smith's key contribution was the development of the neo-liberal capitalist theory, thinking that production will create demand leading to a more equitable spread of wealth to alleviate poverty, and the division of labour into specialist trades that would enhance output in the production processes. As critique he made no provision for checks and balances on the accumulation of wealth, that lead to the concentration of wealth in the hands of a few and the creation of significant poverty.

The excesses of the concentration of wealth in the hands of a few and the gross suffering of the labourer population that flowed from the unchecked capitalist system as espoused by Smith set the scene for Karl Marx to focus on alternative ways of addressing poverty and development by providing the most credible explanation on the development of poverty in a society, the concept of surplus value. Marx's theories included a policy framework that severely constrains economic entrepreneurship, initiative and innovation as all individual incentives are stripped out. Central planning resulted in the creation of a new owner class in the members of the communist parties behaving in the same way as uncontrolled capitalists. Essentially Marx's approach remains a supply-driven approach where central planning will decide what consumers want. As a developmental model in practice, the socialisation of the means of production through the state reduced rather than eliminated poverty in Eastern Europe, at the same time creating a new and economically better off political elite based on party standing.

The issues of capitalism as per Smith, versus communism as per Marx, came under severe pressure with the Great Depression of the 1930s requiring a new assessment of development, poverty alleviation and understanding economic input in the process. The concept that production would create its own demand as captured in Say's Law, broke down as the frenzy to produce that resulted in production outstripping demand, exposing a significant breakdown in checks and balances within the capitalist system. With the Great Depression as background, a rethink of the economic and market system was heavily influenced by the work of John Maynard Keynes. His work led to a significant shift in thinking, moving the emphasis to a demand driven / people-centred economic development paradigm and away from the supply-driven thinking of Smith and Marx. His most important contribution to development work is the system of fiscal and monetary control where the state can intervene to stabilise the economy in times of recession. In practice this means that a set of checks and balances are introduced to stabilise the economy using monetary and fiscal methods resulting in a significant degree of protection for the poor from hard landings. The significance of Keynes's work for development work is the shift to a consumer based paradigm and state-regulated capitalism, macro-economic interventions and the paradigm that demand determines supply, not the other way around. This model is credited with underlying a soft landing in the 1997 recession and the 2010 sub-prime crisis that prevented the extreme hardships that followed the 1929 recession, i.e. a market fall of around 5% as opposed to around 70% and other benefits that reduced the scale of unemployment and poverty. The same trend in rebuilding disposable income levels leading to an extended recovery period was prevalent after the 2010 recession.

The impact of the Second World War on development thinking was profound, flowing from a reaction to the atrocities committed during the war that also inspired the later civil rights movements and the start of decolonisation. There was a clear shift in emphasis to acknowledge human rights and to place people more at the centre of politics and society after World War II. This approach that people's rights and development were now at the forefront of development thinking informed a redefining of poverty and development, and lies at the heart of Amartya Sen's Capability Approach. Sen's theory provides a compelling contrast to the commodity-based approaches of Smith, Marx and Keynes, by focusing on actual human living and not only the western defined economic aspects of living, largely defined in per capita income.

The impact of Sen's work has been profound. It has informed the development of the UN's Human Development Index that forms the basis used to assess development in societies around the world. The underlying thinking also permeates the thinking of the international forums on poverty alleviation and the balanced scorecard to assess the efficiency of development aid accepted as the Paris Declaration on Aid Effectiveness in 2005. The Capability Approach also provides a sensible role to organisations that focus on developing communities to achieve their capabilities, namely NGOs that offer an agency role in the development of society. I refer to the services NGOs render as agency services as they enable individuals who choose to achieve their capabilities. The key weakness in the Capability Approach, a criticism levied against Sen, is that he does not engage in criteria or metrics for or how to operationalise the Capability Approach.

The concept of NGOs offering agency services is at the core of my study with evidence from a consortium of education NGOs and entities based at universities that offer focused interventions to enable people to move from functioning to achieve their capabilities. The group is diverse in culture and operations but united around people development thereby rendering agency services as described, requiring criteria to assess their performance. A further aspect is to determine the view of grant-makers to assess their view on development and support of agency service providers and how to assess their performance. This leads to the next section on assessing the performance of agency service providers.

7.4 Assessing NGOs as agency service providers

In assessing an NGO a direct link exists between the internal organisational culture profile as this is a clear indication of an organisation that is likely to outperform its peers when considering its external delivery of services to beneficiaries. In my study this correlation between internal organisational culture and external service delivery performance has manifested at a 95% confidence level. I argue that if the internal organisational profile indicates a people-centred approach, that will directly impact on and indicate the probability of superior service delivery, i.e. the quality of agency services that impact on capability development. NGOs are characterised by their very strong people-centred approach which is reflected in a strong internal organisational culture, making them the ideal development agents to reach beyond what normal government interventions can achieve in developing communities with specific capability enhancement projects. When compared to internal corporate agency interventions,

my results show that NGOs perform on average 15% more efficiently than corporates. Unfortunately state delivery agency data are not available, but if the general consensus on state efficiency is to be believed, then I argue that NGOs will deliver an even greater capability development capacity than the public sector. If development is taken seriously, NGOs are the tool to deliver the capability and development services society needs.

My reading has clearly indicated the need for a standardised and defensible performance assessment system for NGOs enabling NGO workers, managers and grant-makers to obtain reliable and comparable baseline profile information on NGOs that delivers qualitative decision-making information using a quantitative method. I found the answer in commercial business performance assessment that recognised that business performance was based on the internal motivation of staff and is a totally people-centred approach. This approach informs focused performance and change management interventions and offers the benefit that it is standardised across business applications, is easy to understand and can be used for comparisons and baseline studies. The commercial model also enables the pre-assessment of grant-seekers which is not possible with current qualitative methods. Current methods tend to be historical, revealing in retrospect what has gone right or wrong, but generally producing recommendations that come too late to influence the outcome of NGO operations.

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The challenge in my study lay in assessing the method developed by Nel and Beudeker, known as the Beehive model, for relevance to be applied in the NGO environment; to assess if the criteria they identified were relevant and sufficient for use in the NGO environment; to assess the correlation between NGO organisational culture and organisational performance; and to assess the relevance of the proposed people-centred method for grant-makers. In the process I also addressed how this method could assist in operationalising the Capability Approach. Nel and Beudeker's model flows from some 3000 applications of their instrument in commercial enterprises. When analysing the final proposal submitted to the Royal Netherlands Embassy for the SEEDS consortium, I was struck by the emphasis and requirements for governance and implementation detail required by the funder that went beyond purely assessing the internal organisational profile of current operations for which the Nel and Beudeker system was developed and was successful. Further analysis of applications for funding templates from a range of embassies supported my observation that funders drill deep to obtain information on a funding applicant's governance, monitoring and evaluation and roll-out systems and strategies.

I argue that the Nel and Beudeker system presupposes that the organisation being assessed is an operating business with a commercial profit ethos and that full governance and compliance requirements are in place as is required by law. The change management issues identified focus on operational efficiency to boost staff morale, to increase profit and reduce staff turnover and staff retraining costs as the keys to maintain a competitive advantage in the commercial environment. Their system does not make provision for key areas that are important in the NGO environment where qualitative and intangible issues play a significantly larger role in assessing NGO performance. The NGO specific criteria relate to the internal organisational culture reflecting the organisation's governance and monitoring and evaluation of results delivered well beyond pure profitability, financial management and social impact.

The output of my research work is the development of a new people-centred instrument to assess an NGO's agency delivery capacity. This underscored the value of using an expanded commercial organisational culture measurement instrument to include NGO specific metrics in assessing NGOs. In terms of the reliability of data, the strength of my proposed system is that the respondents are the rank and file workers of the NGO and it does not rely on the opinion of the CEO or the fundraiser / salesman for the NGO, giving a true reflection of the actual internal organisational culture profile. The weakness in this proposed system is that it is a long questionnaire requiring a significant level of literacy of the respondents. The processing of the data is also somewhat specialised and CEOs with something to hide or feel threatened by an external evaluation can be reluctant to co-operate or not co-operate at all. Overall the method focuses on the efficiency of NGOs as agency service providers to enable beneficiaries to benefit through the NGOs activities to progress from functioning to achieving their capabilities. The result obtained from the field work indicates that the internal organisational profile of an NGO directly correlates to actual external performance at a 95% confidence level. I therefore argue that the internal people-centred method is a valid and accurate instrument to gauge the external performance of an NGO.

7.5 Research design and data collection

To test my hypothesis that there is a positive correlation between the people-centred method and NGO service delivery performance, I focused my research on two main groups of respondents. The first was the NGOs united in the SEEDS consortium, the second the grant-

making officers in the OECD countries active in providing development aid in South Africa. The benefit of the SEEDS Consortium was that all NGOs were working to the same mandate and required overall outcomes enabling me to compare results and infer baseline results. Researching ten organisations enabled not only the assessment of each organisation in its own right, but also drew overall conclusions, developed a baseline on an expected NGO internal organisational culture profile and identified generic strengths and weaknesses in NGO performance. It also enabled me to assess the correlation between the external performance and the internal organisational culture of the ten organisations, and to develop a generic internal organisational baseline against which to assess individual organisations. I argue that the output of my study is a standardised measuring instrument that can be used across the spectrum of NGOs, enabling performance comparisons.

The second set of data was obtained through structured interviews with ten grant-making staff of OECD countries active in development aid projects in South Africa. Grant-makers tend to use the same generic criteria in assessing grant applications in spite of different formats required, enabling the creation of a generic check list of criteria used. Responses on the current grant application assessment methods and my proposed people-centred method yielded quantitative results enabling a statistical comparison to inform the results. When reflecting on the method used in obtaining the NGO data sets, I argue that the results provided a true reflection of the link between the internal organisational culture and the external organisational performance in the NGO's mandate. The interaction with the CEOs was frank and honest and I was mostly welcomed unconditionally.

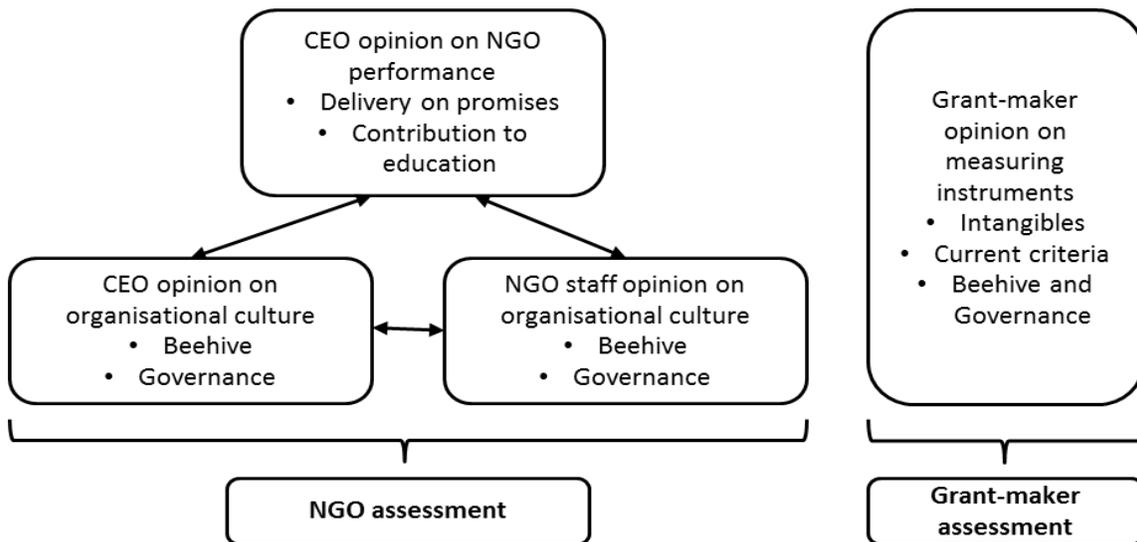
It was not possible to personally administer the people-centred instruments as CEOs preferred to manage it themselves when it suited them, but through the support of the CEOs this went quite smoothly. In my opinion there was no bias built into the NGO staff responses and the results are valid. Reflecting on soliciting the grant-maker responses, I was welcomed with interest as here was something new that addressed the intuitive judgment issues grant-makers grapple with. I argue that the research has provided results that can be generalised and used as a baseline for educational projects and that further testing in non-education NGOs, foundation / estate late grant-makers and corporate grant-makers will support the validity of the instruments and the people-centred approach to assess NGO internal organisational culture as indicator of external service delivery performance.

7.6 Results

The results presented were obtained based on the responses obtained from the groups assessed within the NGOs: the CEOs and the staff, and the grant-makers. Ten interviews were conducted with all ten NGO CEOs. 48 questionnaires were completed by the staff of the NGOs that on a pro-rate basis represented significant responses per NGO varying in size from 2 people, one CEO and one support person up to an average of 8 staff members with the biggest NGO having 25 staff who did not all complete the questionnaires. Overall it represented about a 55% sample of the NGOs staff surveyed and it exceeds the critical number of 30 quantitative responses to support the validity of static interpretation and is therefore deemed valid. Response numbers were representative and make for a low bias risk in the interpretation of the data. Furthermore, all ten sets of data were combined to develop a baseline profile further smoothing the results and reducing bias risk. Of the 13 embassies active in grant-making in South Africa I approached, ten interviews were secured providing for a representative opinion on grant-making to be expressed. When the results from the embassies were combined to provide a baseline opinion, numbers were sufficient to reduce bias risk. I submit that the data as presented is a true reflection of the opinions expressed. The sets of data correlations are graphically depicted in insert 94 below:

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Insert 94: Figure, Data sets compared in the study



When considering the cluster of data responses on assessing the NGOs used in the case studies, the results from the qualitative responses were all transcribed to quantitative values with the assistance of the NGO staff and translated into percentages that reflect the performance in every grouping measured. The data sets discussed in 5.4.3 (CEOs output on RNE promises, CEOs output on enhancing education, CEO output on BEEHIVE, CEO output on Governance and strategy, Staff on BEEHIVE, and Staff on Governance and Strategy) were assessed for all ten NGOs surveyed, confirming a positive correlation at a 95% confidence interval using the single factor ANOVA statistical instrument. The result returned an F-value of 0.296546 which is significantly lower than the F critical value of 2.882604 which, if higher, would indicate a correlation of less than 95%. The overwhelming result therefore demonstrates that there is indeed a 95% or stronger correlation between external delivery on organisational objectives and the internal organisational culture as reported by the staff of the organisations, as measured in the people-centred methodology. This result validates my hypothesis that there is a correlation between internal organisational culture and external delivery. It also supports my argument that highly motivated NGO staff provide an enabling agency role to ensure that the NGOs' beneficiaries have the opportunity to achieve their capability, i.e. it provides a means of operationalising the Capability Approach.

Notably, all three iterations (CEO opinion on measuring instruments; CEO assessment of staff opinion using the measuring instruments metrics, and staff opinion on completed measuring instruments, with and without outliers) consistently produced a confidence interval in excess of 95%. This leads me to deduce that using the people-centred methodology to assess internal NGO organisational performance gives a reliable and replicable result, addressing significant issues in assessing NGO performance and grant-making decisions critical in operationalising the Capability Approach. When revisiting the hypothesis the evidence shows that there is a strong positive correlation between the people-centred method as proposed in this study and NGO service delivery performance.

When considering the organisational profile baseline for NGOs using the evidence from the ten SEEDS Consortium members using both instruments, the baseline standard on the organisational culture for NGOs is as discussed on section 5.4.3. When comparing the elements from Nel's Beehive for the SEEDS consortium with industry norms, it also shows that NGOs are 15% more efficient in terms of organisational culture than commercial enterprises, reflecting far

higher levels of performance. Unfortunately no industry results for the governance instrument I developed are available as Nel's model is purely commerce-based.

Moving on to the opinions of grant-makers, mixed method data collection and processing were used to obtain insight from the qualitative responses and to provide quantitative data to assess the confidence grant-makers displayed in using current systems and the people-centred methodology. A distinction was drawn between the results from Nel's instrument and my governance instrument when assessing an organisational culture profile to determine if there was a difference in the confidence placed in the two methods. When considering the elements covered in current grant application screening methods, grant-makers expressed their confidence on each of the current criteria considered in grant application assessment as discussed in 6.3 above, expressing an overall 62.3% confidence in this method. When considering the criteria of the people-centred method grant-makers expressed their confidence in the method to assess beneficiary performance on each of the criteria as discussed in 6.3 above, expressing an overall 84.4% confidence in my proposed method. When the results from the two instruments used are separated, the confidence levels grant-makers express are 77.6% for the criteria flowing from Nel's Beehive instrument and 91.6% for the Governance instrument I developed.

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7.7 Interpretation of results

The above indicates that the agency role NGOs play within the Capability Approach can be measured. I further submit that by focusing on the role of operationalising agency, that the current debate on operationalising the Capability Approach has missed the practical application point by focusing on assessing the functionings – capability gap and disregarding agency as the key to the debate in operationalising the Capability Approach.

The results of my study clearly show that the quantitative instruments I used to determine internal organisational culture reliably measure internal organisational culture in contrast to the current paradigm that these assessments will always be qualitative in nature. This view significantly challenges the current paradigms that assessing NGO performance has to be based on a concept document and intuitively supported by non-standardised qualitative performance measurement and case-by-case assessment. My research has clearly shown that there is a 95% correlation between the internal organisational culture profile and external service delivery

performance. As a standardised system this actively reduces the reliance on the intuition aspect of assessing NGO performance that NGO CEOs, grant-makers and assessors have to grapple with.

In considering an application for funding, the two aspects that stand out are the concept to be funded and the probability of the NGO delivering on the promises put forward in the proposal for funding. This points to the use of two sets of data that need to be considered alongside one another, namely the set of current funding criteria in which grant-makers expressed a confidence level of 62% and the people-centred method I propose in which grant-makers expressed a confidence level of 84%, which represents a significant 22% higher level of confidence. When analysing the current method used, it gives a sound indication of what the grant-seeker's intentions are when considering the top four indicators reflecting an 89% confidence level, consisting of a concept document (94.8%), comprehensive roll-out plan (88.1%), detailed budget (86.7%) and administrative and financial systems and procedures (86.7%). This method, however, gives no indication of the NGOs capacity to perform on the promises put forward in the funding proposal. When considering the people-centred method, the top six indicators as rated by grant-makers yields a 99.52% confidence level in the NGO's ability to deliver the service promised in the proposal for funding, consisting of governance (99.9%), delivery / action on goals set (99.9%), monitoring and evaluation (99.8%), empowerment (99.8%), management (99.8%) and strategy execution (97.9%).

When combining the approaches of the top current requirements that indicate what the grant-seeker intends with the top people-centred indicators, it will yield an accurate and standardised indication of a NGO's capacity to deliver the services proposed. Using these indicators in combination it addresses the key questions of what the grant-seeker wants to do whilst answering the hitherto intangible and intuitive questions in a quantified, standardised, replicable and defensible way whether the grant-seeking NGO can deliver on its promises. This approach can significantly reduce risk to the grant-maker and enable grant-seekers to ensure a sound internal organisational culture that will enhance external delivery and funding. Furthermore the organisational baseline profile emanating from my study serves as a proxy to measure a NGO's probability of performance, namely governance (60%), delivery on goals set (78%), monitoring and evaluation (74%), empowerment (76%), management (76%), and strategy execution (70%).

The interpretation of these results show a clear need to determine what an NGO sets out to achieve and if it is forward-looking in terms of initiating or continuing operations and service delivery. This is dealt with comprehensively in current screening and qualitative performance assessment systems that are well entrenched in current practice. However, it does not reflect the organisation's people capacity to perform, an area left to the intuition and judgement calls of grant-makers to see through good proposal writers, sales persons or fund-raisers. The people-centred criteria reflect the internal organisational culture profile that directly indicates the organisation's ability to deliver and perform on the contents proposed in funding proposals. It is present and future focused to enable an NGO to assess areas for improvement in terms of its operations, to position itself for funding and from the funder's perspective to enable grant-making personnel to use a standardised measuring tool to assess qualitative information instead of having to rely on intuition.

The people-centred method thus provides a significant additional screening mechanism for grant-seekers that is standardised and can be used across a wide range of NGOs enabling comparative and defensible decision-making. The baseline average for NGOs to substantially deliver their service is indicated as 72.5% in the new economy space placing it in the top class-performing category with which to compare NGO results. It is interesting to note that on the BEEHIVE criteria alone, NGOs perform better by 15% on average when compared to the baseline data for industry researched by Nel. In the absence of governance instrument data for industry, I submit that the 15% outperformance of NGO with regards to commercial entities can be used as a proxy, which makes a significant case to support NGOs to ensure more efficient service delivery to communities and beneficiaries. The absence of a baseline on government service delivery agencies makes inferences on the difference in level of efficiency with NGO operations impossible. If anecdotal indications of state service delivery are considered, then I argue that the efficiency of using NGOs to deliver agency services and enhance the communities' capabilities rather than making use of bureaucratized service delivery agents will far exceed the 15% outperformance of NGOs over commerce. I argue that this makes the case to allocate development work to reliable NGOs an imperative from a funding point of view.

During the field work CEOs of high performing NGOs welcomed me, the research and the debriefing on the results with open arms. In some cases where I perceived my questions to be seen as a threat the results delivered were below par and in line with the internal organisational

culture profile returned where people did not really feel part of the internal organisational processes. During my interviews with the grant-making staff in embassies strong interest was expressed in my proposed method and it was commented that it can help them in recommending grants that will deliver on promises and help them to meet their Paris Declaration scorecard objectives. Benefits would include saving time in initial proposal screening, in-project change management interventions and NGO development, and eliminating or reducing undefendable intuitive judgement calls.

The evidence therefore confirms that there is a significant positive correlation between the internal people-centred method as proposed in this study and external NGO service delivery performance, providing a practical method to operationalise the Capability Approach. The focus is on assessing the internal organisational culture that indicates how NGOs perform agency activities to enable people to progress from functionings to developing their capabilities as per the Capability Approach.

7.8 Recommendations for further research

In reflecting on the study based on ten NGOs in the education field in the Western and Eastern Cape of South Africa, further research into the method I propose is required to expand the testing beyond education into other contexts such as other fields requiring capability development, corporate and commercial grant-making, state grant-making and development provision, other geographic regions, international and different languages and environments. Flowing from this is research to simplify and shorten the instruments whilst retaining the same levels of accuracy will provide a more streamlined system. Linked to this is the testing of the instruments amongst people where full literacy is not a given paradigm. All the results point to enhancing the efficiency of operationalising the Capability Approach, notably the measurement of NGOs providing agency services to their beneficiary communities and further research opportunities exist on this method of operationalising the Capability Approach. A further focus for research is to assess the efficient use of the people-centred method in combination with other techniques, such as action learning and focus groups.

7.9 Conclusion

Within the context of the Capability Approach, my study has elevated the role agency plays to a tangible and measurable enabling component in operationalising the Capability Approach. This is in contrast to the current thinking that focuses on the gap between functionings and capabilities. Agency as a key enabler in the Capability Approach is treated as a rather vague entity in which the decision to exercise agency is left to the individual to decide whether to want to achieve their capability or not, ignoring the value of agency service delivery organisation, mainly NGOs. Furthermore, by viewing agency as a key in operationalising the Capability Approach, it gives a meaningful developmental role to NGOs to support the ten capabilities Nussbaum identified in an effort to operationalise the approach, capabilities re life, bodily health, bodily integrity, sense, imagination and thought, emotions, practical reason, affiliation, other species, play and control over one's environment.

My research has clearly shown that there is a direct correlation between the internal organisational culture of an organisation and the external levels of service delivery performance making a significant contribution to operationalising the Capability Approach. My method specifically address the operationalising of the agency service delivery areas in which NGOs operate. The significance of this research challenges the paradigm that assessment will by its nature always be qualitative in nature whilst my research proves that quantitative methods can be used to deliver standardised data on qualitative data. The innovation in this study is the application, refinement, expansion and redesign of a commercial change management model for use in the NGO environment to assess NGO service delivery performance. The results can have a significant impact on the way grant-seekers position and better themselves and how donors can assess beneficiaries prior to and during project engagement to optimise service delivery.

Operationalising the Capability Approach is an ongoing debate within a paradigm that all assessment will always be qualitative which my study clearly refutes. Furthermore, the current debate centres on measuring the differences when a person chooses to move from functionings to capability. I submit that in the current paradigm it is assumed that for agency to enable the change from functionings to capability will somehow happen by itself. Whilst the decision to exercise agency is an individual's choice, many organisations, mainly NGOs, perform roles that

provide agency services to assist people who wish to move from functionings to capability. Once again the paradigm exists that assessing these organisation can only be done qualitatively using a framework approach. A further output of my study shows that NGOs significantly outperform corporates and implicitly, institutional structures, in terms of organisational culture to deliver agency services. This evidence supports the use of NGOs as preferred delivery agents for poverty alleviation and capability enhancement projects. In essence, qualitative data can be measured quantitatively to assist organisations and donors in decision-making.

My study has shown that quantitative methods from commercial change management practice can be used to measure qualitative issues that are defensible and can inform meaningful quantified change programmes. These programmes can open the door to operationalising the Capability Approach, in my opinion, the biggest contribution to the literature and debate around the Capability Approach as it directly addresses the criticism that Sen cannot provide an operational solution to implement the Capability Approach. My study has also shown that grant-makers have a need to get into the mind of grant-seeking organisations before recommending development aid and that the people-centred instruments can be used to enhance the efficiency of grant-making.

The output of my research is an optimised method to develop NGOs and their organisational wellbeing within the context of the Capability Approach that challenges the way the assessment of agency service provision is conducted, producing a significantly different paradigm. This method can optimise the way NGOs position themselves and improve themselves whilst grant-makers will have a standardised method to assess NGO service delivery performance. Overall, my method provides a practical means of operationalising the Capability Approach to move the debate from assessing the functionings – capability gap to view the role of agency as the key to unlocking the operationalising questions that have haunted Amartya Sen and the proponents of the Capability Approach.

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APPENDIX A: QUALITATIVE RESEARCH QUESTIONS: SEEDS CONSORTIUM CEOs

Informed Consent Form

With your signature at the bottom of this page, this form has the power to protect your identity. Please read it in full, and if you understand and agree, sign below.

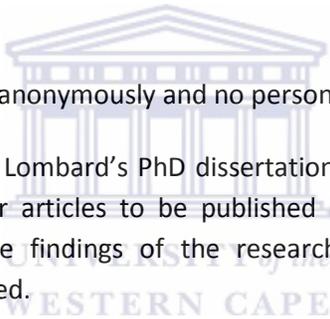
The research consists of two main parts, interviews with the CEOs of SEEDS Consortium members and grant-making personnel in selected embassies and the completion of two questionnaires by the staff of the SEEDS Consortium.

Please be advised that participation is voluntary. You are at liberty to withdraw from the research at any time without any negative or undesirable consequences for yourself. All responses will be treated confidentially and only used for references purposes.

For reference purposes the details of the interviewees will be required. Reference to individual person’s options will be used in the text of the research only. No person will be identified without their permission.

Questionnaires will be completed anonymously and no person will be identified.

This research will be used for Mr Lombard’s PhD dissertation at the University of the Western Cape and could also be used for articles to be published in academic publications and for presentation at conferences. The findings of the research will also be reported back to participants individually interviewed.



Yours faithfully

Chris Lombard

Tel: 083 3269435

Email: lombardc@cput.ac.za

I,

(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of participant :.....

Date :

The researcher will take down the responses in a face-to-face interview

Organisation

Name and title:

Contact detail:.....

.....

Output related questions emanating from the promises in the RNE proposal document:

2. In your definition, what would you describe as “making a significant change” in education?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

3. How does this definition relate to your organisational vision, mission and strategic direction?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

4. In less than 5 points, how has your organisation impacted education?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

5. Tabulate the underlying influences that inform and direct these results?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

6. In less than 5 points, please describe how these influences contributed to the exploration and development of multi-disciplinary good practice for education?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
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Rating	1	2	3	4	5	6	7	8	9
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7. Has this changed education practice? If yes, how?

Yes		No	
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For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

Do you collaborate with other partners? If yes, how?

Yes		No	
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For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

8. What were the results and underlying considerations for these partnerships?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

9. Have you shared your learning with other partners, countries in Africa and the Netherlands? If yes, how?

Yes		No
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For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

10. What were the results and underlying considerations of such partnerships?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

11. On a scale of 9 with 1 being the lowest and 9 the highest, how would you rate the progress of your organisation in delivering on the undertaking given to the funder at this point?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

12. How has your organisation contributed to the distribution of education expertise regarding the changes achieved:

a. Universal enrolment?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
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Rating	1	2	3	4	5	6	7	8	9
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- b. Increased the uptake of mathematics and science re disadvantaged children?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- c. Literacy and numeracy?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- d. Accommodating children from many grades in one classroom?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

e. The enhancement of values?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

f. Lifelong learning?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

g. Development and delivery of educational material?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

h. Impacted on the prevention of HIV/AIDS?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

i. Addressed the disparities of our society?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- j. Contributed to / complemented the work of provincial and national government interventions?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- k. Addressed emerging needs?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- l. Contribution made to pedagogy?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

14. On a scale of 9 with 1 being the lowest and 9 the highest, how would you rate your impact on the following outputs spelled out in the Royal Netherlands Embassy application documents:

a. Impacted on parent involvement

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

b. Thinking, numeracy and language acquisition

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- c. Impact on General Education and Training, Further Education and Training, disadvantaged schools in rural and urban areas, notably the Dinaledi schools

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- d. Educator development

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- e. Classroom practice

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

f. Development of learning material

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

g. Development of support networks

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

h. Learner competency

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- i. Collaboration with the province, other countries in Africa and the Netherlands

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- j. Inset and preset training

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

- k. Contribution towards school management

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

I. Enhance community engagement

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

m. The range and numbers your project are impacting

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

n. Pro-poor impact

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

o. Enhancement of women in society

If not applicable									
For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

Organisational culture related questions

15. In view of your performance, how would you describe / typify your instructional culture re

a. Strategy execution

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

b. Structures

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

c. Talent creation

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

d. Business disciplines

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

e. Stakeholder value

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

f. Recognition and reward

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

g. Change leadership

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

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h. Governance

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

i. Management

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

J. Societal impact

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

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k. Vision and goals

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

I. Integration

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

Delivery / action on goals set

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

UNIVERSITY of the
WESTERN CAPE

13. Please summarise your organisational culture?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9

14. What role has the culture of your organisation played in directing or influencing your outputs as discussed above?

For office use	Totally underperform	Underperform	No progress	Hardly any progress	Neutral	Some progress	Meet expectation	Exceed	Far exceed
Rating	1	2	3	4	5	6	7	8	9



**APPENDIX B: QUALITATIVE RESEARCH QUESTIONS: EMBASSY GRANT-MAKING
PERSONNEL**

Informed Consent Form

With your signature at the bottom of this page, this form has the power to protect your identity. Please read it in full, and if you understand and agree, sign below.

The research consists of two main parts, interviews with the CEOs of SEEDS Consortium members and grant-making personnel in selected embassies and the completion of two questionnaires by the staff of the SEEDS Consortium.

Please be advised that participation is voluntary. You are at liberty to withdraw from the research at any time without any negative or undesirable consequences for yourself. All responses will be treated confidentially and only used for references purposes.

For reference purposes the details of the interviewees will be required. Reference to individual person’s options will be used in the text of the research only. No person will be identified without their permission.

Questionnaires will be completed anonymously and no person will be identified.

This research will be used for Mr Lombard’s PhD dissertation at the University of the Western Cape and could also be used for articles to be published in academic publications and for presentation at conferences. The findings of the research will also be reported back to participants individually interviewed.

Yours faithfully

Chris Lombard

Tel: 083 3269435

Email: lombardc@cput.ac.za

I,

(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of participant :..... Date :

The researcher will take down the responses in a face-to-face interview

Embassy of:

Name and title:

Contact detail:.....

.....

CURRENT SCREENING MECHANISMS

1. Please describe the steps you follow in assessing and recommending an aid grant:

2. Describe the 5 most important intangible considerations you look for in an aid grant:

3. Please rate the following “traditional” application elements on a scale of 9 where 1 is the lowest mark and 9 the highest possible mark of to what extent these items predict project success:

For office use	Totally no value - useless	No value	Little value	Nice to have	Neutral	A bit of value	Some value	Good value	Exceptional value
Cover letter / declaration of institutional support of the CEO	1	2	3	4	5	6	7	8	9
Bank account numbers and	1	2	3	4	5	6	7	8	9

contact details									
Concept document	1	2	3	4	5	6	7	8	9
Comprehensive roll out plan (key performance areas, intended outcomes, implementations strategies)	1	2	3	4	5	6	7	8	9
Detailed budget	1	2	3	4	5	6	7	8	9
Comment on the organisation's financial wellbeing	1	2	3	4	5	6	7	8	9
Financial statements	1	2	3	4	5	6	7	8	9
Project history and track record	1	2	3	4	5	6	7	8	9
Organisation's legal framework	1	2	3	4	5	6	7	8	9
Administrative and financial systems and procedures	1	2	3	4	5	6	7	8	9
Infrastructure	1	2	3	4	5	6	7	8	9
Audit reports	1	2	3	4	5	6	7	8	9
Risk factors	1	2	3	4	5	6	7	8	9
Due diligence reports	1	2	3	4	5	6	7	8	9

Please indicate if there are elements that have been overlooked:



Please give your opinion on the value the following current performance indicators will have in predicting future aid success:

For office use	Totally no value - useless	No value	Little value	Nice to have	Neutral	A bit of value	Some value	Good value	Exceptional value
Clarity on what the grant seeker means by “making a significant change”	1	2	3	4	5	6	7	8	9
The contribution to enhancing “good practice”	1	2	3	4	5	6	7	8	9
The impact the organisation has made in its field of specialisation	1	2	3	4	5	6	7	8	9
Working in partnerships to share learning	1	2	3	4	5	6	7	8	9
Level of delivery on previous delivery promises	1	2	3	4	5	6	7	8	9

Please indicate if there are indicators that have been overlooked:

4. Please give your opinion on the value of the following organisational culture indicators (new economy, governance and strategy execution profile) and how they are lived in the organisation to predict future aid success:

For office use	Totally no value - useless	No value	Little value	Nice to have	Neutral	A bit of value	Some value	Good value	Exceptional value
Strategy execution	1	2	3	4	5	6	7	8	9
Organisational structures	1	2	3	4	5	6	7	8	9
Talent creation	1	2	3	4	5	6	7	8	9
Business disciplines	1	2	3	4	5	6	7	8	9
Stakeholder value	1	2	3	4	5	6	7	8	9
Recognition and rewards	1	2	3	4	5	6	7	8	9
Change leadership	1	2	3	4	5	6	7	8	9
Governance	1	2	3	4	5	6	7	8	9
Management	1	2	3	4	5	6	7	8	9
Societal impact	1	2	3	4	5	6	7	8	9
Vision and goals	1	2	3	4	5	6	7	8	9
Integration	1	2	3	4	5	6	7	8	9
Delivery / actions on goals set	1	2	3	4	5	6	7	8	9

5. Please indicate if there are indicators that have been overlooked:

6. Please give your 5 strongest impressions / considerations on the value of the BEEHIVE new economic diagnostic tool in predicting the success of an aid project based on the prevalent organisational culture:

7. Please rate your perception of the value of the BEEHIVE tool to predict future development aid project success

For office use	Totally no value - useless	No value	Little value	Nice to have	Neutral	A bit of value	Some value	Good value	Exceptional value
BEEHIVE	1	2	3	4	5	6	7	8	9

8. Please give your 5 strongest impressions / considerations on the value of the Governance and Strategy diagnostic tool in predicting the success of an aid project based on the prevalent organisational culture:

9. Please rate your perception of the value of the Governance and Strategy diagnostic tool to predict future development aid project success based on current strategy and governance practice

For office use	Totally no value at all	No value	Little value	Nice to have	Neutral	A bit of value	Some value	Good value	Exceptional value
Governance and Strategy tool	1	2	3	4	5	6	7	8	9



APPENDIX C: BEEHIVE NEW ECONOMY DIAGNOSTIC TOOL OF NEL AND BEUDEKER

Informed Consent Form for respondents

With your signature at the bottom of this page, this form has the power to protect your identity. Please read it in full, and if you understand and agree, sign below.

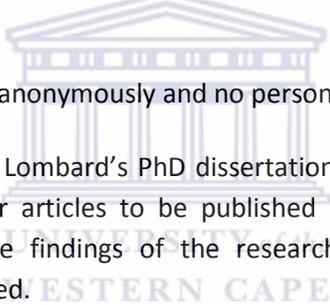
The research consists of two main parts, interviews with the CEOs of SEEDS Consortium members and grant-making personnel in selected embassies and the completion of two questionnaires by the staff of the SEEDS Consortium.

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For reference purposes the details of the interviewees will be required. Reference to individual person’s options will be used in the text of the research only. No person will be identified without their permission.

Questionnaires will be completed anonymously and no person will be identified.

This research will be used for Mr Lombard’s PhD dissertation at the University of the Western Cape and could also be used for articles to be published in academic publications and for presentation at conferences. The findings of the research will also be reported back to participants individually interviewed.



Yours faithfully

Chris Lombard

Tel: 083 3269435

Email: lombardc@cput.ac.za

I,

(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of participant :.....

Date :

Elements of Competitive Organisation Building Behaviours
Strategy Execution: The ways in which strategy is formulated and utilised as a primary driver of performance within the organisation.
Structures: The extent to which structures are designed to reinforce and drive performance by optimising the organisation's supply chain and the fulfilment of accountability at all levels.
Talent Creation: Workplace practices and disciplines that ensure the optimum development and utilisation of people and their ability to contribute to performance.
Business Disciplines: The adoption and widespread use of a set of integrated Business Disciplines that reinforce and cause high performance.
Stakeholder Commitment: Developing the alignment of all stakeholders so that they operate as active contributors to the competitiveness of the organisation.
Pay and Incentives: The alignment of pay and incentive systems that attract, retain, and enhance the commitment of people across all levels.
Change Leadership: The use of proven leadership and processes for implementing change and turning strategy into operational action that delivers competitive performance.

The detailed questionnaire is as follows:

BEEHIVE assessment tool, © Christo Nel

Competitive Organisation Building Behaviours: Please complete the evaluation

There are seven sets of practices that need to be evaluated (strategy execution, structures, talent creation, business disciplines, stakeholder commitment, pay incentives and change leadership). Each set contains eight pairs of indicators. The pairs of items describe behaviours or ways in which your organisation, or the part of it in which you work, may be operating. Read the two opposing pairs and decide the extent to which either the one or the other statement is true for the department or business unit within which you work.

IMPORTANT: Please give an honest opinion about the current status. DO NOT rate it in terms of what you would like it to be – state what you believe it is at present. Your responses are entirely confidential. Only people at the “The Academy” will ever see this form.

Please use the following scale to rate each pair of items. First ask yourself whether the left hand or right hand item is the better description of how things are really happening at present. Then rate the extent to which you think it is true for your area of the organisation. The extent to which you rate something to either the extreme left or right will indicate the extent to which a particular behaviour is true for your area of the organisation.

- 4: This is a very accurate description of current practices within my area of work.
- 3: This is true most of the time.
- 2: This practice is dominant, but the opposite practice is at times present.
- 1: This practice is slightly stronger than the opposite practice.
- 0: Both practices are equally likely to occur. (Please try to use this ranking as little as possible.)

BEEHIVE											
STRATEGY EXECUTION: Challenges/ Problems	The extent to which this is true					The extent to which this is true				STRATEGY EXECUTION: Achievements	
	4	3	2	1	0	1	2	3	4		
1. Senior management formulates strategy without gaining significant inputs from more operational levels, or the implications of the strategy are not understood across all levels.											1. Processes are in place that enable people at all levels to influence strategy formulation and provide inputs on how to achieve the strategy.
2. It often seems as if senior managers interpret the strategy differently and have conflicting views about it.											2. The senior managers have a strong common and cohesive view regarding the organisation's strategy.
3. Various areas within the organisation interpret the strategy in very different ways.											3. All areas within the organisation understand and interpret the strategy in the same way.
4. Senior managers do not take personal accountability to communicate and interpret the strategy in ways that make it relevant to people in various functions, areas and levels.											4. Senior managers personally ensure that the strategy is relevant to people in all areas, functions and levels, through efficient communication and assistance in interpretation of the strategy.
5. The practical, operational implications and requirements of the strategy are not clearly defined and communicated to people at various levels.											5. People at all levels are well informed with regard to the practical operational implications and requirements of the strategy.
6. The development and implementation of the organisation's strategy depends largely upon informal or ad hoc processes, specifically at more operational level.											6. Well entrenched, formal processes are in place to facilitate the development and implementation of strategy at all levels.
7. It often appears as if senior managers do not share a powerful common understanding of the strategic challenges facing the organisation.											7. All senior managers clearly share a common opinion about the organisation's strategic environment and challenges.
8. The strategy is often undermined by old policies, procedures and structures that are not aligned to the strategy.											8. All policies, procedures, traditions and structures are aligned to and reinforce the strategy, or are changed to reinforce the strategy at all levels.

STRUCTURES: Challenges/ Problems	The extent to which this is true					The extent to which this is true					STRUCTURES: Achievements
	4	3	2	1	0	1	2	3	4		
1. Different departments and functions tend to operate in fairly rigid silos and do not interact with one another in an open and dynamic manner.											1. Departments and functions continuously interact with one another to find the best way in which they can together contribute to performance.
2. Structures and communication lines reduce our ability to deliver superior customer service and improve productivity.											2. Organisational structures, and how we are allowed to interact across boundaries of departments, promote commitment to customer service and productivity.
3. There are too many levels in the organisation, and this makes it difficult to maintain really good communication.											3. The organisation is very flat and this makes it easy for people to communicate and interact across levels.
4. It is not always clear exactly what is expected of people and what accountabilities they must fulfill and this leads to some uncertainty or lack of empowerment.											4. Roles and accountabilities clearly defined at each level, thus making it easy for people to know what is expected of them as well as those just below or above them.
5. Managers and specialists at more senior levels often remain involved or interfere in more operational issues, and this reduces the accountability of more operational people.											5. The roles and accountabilities of management are clearly defined and management operates strictly at that level, whilst ensuring that operational levels are empowered and held accountable for their outputs.
6. Certain important strategic and longer-term business activities do not receive adequate attention because people at the more senior levels are too busy with day-to-day activities and operational issues.											6. People at senior levels devote a substantial amount of their time and effort to addressing and communicating strategic issues and longer-term business activities.
7. Strategy is still essentially a top-down process with very little opportunity for people at more operational levels to make contributions.											7. There are good structures or processes in place that enable people to get involved in how strategy should be interpreted and implemented at their levels of work.
8. When executives and managers communicate with people at more operational levels, they often make the mistake of not translating and making facts and strategic objectives relevant to the people at more operational levels.											8. Executives and managers are able to translate and communicate strategy in such a way that it makes it relevant and easy for people at operational levels to understand how they can contribute to strategy.

Talent Creation: Challenges/ Problems	The extent to which this is true					The extent to which this is true					TALENT CREATION: Achievements
	4	3	2	1	0	1	2	3	4		
1. The competencies (skills, knowledge, attitudes) that people need to fulfill their accountabilities are either not clearly defined or are still very generic statements.											1. Competencies and outputs are well defined for people at all levels within the organisation.
2. Major changes in the organisation are generally not supported by adequate training to provide people with the new skills they need.											2. Managers continuously transfer their skills to subordinates and enable them to fulfill new demands and change initiatives.
3. Specific targets for training and development of people are not set or adhered to, and training budgets are often cut.											3. Training and development budgets and activities are viewed as an essential part of the business and are not sacrificed because of short-term pressures.
4. Training and development processes are controlled largely by staff functions, and individuals do not play a significant role in defining their personal development needs.											4. Individuals are encouraged to take charge of their own development needs and are empowered to initiate their own training and development.
5. Managers do not yet see that the training of others, and the transfer of knowledge to others, is an important element of their own work.											5. The continuous transfer of skills from managers to staff is well entrenched in the culture of the organisation.
6. Managers believe that training and development is largely the responsibility of HR departments as opposed to being part of their own job.											6. There is a wealth of skills and experience at all levels in the organisation and this makes it easy and safe to delegate accountabilities to people.
7. The skills and experience that are required to deliver superior service are often lacking amongst the people who should be doing the job.											7. The rich skills base ensures the elimination of error and that work is done correctly the first time, without management involvement.
8. People tend to expect management or HR specialists to initiate training rather than proactively seeking opportunities for developing their personal new skills.											8. People across all levels personally and proactively seek opportunities for developing new skills and experience.

BUSINESS DISCIPLINES: Challenges/ Problems	The extent to which this is true					The extent to which this is true					BUSINESS DISCIPLINES: Achievements
	4	3	2	1	0	1	2	3	4		
1. The organisation's strategy formulation and communication process is poorly defined and is not yet well-integrated with the business planning and budgeting process.											1. The strategy formulation and communication process is well understood by people at all levels.
2. Performance management is largely dependent on the commitment of individual managers and tends to occur in an ad hoc manner.											2. The performance management process is a formal organisation-wide discipline that is understood by everyone and enjoys widespread commitment.
3. Goal setting and performance monitoring is not yet a well-developed skill across all levels and functions.											3. All managers and supervisors have developed the necessary skills required for managing performance, including the setting of goals, evaluation and monitoring of performance levels.
4. There tends to be an overload of information without making a specific effort to structure and to present it in ways that are relevant to people at various levels.											4. Information is structured in ways that support operational problem solving and does not cause information overload.
5. Information tends to be presented in the way that specialists e.g. finance department, need it, and not in ways that make it easy for others to use.											5. People who have to use information are involved in determining how it should be presented to make it practical and easy for them to use.
6. People across all levels do not yet have a full understanding of how the organisation is performing because they do not receive adequate or appropriate information.											6. The specialists who provide information view others within the organisation as their customers and deliver information in ways that meet their "customer's" needs.
7. Information is often presented in complicated ways that make it difficult to understand.											7. Information is presented in simple and user-friendly ways that make it easy to understand and use.
8. The way in which information is communicated does not make it exciting or attractive for people to use.											8. The ways in which information is communicated actively encourages people to use it to identify problems and provide ways of improving performance.

STAKEHOLDER COMMITMENT: (Stakeholders are shareholders, customers, management, workforce, organised labour, community)	The extent to which this is true					The extent to which this is true					STAKEHOLDER COMMITMENT: (Stakeholders are shareholders, customers, management, workforce, organised labour, community)
	4	3	2	1	0	1	2	3	4		
1. The diverse interests of the organisation's primary stakeholders are not yet clearly understood or respected.											1. A great deal of effort has been made to understand and respect the diverse and differing needs of primary stakeholders.
2. The shareholders are viewed as the dominant stakeholder, often at the cost of customers, the workforce, and longer-term interests of the organisation.											2. All stakeholders are respected and treated in ways that balance their diverse interests without eroding the longer-term interests of the organisation.
3. The interests of certain stakeholders are often seen as undermining the interests of the organisation and are therefore not appreciated or addressed.											3. There is a conscious and ongoing effort to clearly define and balance the interests and needs of all stakeholders.
4. More subtle racial and gender discrimination is not yet recognised adequately and continues to be a cause of tension.											4. Excellent progress has been made to eliminate disadvantages or discrimination caused by race and gender.
5. Some important stakeholders feel that their interests are not yet recognised and fulfilled adequately by the organisation.											5. All stakeholders feel that their interests and needs are recognised and addressed in a constructive way by the organisation.
6. It appears that the organisation does not adequately value the role and contributions of diverse groups (e.g. certain race groups, women)											6. Members of diverse groups feel that they are valued and respected adequately.
7. There is not yet a powerful and common purpose that binds different stakeholders and groups together.											7. The diverse stakeholders and groups within the organisation share a powerful common commitment and values that drive performance and relationships.
8. At times certain stakeholders or members of diverse groups appear to insist upon rights without accepting greater accountabilities that accompany these rights.											8. Stakeholders and members of diverse groups accept and fulfill the accountabilities that accompany rights.

PAY AND INCENTIVES: Challenges/ Problems	The extent to which this is true					The extent to which this is true					PAY AND INCENTIVES: Achievements
	4	3	2	1	0	1	2	3	4		
1. There is still a strong belief that motivational problems and commitment to high performance can be resolved largely through pay and incentive systems.											1. It is recognised that motivation and high performance are affected by all people practices, and that pay is only one of many important factors.
2. The lack of transparency regarding pay systems and how pay levels are determined often leads to misunderstanding and questions the objectivity of the pay system.											2. The pay systems and levels are clearly communicated to and understood by employees at all levels.
3. People at various levels do not understand and trust the pay and/or incentive systems because they are too complicated or appear to be applied in an ad hoc manner.											3. Pay and/or incentive systems are transparent and simple enough for people at all levels to understand and trust.
4. Managers often do not openly confront poor performance and consequently do not make enough distinction between poorer and better performers.											4. Managers continuously provide performance feedback to subordinates and are willing to confront poor performance where necessary.
5. Performance feedback is not an ongoing and very transparent process, and so people are sometimes surprised by or do not understand their performance feedback.											5. Performance feedback is an ongoing process, which gives people constructive and critical feedback continuously.
6. Pay and incentive systems are not structured in ways that really reward superior performance.											6. Pay and incentive systems reward employees based on outputs, exceptional performance and alignment to strategic objectives.
7. There is an imbalance between short-term and longer-term reward systems.											7. Short and long-term reward systems are designed in such a way that they are aligned to one another.
8. Longer-term incentive schemes (which may include share incentives) are only available to people at more senior levels within the organisation.											8. Employees across all levels understand and share in longer-term incentives, e.g. share options and profit sharing.

CHANGE LEADERSHIP:	The extent to which this is true					The extent to which this is true					CHANGE LEADERSHIP:
	4	3	2	1	0	1	2	3	4		
1. Well-developed strategies and change initiatives often fail to deliver expected results because of poor communication and implementation.											1. Excellent implementation plans and processes are developed to support and drive change processes.
2. The expectations of change initiatives and projects are often not met because the process of implementation is not managed well enough.											2. The reason for change initiatives are communicated well and make it possible for people to understand why it is taking place and how they can contribute to it.
3. The natural human resistance to change is regularly underestimated and not addressed well enough.											3. The natural human resistance to change is expected and processes are implemented to address it in constructive and assertive ways.
4. Change is often left to a few specialists instead of developing a critical mass of operational people who are committed to and take responsibility for implementing the change.											4. A critical mass of line managers and operational people are generally trained to drive the implementation of change within their areas of work, and can use the support of specialists.
5. The failure to develop the new skills and attitudes that are needed often undermines the success of change initiatives.											5. Change initiatives are always accompanied with adequate training to develop the new skills and attitudes that reinforce the change.
6. Change initiatives are generally not evaluated well enough and this enables people to get away with not implementing the new practices.											6. Evaluating progress is seen as an important driver of change and is always used to identify and address problems or ongoing resistance to the change.
7. People are not generally involved in evaluating how well change is being implemented or solving problems that prevent the successful change from taking place.											7. Operational people and specialists use formal monitoring processes to identify and resolve problems on an ongoing basis.
8. The consequences of not making change happen are often not defined and enable some people to resist it without anything really happening to them.											8. There are clear consequences of not implementing change and these are communicated to people and applied where necessary.

APPENDIX D : GOVERNANCE AND STRATEGY QUESTIONNAIRE

Informed Consent Form for respondents

With your signature at the bottom of this page, this form has the power to protect your identity. Please read it in full, and if you understand and agree, sign below.

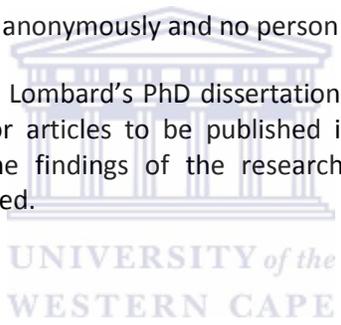
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Yours faithfully

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Email: lombardc@cput.ac.za

I,

(full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of participant :.....

Date :

Governance. The degree to which the aid recipient's governance team takes responsibility for its fiduciary duty and provides leadership.

Management. The degree to which the management supplies leadership and guidance to the staff to ensure an integrated strategy rollout.

Societal impact. The degree to which the organisation impacts or displays capacity to impact on society.

Vision and goals. The degree to which vision and goals are formulated and bought into by staff.

Integration. The degree to which activities in the organisation work together to achieve the overall goals.

Structure. The degree to which people are empowered to deliver on their required responsibilities.

Delivery / action on goals set. The degree to which goals are translated into measurable action and output.

Monitoring, evaluation and review (M&E). The degree to which results are monitored and assessed.



Governance and strategy questionnaire

There are seven sets of governance and integrated roll-out practices to be evaluated (governance, management, societal impact, vision and goals, integration, structure and delivery / action on goals set). Each set contains eight pairs of indicators. The pairs of items describe how integrated your organisation's strategy is being implemented. Read the opposing pairs and decide the extent to which either the one or the other statement is true for the organisation / department within which you work.

NB: Please give an honest opinion about the current status, NOT what you would like it to be, but how it is now. Your responses will be treated as confidential.

Please use the following scale to rate each pair of items.

- First ask yourself if the left or right hand item is the better description of how things are at present.
- Then rate the extent to which you think it is true for your area in the organisation.
- The extent to the left or right will indicate the extent to which you believe this to be true for your areas in the organisation.

4 This is a very accurate description of current practices in my area of work

3 This is true most of the time

2 This practice is dominant, but the opposite practice is at times present

1 This practice is slightly stronger than the opposite practice

0 Both practices are equally likely to occur (please use this as little as possible)



GOVERNANCE	The extent to which this is true					0	The extent to which this is true				GOVERNANCE
	4	3	2	1	1		2	3	4		
1. The chairperson of the board seldom contributes to the organisation											1. The chairperson of the board is actively involved with the oversight of the organisation
2. Board members do not really take and interest in the wellbeing of the organisation											2. The board members are seen to actively contribute to the wellbeing of the organisation
3. In general, board members do not add value to the organisation											3. Board members generally add value to the organisation
4. Mentioning an audit, board members become very twitchy											4. The board is at any point ready to accommodate an unannounced audit
5. Questions are asked without satisfactory answers about the organisation's financial transparency											5. There is clear financial accountability and oversight
6. Board members are seen as rubberstamping figureheads whom no-one knows											6. Board members are known to the most of the staff
7. Board members evade the topics of regular financial and fiduciary duty as part of their oversight role											7. Board members ensure regular financial and fiduciary duty feedback to staff in general

8. Board members never interact with staff, have focus groups or run surveys on the institutional wellbeing										8. Board members regularly interact with staff, have focus groups or run surveys on the institutional wellbeing
---	--	--	--	--	--	--	--	--	--	---

MANAGEMENT	The extent to which this is true					The extent to which this is true					MANAGEMENT
	4	3	2	1	0	1	2	3	4		
1. Management follows a centralised approach										1. Management follows a decentralised approach	
2. Management is mainly concerned with keeping employees busy										2. Management insists on productive outputs	
3. Management insists on making all operational decision for the organisation unilaterally										3. Management involves staff in setting priorities and decision-making	
4. Management seems unaffected when key people leave the organisation										4. Management actively works to keep competent staff turnover to a minimum	
5. Management is actively involved with micro-management										5. Management leaves operational implementation decisions to the lowest possible level	
6. Financial management is cumbersome and “always a secret”										6. Financial management is transparent and people know their budgets	

7. Management is happy to do things as previously without rocking the boat										7. Management gives guidance for the future beyond the current operations and situation
8. Management is not willing to consider taking risks										8. Management will take considered and responsible risks

SOCIETAL IMPACT	The extent to which this is true					The extent to which this is true					SOCIETAL IMPACT
	4	3	2	1	0	1	2	3	4		
1. The organisation's employees are not seen as important											1. The organisation realizes change for its own employees and workers
2. The organisation seldom meets its targets											2. The organisation exceeds what is regarded as its "usual" expectations
3. There is only one right way, the old way											3. New and innovative methods of delivery are forthcoming
4. The organisation operates below the radar											4. The organisation has received peer / industry / government recognition and acknowledgment for the work it does
5. Short term PR benefit determines societal interventions											5. The organisation makes a sustainable contribution to long term change

6. The number of beneficiaries reached is cause for concern										6. The organisation makes a significant change to a large number of beneficiaries
7. Only a few privileged benefit from the programmes										7. The organisation achieves mass impact through its programmes
8. Stakeholders are only good for money, but not to be informed about its use										8. The organisation regularly measures and communicates its results to stakeholders

VISION AND GOALS	The extent to which this is true					The extent to which this is true					VISION AND GOALS
	4	3	2	1	0	1	2	3	4		
1. It is unclear what the organisation wants to achieve											1. The vision and mission is clear and understood by all
2. Organisational values are “propaganda on the wall”											2. The staff of the organisation are clear on the organisational values AND live it
3. Every department does its own thing independently											3. All departments work together seamlessly to ensure efficient delivery
4. How and what the organisation achieves is not important											4. Outputs are regularly measured objectively

5. Any changes in the organisation result in total chaos										5. Change is managed effectively to ensure seamless operations
6. New ideas and methods meet with resistance and are hardly ever recognised										6. New ideas and methods are welcomed to enhance delivery
7. Whether results are achieved does not really matter										7. Goals are regularly reviewed and tweaked to enhance efficient delivery
8. The boss knows it all										8. Democratic principles are used to set or change goals in which all staff have an input opportunity



INTEGRATION	The extent to which this is true					The extent to which this is true					INTEGRATION
	4	3	2	1	0	1	2	3	4		
1. Every department does its own thing										1. All departments work seamlessly together	
2. Departments regard one another as threats										2. Departments are keen to support one another for the greater good of the organisation	
3. People do not work together										3. Project teams are assembled and work together	

										without a problem
4. Meetings are few and far between										4. Multi- / interdepartmental meetings happen regularly
5. Silo-type operations characterize the organisation										5. Cross functional co-operation and projects are the order of the day
6. Information systems are locked into silos and people cannot get easy access to decision-making data										6. Information systems are linked and accessible to all staff to do their work efficiently
7. Support functions (e.g. IT and HR) are obstacles to efficiency										7. Support functions (e.g. IT and HR) are enabling agents that contribute to efficiency
8. Budgets and balance sheets are secret except to the privileged few										8. Budget systems, budget allocations and balance sheets are open for everyone's insight

STRUCTURE	The extent to which this is true					0	The extent to which this is true				STRUCTURE
	4	3	2	1	1		2	3	4		
1. The boss decides what will happen and new ideas are quelled											1. Clear change management systems are in place and new ideas are encouraged
2. New ideas are not welcome and could lead to punishment											2. New ideas on structural changes and ways of doing business are welcomed and genuinely considered
3. Tasks and responsibilities are not clearly demarcated											3. Clear organigrams and work flow processes are at the core of departmental efficiency
4. People are kept guessing on the budget allocation											4. The departmental budget is transparent
5. Everyone looks after his silo because it is the only safe place to hide											5. Individuals are clear on where they fit into the organisation / department and contribute to its success
6. Turf wars are common – openly or covertly											6. People are clear on what they must do in the organisation
7. Out of date equipment is the order of the day											7. People have the tools required to do their work efficiently
8. People have to live with their equipment and facilities											8. People are supported in getting updated equipment and facilities to do their work

DELIVERY / ACTION ON GOALS SET	The extent to which this is true					The extent to which this is true					DELIVERY / ACTION ON GOALS SET
	4	3	2	1	0	1	2	3	4		
1. People are unclear on what they are responsible for											1. Service level agreements / performance agreements are in place and updated regularly
2. The level of delivery is not important											2. The standard of delivery expected is groundbreaking
3. The organisation plods along											3. Delivery consistently exceeds previous output / expectations
4. Donors are few and diminishing											4. The organisation's actions motivates repeat investment of our donors
5. Individual members of the organisation are not clear on what to do and deliver											5. Everyone is clear on what to do and deliver
6. Recognition systems do not hold any credibility											6. Recognition systems are in place, operating, easy to understand and viewed as fair and credible
7. There is no link between the organisational objectives and values and what we actually do											7. The overall values and objectives of the organisation from the basis of and inform the activities engaged in
8. Service delivery to our clients / beneficiaries are not really important											8. Operational staff are clear that the customers / beneficiaries are the organisation's reason to exist

MONITORING, EVALUATION AND REVIEW	The extent to which this is true					The extent to which this is true					MONITORING, EVALUATION AND REVIEW
	4	3	2	1	0	1	2	3	4		
1. People are unclear on what they should deliver and are not corrected by their superiors											1. Clear annual performance agreements are in place with all persons and they deliver on those requirements
2. The achievement of milestones are seldom checked											2. There is a system in place to make sure the achievement of the organisation's milestones are monitored on a month-by-month basis
3. Beneficiaries are never asked to give feedback on our programmes											3. Feedback is regularly sought from beneficiary organisations or persons on how they benefit from / experience our programmes
4. Performance evaluation is not taken seriously											4. Regular performance evaluation discussions are held
5. External evaluators are kept at arms length and staff may not speak to them											5. External evaluation of our projects happen regularly and includes interviews with many staff
6. It does not appear that audit and evaluation reports inform sound decision-making re finances and resources											6. Evaluation reports from external and internal auditors lead to the most efficient use of our organisation's finances and resources
7. Organisational performance reviews are reserved for the privileged top brass only											7. The opportunity exists for everyone in the organisation to question and propose new methods in regular performance reviews

8. Project reviews are undertaken as a routine job and end up in filing cabinets unattended to										8. The result of project reviews result in significant improvements in the efficiency with which projects are implemented or streamlined
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