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**MEASURING ORGANIZATIONAL PERFORMANCE:
A CASE STUDY OF A NONPROFIT
ORGANIZATION**

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Abstract

This study looked at methods that one nonprofit organization uses to measure organizational performance. A local branch of the Intellectually Handicapped Society (Inc.) was chosen because of the high level of interest in evaluation and monitoring of services and facilities.

A number of research methods were used in this case study. These include a review of documents, reports and written material, interviews and on site visits to the organization. The focus of the study was examining the formal monitoring practices used and identifying perspectives of users, user advocates, providers and decision makers in relation to the review activities.

The findings showed that the formal processes used in the local branch of the Intellectually Handicapped Society (Inc.) are developed at the national office and were not seen to be relevant to people involved at the local level. User advocates and providers did not feel that they were involved in the formal review activities nor had input into the evaluation of services.

The author concludes that people within the organization have different conceptions of goals, accomplishments and shortcomings of the methods used for measuring organizational performance. The utilization of information may be increased if local criteria were established for measuring organizational performance.

the direction of health and social programmes assess performance in terms of certain criteria or standards which are defined as indicators of the programmes effectiveness (Filstead, 1982). Although a number of research studies of organizational performance have been published, this research looks at evaluation practice in the environment in which it occurs rather than in an idealized setting.

In addition, in much of the research findings to date, theoretical frameworks have provided the basis for the study, the focus and methodology used, and therefore, the kind of results documented. This study seeks to avoid an 'a priori' perspective by using case study methodology in order to generate data deemed pertinent by both managers and others involved with measuring the performance of this nonprofit organization. This data is then examined in the light of theoretical issues set out in the literature.

SIGNIFICANCE OF THE STUDY

Research has affirmed the importance of reviewing and monitoring performance through quality assurance programmes, peer review, internal and external audits, and reviewing organizational effectiveness (Flaherty and Olsen, 1982). Most of the research conducted to date has focused on problems of evaluation and monitoring from the perspective of researchers, funding agencies and management. To date there have been few evaluative studies from a user perspective.

The consumer movement has demonstrated that aspects of evaluation and monitoring which serve the purposes of

bureaucrats and professionals do not necessarily meet the requirements of consumers of the service. Coney (1988) demonstrated inadequacies in such monitoring practices in her exposure of professional misconduct at National Women's Hospital in New Zealand. The involvement of consumers in reviewing and monitoring services, policies, and operations of the organization is frequently restricted by the professional, operational, ideological and time constraints that are part of any bureaucratic organization (Stipak, 1982).

Another reason why this study of a nonprofit organization is important is that most research has been conducted within North American or United Kingdom contexts. The generalizability of findings to New Zealand is therefore limited. The present study has a broad focus, utilizes a local setting and is particularly timely as the review process is expensive and the nonprofit organization under study faces financial hardship. The study provides findings and information not available from other sources.

As an observational description of a particular organization, this study is significant for individuals and groups involved with nonprofit agencies. It is particularly important for those who are involved with resource allocation. The information gained may be useful in reviewing the performance of other consumer oriented nonprofit organizations. With the assistance of users, advocates and providers, it establishes criteria for performance review procedures.

THE FOCUS OF THE STUDY

The study aims to look at a nonprofit agency which addresses specifically identified health or social needs within the local community. Financial criteria are often used to determine the level of organizational performance in profit organizations. A nonprofit organization was selected for the study because it was assumed that social as well as economic criteria would be used to measure performance.

Certain factors were looked at in selecting the nonprofit community based organization. One was that there were users, providers and user groups directly involved with the local management structure. Another was that activities were concentrated in a specific geographical region. In addition, it was felt that some commitment to evaluation, monitoring or reviewing aspects of the organization was important.

The Manawatu branch of the Intellectually Handicapped Society, (IHC) has adopted a number of measures to ensure the attainment of standards and incorporating the external monitoring of services in its review practices. The organization has a local reputation for being committed to carrying out reviews of its services and facilities.