

Evaluation of Results of Nonprofit Organizations

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Milka Ivanović, Zorana Antić
Belgrade Business College
milka.ivanovic@bbs.edu.rs

The service sector is constantly growing in the global economy, and this imposes the need for a detailed improvement of service quality and presentation of results, since the requirements addressed to non-profit organizations are growing higher. They refer to improving the performance in terms of achieving greater efficiency and effectiveness, the quality of service and responsibility in relation to all stakeholders, as well as to the evaluation of outcomes. This paper aims to highlight the importance of applying the model of quality management in terms of evaluating the efficiency and effectiveness of non-profit organizations, which implies competitive sustainability in the market.

1. Introduction

The field of work of non-profit organizations lies between the state institutions and the organizations under a direct state control and jurisdiction, on one hand, and the private sector that has a free access to the market, on the other. The role and the importance of non-profit organizations significantly differs from the above mentioned institutions since they base their activities on the principle of primary non-profitability, which is not characteristic of either state or private types of ownership. The noble goals of these organizations also distinguish them from other entities in the society. Hence an affective and quality system of management in non-profitable organizations is dedicated to continual improvement of performance and customer satisfaction, where outcome assessment is one of basic preconditions. A competitive advantage in the market is possible to achieve only if a quality management system is established, a system that is dynamic and able to adapt and change in accordance with the customer/user needs, requirements and expectations [1].

2. Quality and the problem of non-profit organizations services evaluation

In the conditions of an increased competition, the changed value systems and, consequently, the increased customer requirements, quality has become a fundamental factor of survival in the market, of profitability and of an overall development. In order to survive in the market, organizations are forced to employ all their skills in the management of the business. As regards the time dimension, the effectiveness of organizational competitiveness can be achieved by creating and evaluation of the values of the service, delivery and market performances [1] (Summers, 2009), which in a sense results into excellence in work. It is for this reason that many organizations implement various strategies such as team work, quality assurance, quality management and service quality assessment. A. Anderson et al.,

(1994) [2] perceive that certain organizations have already recognized the importance of an effective quality management for the purpose of achieving a competitive advantage in the market, which is important from the aspect of competitive sustainability. A fiercer competition and the global business operations that penetrates into the non-profit sector too impose certain increased demands in comparison with the formal evaluation of a completed project, which means the relevant output measurements and a continual collecting of data for any projects under way, whereas the former focus was mainly on inputs. Besides, the founders also expect the measurements that can facilitate the assessment of impacts upon a service or a project [3].

Non-profit organizations are required to provide detailed information on the outcomes of their activities (the number of clients served, financial reports, project plans, the number of brochures distributed, the number of presentations organized, etc.). In certain cases, external consultants prepare periodical evaluations to estimate the effect of the non-profits' programmes, services and activities. The practice so far has proved that such data are most frequently collected on demand of the founders, rarely for the purpose of either the analysis conducted by the organization itself or the improvement of further operations. What is essential, however, is that the measurement results should be used in managerial decision making so that the available resources, methods and approaches allow for achieving improved efficiency and effectiveness and ensure benefits for all the stakeholders.

In view of the complexity of the system approach to quality and its diversity as regards the areas in which it is implemented, two aspects are important. One refers to the management model meant to improve the effectiveness and efficiency of the organizations whose primary purpose is care about people; the other refers to the im-

plementation of the adopted system approach in management that will be adjusted to organizational mission, vision and values and on the basis of which the non-profit organizations will be in a position to meet the requirements set before them by the founder or a sponsor.

The quality implementation and improvement are based on the learning of the organization itself, on its strengths and capabilities for improvement. In order that they should be respectable, non-profit organizations should aim to provide a quality service to their clients and prove they work up to high standards. This requirement is imperative because non-profit organizations are expected to be accountable to the legislator, the founders, the sponsors, the trustees and finally to the public.

As an advanced method of managing a non-profit organization, the quality system implementation provides a continual monitoring and evaluation of performance as well as collecting objective evidence in the form of documents and data in order that the organization can evaluate itself and constantly improve the quality of its services. Besides, such an approach to operations allows for the organization to compare itself with other organizations in the non-profit sector, as well as to determine the extent to which the organization adjusts to the permanently developing standards and requirements.

3. Different models and approaches to improving the quality of non-profit organizations

In adapting to numerous requirements for service quality improvement, non-profit organizations attempt to prove that their programmes contribute to a positive change in the lives of the people, while the priority in the 1990s was only the monitoring of outcomes and expenses [4]. Hence the requirements and expectations from non-profit organizations actually precondition their flexibility and liabilities, their re-examination and restructuring in terms of making important managerial decisions meant to facilitate the quality system implementation. A successful introduction and implementation of quality standards depend on five predictors: organizational culture, management support, technology, involvement and access to funds.

In addition to the efforts made in accepting and adapting to change, the management support should be reflected in the provision of feedback information as to the extent to which the advances are made towards achieving the goal. Effective managers in the organization communicate the value of new business practice and take any steps necessary that the employees implement the planned activities in practice. The organiza-

tions that do not dispose of adequate technology (knowledge, skills, techniques, hardware and software) usually face difficulties in creating, in the implementation and in the evaluation of their services or outcomes. Making allowances for all the reasons that make the implementation of the quality improvement model in the non-profit sector necessary, as well as for all the benefits and restraints that hinder the implementation of these approaches, it can still be maintained that the majority of the European non-profit organizations have already adopted certain quality standards that allow them to improve their performance as well as their effectiveness [4]. In practice, various models and approaches in the non-profit organizations quality improvement are implemented; some of them include all the aspects of organizational management and all its activities, whereas some quality standards refer to only certain aspects of operations. Also, a number of organizations in the non-profit sector implement generic models of the quality system, others adopt specific standards concerning concrete activities, and there are still some that develop their own in-house systems. In accordance with the model they implement, non-profit organizations evaluate their systems either through external evaluation or through certification, or, on the other hand, through a self-evaluation process.

4. Standards for implementation and evaluation of non-profit organizations' quality

The earliest theories on the quality of services and their dimensions were postulated in the 1980s. Groonroos offered two dimensions of quality: the technical and the functional [5]. The technical quality refers to the outcome of the service delivered, whereas the functional quality deals with the service delivery process. A most widely used service quality assessment model - SERVQUAL (abbreviated from: service quality) consists of five quality determinants [6] (tangibility – the presence of physical elements (service materialization), reliability – the ability to deliver the promised service in an adequate manner, responsibility – responsiveness, readiness to help and deliver a service promptly, credibility – employees' knowledge and competence, assurances, and empathy – delivery of personalized service, viewing customer as an individual).

The SERVQUAL methodology requires that 22 pairs of questions be formulated, of which customers are expected to answer a series of 22 questions prior to consuming a service, in order to measure expectations, and to answer another series of 22 questions concerning the quoted categories, after they have consumed the service, to measure the experience, i.e., the consumers' percep-

tions (attitudes) of the service provided. Although this model dates back to 1985 and is a most widely implemented model in service quality assessment by a large number of service providing organizations, it is subject to much criticism, primarily from the conceptual and the methodological aspects. One of the basic points of criticism is about the number and meanings of the quality determinants, namely, its applicability in different service activities. Therefore, it is possible to modify the SERVQUAL model to adjust it to the characteristics of services in a specific service provision activity.

In order that they should decide upon a most adequate quality standard within the existing systems, it is necessary that non-profit organizations answer the following questions meant to facilitate decision making [7]:

- how far does the system address their main concerns?
- how easily can the system be integrated with existing working practices?
- how sensitive is the system to the culture of the organisation?
- how simple or complex is the system? How does that fit our organisation?

how resource intensive is the approach to implement? The generic models of quality systems entail standards relating to the entire business and ensuring a quality comparison with other organizations within a sector. The most frequent are the following: the ISO 9001 standard and the business excellence model (*European Foundation for Quality Management (EFQM) Excellence Model*).

The quality standards related to only certain aspects of business include: (1) service quality standard (“*Customer first*“ standard – the British national certification service quality standard [8]. It can be implemented by any organization in any industry); (2) standard for employees (“*Investors in People*“ – the British national standard related to human resource management and employee development) [9].

The most frequently implemented quality standard in the non-profit sector organizations is the British PQASSO standard (*Practical Quality Assurance System for Small Organizations*¹) [10]. This self-evalu-

ation standard entails all business aspects, as do all other standards, however, it is specifically created for small and medium-sized non-profit organizations or for project teams in larger organizations. It can be implemented in the organizations of various profiles – in the fields of social welfare, environmental protection, health care and charities.

In other European countries, this standard was adjusted to certain specific features, and adapted to be implemented [11] in Hungary (under the name of *MINTA*) and Croatia (named *SOKNO* – the Structure of Quality Assurance for Nonprofit Organizations, published by the *TREF* network) [12], and it can also be applied in Japan, India and Bangladesh [13].

The PQASSO standard is created in such a manner that it uses self-evaluation to encourage a broader commitment and responsibility of all members of the organization to plan changes and develop ideas for a more efficient work of the organization, and through discussion. The effects and benefits from the application of the above mentioned standard in a non-profit organization will be manifold [14]:

- A clearly defined and reconciled purpose of the organization;
- A better organized and coordinated organizational structure as well as management structure;
- A better response to the customer needs and the delivery of higher quality services;
- Improved team relations and internal communication;
- Motivated employees and volunteers that can develop their potentials within the organization;
- Higher recognition from the part of the local community, the users and the sponsors, and accordingly, a greater support in work.

The findings of the study that dealt with the reasons for the quality programme implementation as well as the challenges and restraints in its implementation, conducted in the non-profit sector organizations in Great Britain, have shown that the majority of organizations are motivated to implement quality via various and numerous internal and external factors [15]. According to the participants in the study, the reasons to adopt the quality programme, among other things, are: the necessity of a structured approach in the development of the organization, the delivery of a highest possible quality service to the customers, the understanding of how the customers perceive “the best practice“, the stabilization after the periods of crisis.

¹ The PQASSO standard was published by the British association CES (*Charities Evaluation Services*) in 1997, and the third edition of the standard appeared in 2008. This standard, which promotes a continual quality improvement in the organization, includes 12 chapters and 3 levels.

The non-profit organizations that implemented one of the quality programmes stress the following benefits: the opportunity to affect the performance and improve it, a better relationship with the external environment, a higher reputation within the sector and a better relationship with partner organizations. The limitations in the implementation of the quality idea in the respondent organizations are most frequently reflected in: the lack of information on the available quality programmes that can be implemented in the non-profit sector, the non-conformity of quality programmes to the organization (its structure, mission, vision, processes, activities), and also in a poor employee commitment and engagement in the field of quality, which is most often the consequence of a lack of commitment, engagement and dedication of their superiors.

As regards the survey of the quality standards imple-

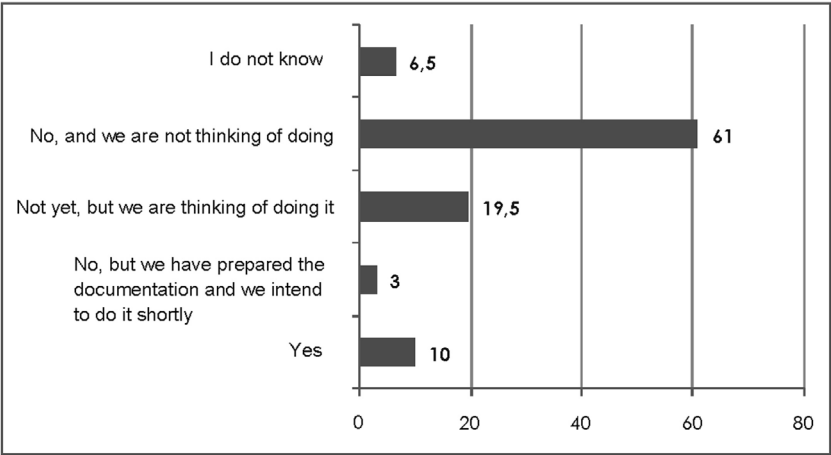
mentation in certain non-profit organizations in Great Britain, it would be interesting to compare these results with the findings of the study the co-author of this paper, M. Ivanović conducted in 2010. The target group of the study were the non-profit organization on the territory of Serbia. Among the questions in the questionnaire one dealt with the quality system implementation and outcome assessment.

The majority of responses to the question on whether organizations implemented any of the quality system models were negative. A general conclusion as to the responses can be drawn after a tabular and graphic survey presented hereinafter. As can be learned from the survey, the majority of respondent organizations, as many as 61%, do not even think of a possibility to implement a quality system, while only 10% of the organizations have implemented the ISO 9001 standard.

	Frequency	Percentage
Yes	20	10
We have not, we prepare documentation for the quality system implementation	6	3
Not yet, but we intend to	39	19.5
No, and we do not intend to	122	61
I do not know	13	6.5
Basis	200	100

Table 1.
The percentage of non-profit organizations that implemented the ISO 9001 quality system

Graph 1.
The chart of the quality system implementation in the NO in Serbia

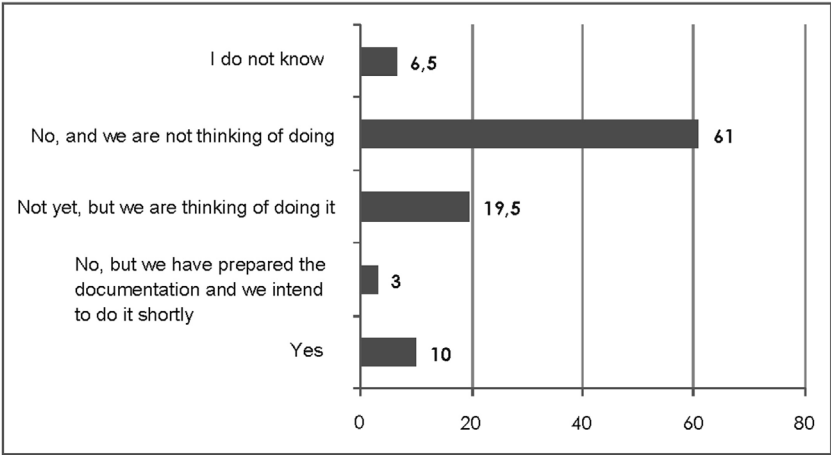


The attitudes of these same respondent organizations as regards the correlation between the quality system and the image and position building were, however, opposite to the previously presented decisions on the implementation of any of the quality system models. As regards the question on which factors affect the build-

ing of a favourable image and the positioning of non-profit organizations in public, all the observed elements were rated as very important (the average marks range from 4.62 to 4.83), with the quality culture rated as a highly important factor (average 4.79).

	Average	St. deviation
Quality standard implementation and building quality culture	4.79	0.51
Personnel	4.81	0.52
Professionalism	4.83	0.48
Korporate and social responsibility	4.68	0.69
Marketing concept	4.62	0.75
Good relations with media	4.69	0.71
Humaneness	4.80	0.60
Ethics	4.81	0.51
Organizational culture	4.83	0.40
Basis	200	

Table 2. The average of the importance ratings of the factors affecting the image and positioning of non-profit organizations (a five-level rating scale ranging from 1 – absolutely unimportant to 5 – highly important)



Graph 2. The chart of the average rates of the importance of factors affecting the image and positioning of non-profit organizations

Answering the question on the importance of the defined factors presented on the table for the positioning of non-profit organizations, a majority of respondents highly rated (the average 4.74) the issue of quality standard implementation and the quality culture building. The most important factors the respondents stressed are raising the political establishment awareness of the importance of non-profit organizations for the development of the society and for observing ethical norms. Employee education is also considered to be an important factor for the positioning of non-profit organizations.

Although the majority of non-profit organizations deem the issue of quality systems to be highly important and contributing to a better positioning, only 10% of them have implemented the ISO 9001 quality model. This finding that can also be explained by the management reluctance to make such a decision for numerous reasons: lack of inventiveness, fear from change, lack of responsibility, inclination to improvising and unwillingness to share responsibility, should certainly be the reason for certain other research in order to get an insight into the existing dilemmas and resignation.

The approach to quality management implementation in the Serbian non-profit organizations is still negative, which significantly reduces their final outcomes. In order that such a situation should be changed, it is necessary that proactively oriented non-profit organizations in Serbia accept and implement some of the quality management models. Quality management means quality revolution [16] or a shift in the business paradigm that some theoreticians metaphorically term a new way of thinking in managing organizations [17]. Thus understood service quality of non-profit organizations can serve harmonize the non-profit business criteria with the European criteria. The focus upon customers and their requirements, upon the processes, and upon the team work [18] should be the basis of all the quality management models implementation.

5. Conclusion

It is important that non-profit organizations give a serious thought to the sustainable development. Modern times impose the need to reconsider the crucial role these organizations play in the society, which should additionally make them oriented towards more innovative, more responsible and higher quality services, which implies the need for their evaluation and self-evaluation.

The implementation of any quality standard model and the service quality evaluation creates an opportunity

for a timely reaction, correction of possible errors and adjustment to the requirements coming from the environment, which all contribute to achieving competitive advantages in the marketplace. The authors recommend that non-profit organizations implement one of the process models of quality management if they want to achieve better performance and higher efficiency and effectiveness. The practice so far has proved that a properly implemented quality system allows for the evaluation of all performances, hence their improvement too. The evidence can be found in numerous journals in this field [19].

Regardless of a large number of problems non-profit organizations encounter in the process of measuring their performance, efficiency and effectiveness, it is important that each individual employee be accountable for the work he/she performs and strive towards a permanent improvement of the quality of services and processes they provide. The key role here is the role of the management of non-profit organizations. In his contemplations concerning this matter, Drucker stresses [20]: *The task of management is not to make everybody boss, but to make everyone a contributor.*

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