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## Organizational Effectiveness Frameworks in Public Health Nonprofit Systems: A Case Study

Morgan Floyd  
*University of Kentucky*

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Morgan Floyd, Student

Sarah Wackerbarth, PhD, Committee Chair

Dr. Linda Alexander, Director of Graduate Studies

**ORGANIZATIONAL EFFECTIVENESS  
FRAMEWORKS IN PUBLIC HEALTH NONPROFIT  
SYSTEMS: A CASE STUDY**

**CAPSTONE PROJECT PAPER**

**A paper submitted in partial fulfillment  
of the Requirements for the degree of  
Master of Public Health  
in the  
University of Kentucky College of Public Health**

**By  
Morgan Floyd**

**Lexington, Kentucky  
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**ABSTRACT**

*Problem:* Nonprofits, especially in public health, have become more and more prevalent in recent years. With that increase in support, come greater awareness from stakeholders evaluate nonprofits as effective and impactful on the communities they serve.

Frameworks of Organization Effectiveness allow investigators to predict how effective an organization might be in their work. The aims of this study were to identify key Organizational Effectiveness frameworks that could be used to evaluate Nonprofits and use them in practice. Therefore, individuals wishing to become involved with effective nonprofits will be empowered to make good investments of volunteer time and donations

*Method:* This study was conducted using a case study approach. The researcher conducted interviews with three key informants of WaterStep, a nonprofit in Louisville, Kentucky. Thematic Analysis was used to identify underlying themes that would correlate to the Organization Effectiveness frameworks. Furthermore, the financial reports published online by WaterStep were quantitatively analyzed compared to another nonprofit, Charity Water.

*Results:* Individual information as well as themes from the interviews were fit into the criteria for each framework. The Multiple Constituency Framework was deemed to be the most appropriate and subjective for requiring the stakeholder to measure various determinants of NPO effectiveness such as focus, fiscal efficacy, and program effectiveness. This framework also allowed for the greatest subjectivity of the stakeholder and could therefore be used accurately in determining effectiveness of other NPOs.

## INTRODUCTION

For a number of years there has been an increased sense of social responsibility in humanitarian engagement worldwide. In the United States, current humanitarian efforts have been popularized by conscious consumerism with brands like Toms Shoes and Warby Parker as well as campaigns like Invisible Children. (Sole Survivor, 2011) (WARBY PARKER, 2012) These efforts attempt to encourage everyday individuals to think about our world neighbors and actively take part in making a change, whether that is through something as simple as buying a fair trade product or volunteering one's time. However, this growing trend in nonprofit and volunteer work demands evaluation and quality control of these organizations to make sure dollars and efforts are being used as intended. This criticism of nonprofits is not unfounded. In Giving USA's 2015 Annual Report, Americans donated a total of \$358.38 billion in 2014, which was an increase of 7.1% from the previous year. To further break this statistic down that would mean an average household would donate a little under \$3,000 a year. (Lilly Family School of Philanthropy, 2015) However, there have been concerns with NPO legitimacy since several organizations have previously taken advantage of donors' good intentions. For example, roughly 2,000 websites claiming to be charity groups for victims of Hurricane Katrina were scams. (Aviv, 2005, p. 9) These realities can riddle donors with mistrust and demand the question of "which" organizations are legitimate, which ones are making an impact, and which are making an impact in the right way. With so many dollars being given to the nonprofit sector, donors are concerned with the amount of money nonprofits are spending on the programs they implement. To meet this concern, Watchdog agencies have been created to hold NPOs accountable. (Amagoh, 2015) One well-known nonprofit

watchdog, Charity Watch, claimed that “the expectation should not be for a charity to have zero overhead, but rather that it be transparent and reasonable about its overhead spending. (AIP Top-Rated organizations generally keep overhead down to 25% or less.)” (Charity Watch, 2011) In the field of public health, conversations of effectiveness and relevancy have guided aid towards more sustainable approaches and solutions. In 2014, almost 8% (Lilly Family School of Philanthropy, 2015) of all household donations were specifically donated to health-based nonprofits, which although appears to be a small percentage is actually a substantial amount of dollars.

### **Uniqueness of Nonprofits**

In the realm of nonprofit efficiency research, special emphasis has been given to the role of boards, although the necessary structure is sometimes left ambiguous. In fact, in a report from 2008 one nonprofit states “boards of directors make a difference in the effectiveness of NPO’s, but how they do this is not clear” (Herman and Renz, 2008, p. 401). The board of directors can function as a governance board or as more of a visionary board, but regardless of its focus, any board would still have the power to hire/fire the CEO and therefore direct the leadership of the NPO. (Stone, 2007) Board leadership allows for nonprofits to form stronger ties with the community and the for-profit sector since many board members are expected to come from various organizations in the community.

One key feature of nonprofits is the ability to utilize meaningful volunteer effort. Unlike for-profits, which may hire interns seeking experience, nonprofits not only commonly utilize but also come to depend on their volunteers to make projects

successful. Because the majority of NPOs struggle with limited funding and relatively small staffs, many could not function without the aid of volunteers. (Mook, et al. 2014). These volunteers are a vital and unique aspect of nonprofit efficiency and it is estimated that in the United States “65 million adults provide volunteer services each year.” (Greenlee et al., 2007, p. 666-667)

### **Organizational Effectiveness**

Nonprofits have humanitarian goals focused on several different initiatives simultaneously. True to its name, a for-profit organization strives to produce a profit. “In an [NPO] however, a large profit may signal that the organization is not providing the services that those who supplied resources had a right to expect.” (Tucker, 2010, p. 20) While NPOs are not expected to have a significant amount of loss, they are also expected not to have a significant amount of profit. Much of the functional use of NPO effectiveness calculation is done using financial measures focused on sustainability rather than profit (Liket and Maas, 2015). Studying these NPOs through an organizational lens can help stakeholders and volunteers determine which nonprofits can be considered effective and therefore worthy of interest, time, and money. The term Organizational Effectiveness (OE) originated from 1950’s research rooted in organizational sociology, business, and industrial psychology (Lecy, Schmitz et al. 2012).

The idea was that an organization would be effective based on a list of parameters further sectioned into frameworks. For the most part, the term “effectiveness” is extremely subjective. Some would say that it would mean an NPO allows for changes in their initiatives as the reality of the situations change. For others, effectiveness is the

ability to generate money from donors and stretch those dollars as far as possible. The definition may also change depending on the type of NPO. “International relations scholars might use the term effectiveness to describe the ability of [NPOs] to mobilize networks of actors and change public discourse around issues, whereas nonprofit scholars are more likely to use the term effectiveness to describe a set of managerial practices and financial controls.” (Lecy, Schmitz et al., p.449)

Regardless, a formal structure showing how a nonprofit could be effective would be seen as an important tool. “Funders might use it as an aid to decision making in their selection of grantees, and to support their capacity building efforts for grantees.” (Liket and Maas, 2015 p.270) Others may use OE frameworks to decide if they indeed want to volunteer time and a particular NPO or not. These frameworks can be used in some quantifiable way to deem an NPO effective or not, but there is great debate upon which framework is the most accurate.

### **Organizational Effectiveness Frameworks**

One of the first frameworks created was called **Goal Attainment** and is defined simply as a nonprofit completing its set list of goals or objectives (Liket, 2015) While this is a very basic way to understand effectiveness, a good majority of research in this field has used only this model (Herman and Renz, 1999). Looking at effectiveness through this framework allows for unique goals and objectives to be acknowledged for every specific NPO, which will vary depending on the NPO’s focus or mission. However, this Goal Attainment makes it difficult to compare effectiveness among a group of NPOs since the goals that they seek to accomplish might be different. Perhaps the greatest critique of this



framework is that NPOs often set a list of goals where several are potentially in conflict with one another and may never be realized. (Lecy, Schmitz et al, 2012)

In the **System Resource** framework, NPO's should be focused on resource procurement (Balsler, 2005) and sustainability rather than on the impact in communities (Lecy, Schmitz et al, 2012). Every NPO is aimed at some sort of "effect" whether that is poverty, or water, or gender equality or a number of social justice issues. The idea of this framework is that if the NPO is successful in continuing resource procurement and competing with other NPO's who draw resources from the same donors or who are focused on the same thing, then they are most likely meeting the standard of being effective. (Liket and Maas 2015, p.271) The biggest critique of this framework is that it does not take into account the impact of NPO initiatives in the community. This means that an NPO that had very little impact on the community, but had wealthy stakeholders who wanted to donate, would be considered effective.

The **Reputational** framework relies on the perception of stakeholders, community members, and organizations that function within the network of the NPO (Balsler, 2005). If an NPO has a good reputation and is respected in its network, then it will be able to have resources and opportunities far beyond its immediate reach. Furthermore, that reputation often indicates past performance and behavior which could indicate a history of success (Lecy, Schmitz et al, 2012). Reputational is the most subjective of the three original frameworks since perception will vary from person to person. However, this is how it has received the most criticism because as different individuals perceive effectiveness differently, the measure will be inconsistent.

After years of research, other frameworks started emerging that sought to combine the frameworks of Goal Attainment, System Resource, and Reputational. These frameworks were therefore dubbed the Multidimensional Approaches. The reason being was only looking into one dimension of an NPO could not possibly be an accurate representation of effectiveness. For example, “AN NGO might have strong management and high project impact on the ground but poor leadership and financial management at the home office.” (Lecy, Schmitz et al, 2012, p.445) If there was only one level of structure analyzed, then we might be quick to call that organization ineffective despite its significant societal impact.

### **Multidimensional Approaches**

The first multidimensional approach has been labeled the **Emergent** framework or the **Social Constructionist** framework depending on the researcher. For purposes of this paper, it will be referred to as Emergent. According to this framework, NPOs are most effective when they are able to have an ongoing relationship with those they influence and together can work to accomplish the goals both help to set. Depending on the individual stakeholder, some opinions of effectiveness will count more than others (Balser, 2005).

Another framework is the **Multiple Constituency Model**, which is the most complex. To assess effectiveness, one has to take into account the expectations of different stakeholders and then assess all of these expectations through a panel of evaluators. (Balser, 2005) In the Multiple Constituency Model, concepts like accountability or innovation are much more likely to be included since certain

stakeholders are much more likely to include those in their expectations. According to a report by Liket and Maas in 2015, the most important characteristics for stakeholders are Transparency (through Reporting, Accessibility, and Online Publication), Organizational Characteristics (through focus, Strategy, and the board) and Programs (through Design, Ownership, and Evaluation).

### **Other Frameworks**

There have been other frameworks only briefly discussed in literature. Many of these are also applied to the for-profit private sector but still have great relevancy for NPOs. The most common are:

**Internal Process** states that the organization is most effective when the NPO can operate smoothly and function as a whole.

With internal process, the opportunity for successful innovation is key. If an organization has the ability to function smoothly, that is indicative of strong leadership, board agreement, and clear vision for the NPO as a whole. The ability to be flexible and utilize technology (Batra, 2006) and innovative solutions is vital for Internal Process.

**Legitimacy** considers the activities an NPO undertakes and if they are legitimate in terms of their objectives.

If an NPO has a goal of addressing a particular need in the community but funds programs that aren't specifically towards that purpose, one might question the legitimacy of their actions. In a study in 2011, Managerial Effectiveness, Program Effectiveness, Network Effectiveness, and Legitimacy were shown as being key indicators of NPO effectiveness (Lecy, Schmitz et al, 2012, p. 449-450).

**A Fault Driven** framework analyzes how many mistakes an NPO has made and therefore will have an indication of ineffectiveness.

This is important because an NPO cannot afford to be seen negatively in the eyes of their stakeholders. This framework is often discussed along with the systems resource framework.

**High Performing System Frameworks** compares performance to other NPO's addressing same needs. (Cameron, 1986)

If two NPO's are focused on a similar initiative and one is better at generating funding but the other is better at impactful programs in towards that initiative, the more impactful one will be seen as more effective. The performance of the NPO is key in this framework and acknowledges that while some NPO's are better at functioning as a money-sustaining entity, the ones that stand out in their fields in terms of performance and insight are typically the most effective. This framework is often discussed along with the reputational model.

*Frameworks and their Criteria*

<b>Goal Attainment</b>	<b>Multiple Constituency Model</b>
Set of Goals	Accountability and Innovation
Clear Focus	Transparency
Achieving Goals	Programs
<b>System Resource</b>	Organizational Characteristics
Resource Procurement	<b>Internal Process</b>
Competing NPO Performance	Strong Leadership
<b>Reputational</b>	Board Agreement
Perception of Stakeholders	Clear Focus and Vision
Past Performance	<b>Legitimacy</b>
<b>Emergent</b>	Addressing Appropriate Need
Community Partners	Managerial Effectiveness
Collaboration of Field Goals	Network Effectiveness
Long-lasting Partnerships	Program Effectiveness
<b>Fault Driven</b>	<b>High Performing</b>
Past Errors	Other NP's Comparison
Reputation of Success	Impact in Community
	Performance Metrics

**The Water Crisis and Nonprofit Response**

One of the largest threats to human beings on this planet is the lack of access to clean drinking water. The World Health Organization estimates that 1 in 10 people around the world do not have a stable or safe source of water. This number comes out to be roughly “748 million people, more than twice the population of the United States.” (UNICEF, 2014) This crisis is so devastating not only because water is a necessity of biological life, but it is also one of the largest vectors of diseases like malaria and dengue

fever. In a report by UNICEF, an estimated 2.2 million people die from diarrheal disease a year (1.8 million of those being children under 5) (UNICEF, 2013). This is estimated to be about “4.1% of the total Disability Adjusted Life Year (DALY) global burden of disease” (Hatami, 2013). It is not only the existence of unclean water that leads to such health disparities, but also sanitation and hygiene (the combination of the three, termed ‘WASH’). (Prüss-Ustün et. al., 2014)

In response to this crisis, numerous organizations have focused on making clean water a reality around the world. One of these organizations is WaterStep, located in Louisville, KY. Since 1995, their mission has been “Save Lives with Safe Water.” WaterStep uses a community model of aid focused on School Water, Home Water, Water Technology, Wells, Hygiene Education, Safe Water, and Better Health. (WaterStep, 2015) One of its most successful endeavors was the creation of the M100 chlorine generator. The M100 model is a system that chlorinates water using only a car battery and table salt. Another key initiative is the hand pump repair training that they give to communities with preexisting, but constantly broken hand pumps.

WaterStep has worked in over 26 countries with current emphasis in areas of Nepal, Uganda, Kenya, and Costa Rica. In order to generate extra revenue for their projects, WaterStep also created a “Shoes for Water” campaign that requests old shoe donations. Those shoes are then sold to an exporter and the revenue is put towards water projects. For the purposes of this study, WaterStep will be analyzed through a variety of Organizational Effectiveness Frameworks. It is the goal of this study to provide a real-world example of OE frameworks based in literature. It is hypothesized that the most

appropriate OE framework will take into account WaterStep's initiatives on a multidimensional yet subjective level.

## **METHODS**

An exploratory case study approach was used in order to discover what OE framework would be the most appropriate tool for stakeholders who are deciding on nonprofit involvement. This research design was selected because the researcher cannot manipulate behaviors and must instead rely on "direct observation and systematic interviewing." (Yin, 1990)

On October 27<sup>th</sup>, 2015 the author traveled to Waterstep, in Louisville, Kentucky. During the course of the day, key informant interviews took place at WaterStep's office (N = 3). The same list of 10 questions was asked at each interview and had been drafted from requirements of the OE frameworks. (See Index) To insure content validity, the list of questions was pilot tested on a former intern of WaterStep and she provided feedback to the appropriateness of the questions. The three individuals were the CEO/Founder of the NPO, a full-time staff member who had been working in the NPO for almost 20 years, and then a recently hired full-time staff person. The CEO was asked to provide the names of the two additional staff members to interview and therefore were not selected by the choice of the researcher. Semi-structured interviews were given on two separate occasions. (Campion et. al., 1994) The first was a one-on-one interview with the CEO at 11:30 AM EST and the second was held at 3:00 PM the same day. During the second interview, the two staff-members were interviewed together for the purpose of time and previous work commitments.

After the interviews were recorded, the researcher coded each interview. This was performed manually and attempted to identify words or phrases that correlated with the Organizational Effectiveness frameworks. Furthermore, the researcher identified when participants responded similarly or the same as the each other. These coded words or phrases were then evaluated through thematic analysis. The themes were again analyzed and placed into Organizational Effectiveness frameworks to compare each framework's definition of "effectiveness."

In order to comply with some frameworks' demand for quantitative data, the financial 990s tax forms, publically published online by WaterStep, were analyzed as well as those for Charity Water (for comparison). This archived data was compiled into the Organizational Effectiveness frameworks along with the qualitative data.

## **RESULTS**

The interview questions were structured based on determinants mentioned in the Organizational Effectiveness Frameworks. They were formulated to be open ended to allow for interpretation of each participant. As the interviews were compiled and then analyzed, clear themes became apparent. Furthermore, 990s were obtained from years 2010-2012 and they were compared to the 990s of Charity Water, a larger international water NPO.

### *Themes*

The first theme that emerged was the consistency of the perceived **focus** of the NPO from all participants. When each participant was asked "Please describe the focus of



WaterStep.” Every participant answered with the NPO’s slogan “Save Lives with Safe Water.”

**Name recognition** was a huge part of that consistency. Each participant retold the story of how WaterStep changed its name from Edge Outreach in order for the mission to match the name. Participant 2 (P2) described that it was difficult to narrow the focus of Edge Outreach down to water, since the organization previously organized faith based missions for youth in the city of Louisville. However, the desire for name recognition and encouragement from the board caused this NPO to change its name to WaterStep.

Another theme that emerged was the need for fundraising and networking expansion by **board of directors** for the NPO. According to the interviews, the board of directors for WaterStep is not a governance board, but rather a visionary one. Participant 1 (P1) stated, “ When disagreements happen, there just has to be a learning curve... Usually boards deal with governance, vision, and fundraising. When boards are focused too much on board governance, it is likely that they will not be as focused on the fundraising side... and we need our board to fundraise.” Participant 2 (P2) reiterated how connected many of the board members were in the community and the different opportunities that could be made available to WaterStep.

The theme of **transparency** also appeared across all interviews. For all participants, this theme emerged from Question 9 “What information do you give to stakeholders who are invested in your NPO in regards to the effectiveness of WaterStep?” Participant 3 (P3) explained how, like all 501(c)3 NPOs, they published their 990 financial information online. She explained how important transparency was for the stakeholders. P1 stated the need for what he called “metrics” that could potentially

show WaterStep's impact community partners. Furthermore, transparency for realities in the water crisis was important. "We have videos and pictures as well as knowledge of this market as a whole," which stakeholders could see and feel more involved with.

According to P2, "Reports, 990s, and updates are visual, physical information for our stakeholders and can see our manufacturing work as well as field work. This is why people become big donors." P2 continued by saying some of the main donors of WaterStep are those who come in to volunteer and see how the NPO functions from day-to-day. Furthermore, P2 responded, "For program management, we have a pre and post surveys. I drafted them through the help of someone at UNICEF." The teams implementing the initiative in the field review these surveys.

**Innovation** was something P1 claimed was vital to WaterStep. "In terms of ground work, you have to be light on your feet and be able to change quickly." P2 also reported "[One of our staff] has taken fundraising in an innovative direction and we are building deeper relationships with donors." Innovation was described as vital to all aspects of WaterStep's projects both in field operations and with fundraising strategy.

Lastly, the most prominent theme that appeared in the interviews was the necessity of **relationships** not only in the United States but also abroad. In every interview, participants described their new "distance learning" initiative. P1 responded, "In Kenya, we are sending health and hygiene equipment... We are initiating our distance-learning program with the key goals of communication and relationships over long distances with our partners in the field." When asked Question 5 "Ideally what would the communities you served look like if all your goals were met," P2 responded with "Besides clean water for everyone, we would have long-standing relationships and

networking.” Those networking abilities have aided WaterStep with practicality as well. P1 said, “In our building we installed a video training system better than Skype to communicate with Kenya. Because of a relationship with individuals in the cable industry, it brought the price of our fiber optic cable down from \$40,000 to \$750 for installation. We also networked with the Baltimore Catholic Brotherhood who went into the slums to help begin this project.” P3 reported “We are trying to have nationals teach other nations... we will have a broader reach without hiring more people.”

#### *Fitting WaterStep into Frameworks*

Goal Attainment	
Set of Goals	"List of Strategic Goals" (P1,P2)
Clear Focus	"Save Lives with Safe Water" (All Participants)
Achieving Goals	Majority of Strategic goals met

1. When analyzing WaterStep through the **Goal Attainment** framework, the list of objectives of the organization as well as the focus is taken into account. Since one of the significant themes of the interviews was the unanimous identification of the focus of WaterStep, this would indicate a positive correlation to effectiveness. However, P1 indicated that while “there is a set of strategic goals built by the staff and the board,” they do not consult them often. P2 claimed that a clear focus usually directly results in fulfillment of the strategic goals. These goals were: Increased Revenue, Communication, Innovation, and Governance/Oversight. (See Index)

System Resource	
Resource Procurement	"\$1,393,737 generated in 2012" (WaterStep's 990 form)
Competing NPO Performance	Compared to Charity Water, the difference is roughly \$31,397,416. (Charity Water's 990)

2. **System Resource** will lead the observer to ask how WaterStep functions in resource procurement as well as competing with other NPO's in the same field. According to the most recent 990 financial forms of WaterStep, the NPO generated roughly \$1,395,737 in revenue during 2012 and was able to spend roughly \$974,248 on clean water initiatives (accounting for all salary and fundraising expenses). During the same year, Charity Water reported revenue of \$32,793,153 and was able to commit \$23,542,782 towards clean water initiatives. When looking at the percent of total income of each NPO, WaterStep spends 69.8% strictly towards water initiatives while Charity Water spends roughly 71.8%.

Reputational	
Perception of Stakeholders	Good reputation as the "Green Berets of Water" and strong social media presence.
Past Performance	International recognition for suitability

3. **Reputational** would assess WaterStep's reputation in relation to its stakeholders and those communities it interacts with. When asked about WaterStep's reputation P1 responded, "We did a presentation in Denmark at Sustania 100. We were ranked in the top 100 sustainable products that changed the world... WaterStep has been named the Green Berets of Water. We have also worked with the department of Homeland

Security and the EPA because we have a disaster kit that is one of a kind.” In P2’s interview it was reported that that, “We have been very intentional about having a regular media/press presence. Facebook and other social media have helped us a lot, and three years ago we hired a publicist. [The CEO] makes lots of appearances and we are now trying to figure out how to get our image [in the United States] outside of Louisville.” There was even an interesting story by P3. “In one of the communities we partner with, they have made WaterStep shirts for their team and there was even a WaterStep logo on the side of a water truck that we passed. We knew who they were, but still, it was surprising to see our logo. When we see our name being used for legitimacy in another country, it really helps.”

<b>Emergent</b>	
Community Partners	Heavy focus on partnerships with local communities
Collaboration of Field Goals	After the Philippine’s Crisis, WaterStep committed 100 units on standby for disaster relief
Long-lasting Partnerships	Catholic Brotherhood and Community Partners

- The effectiveness of Waterstep through the **Emergent Framework** depends on the lasting relationships that WaterStep makes with the communities they are involved with. Additionally, those communities help WaterStep generate additional goals aiding the community. P1 reported “We have learned from the past and have always made sure to have at least 100 M100 units on the shelf in case of crisis. We learned this from the hurricane in the Philippines. We asked how we could remodel our manufacturing and lock up 1000 units on the shelf... That was a goal that has been met.” P2 and P3 also reiterated the relationship with the communities as they spoke

about the distance-learning program and the opportunity to involve individuals from the partnered communities to empower their own people. In terms of long lasting relationships, P1 spoke of enduring partnerships like the Catholic Brotherhood in Baltimore, which increased the productivity and success of WaterStep’s endeavors.

<b>Multiple Constituency Model</b>	
Accountability and Innovation	Stakeholders are involved in projects, distance learning program is an innovative solution to increase reach
Transparency	Yearly online 990 forms, videos, and documentation of NPO projects with communities
Programs	Evaluation of programs through pre and post surveys
Organizational Characteristics	Very apparent focus, visionary board of directors, and detailed strategy

5. The WaterStep interviews and themes are difficult to fit into the **Multiple Constituency Model** without a pre-existing idea of stakeholder demands of the NPO. One of the themes of the interviews, transparency, is a key determinant of this framework. WaterStep is transparent though “Online 990s through the internet” (P3) as well as videos and documentation of projects and initiatives (P2). The Organizational Characteristics also can be fulfilled with the previously mentioned theme of focus. “Save Lives through Safe Water” was a clear focus of the NPO. The visionary board of WaterStep is also evaluated in this framework. “Most people on the board of directors were originally friends. Now it is a group of people more connected, experienced, and with access to resources. They meet for one hour a month. I don’t connect with them as often as I would like. However, their great networks can be beneficial... they look out for WaterStep’s connections.” (P1) In

another interview with P1 it was also apparent that the board was one of the main drives to change WaterStep's name from Edge Outreach.

<b>Internal Process</b>	
Strong Leadership	Current CEO is original founder
Board Agreement	Less cohesive than other aspects of WaterStep
Clear Focus and Vision	"Save Lives with Safe Water" (All Participants)

6. The **Internal Process** categories are determined by strong leadership, board agreement, and focus. Innovation was named a crucial feature of the NPO by P1. The ability for innovation indicates a unified organization. Furthermore, since the focus of WaterStep was reported the exact same from every participant, it is clear there is no misunderstanding as to the direction of WaterStep. Board agreement was reported as effective but also less cohesive than other aspects of the NPO. In terms of this framework, the board agreement would be considered the only significant drawback.

<b>Legitimacy</b>	
Addressing Appropriate Need	Targeted areas of need by international statistics and field experience
Managerial Effectiveness	Not directly addressed in the interviews
Network Effectiveness	Heavy focus on partnerships with local communities
Program Effectiveness	The existence of pre and post survey data

7. **Legitimacy** requires the researcher to evaluate WaterStep programs. In the past WaterStep had to “refine its focus” (P2) in order to funnel all its resources into the water crisis. It was a major shift since previously that attention had been shared with local youth mission services. WaterStep’s initiatives now include water health and hygiene, the creation of the M100 chlorine generator, hand pump repair, and water transportation systems for people who carry water long distances. (WaterStep, 2015)
- In order to evaluate effectiveness, it must be determined if all the initiatives meet the focus of “Saving Lives with Safe Water.” The program effectiveness of this framework can be fulfilled from the existence of pre and post surveys that P2 created with the help of UNICEF. Network effectiveness, as previously stated, is a theme of the NPO and which has successfully networked with stakeholders both in the United States and in the local communities. Managerial effectiveness is the only aspect not directly addressed in the interviews.

<b>Fault Driven</b>	
Past Errors	Not directly addressed in the interviews
Reputation of Success	Name change was a slight misdirection, otherwise WaterStep holds a positive reputation

8. Results from the interviews did not meet many criteria of the **Fault Driven** framework. Several past mistakes were mentioned by all participants but not extensively. The switch in name, although necessary for the focus of WaterStep, confused donors and community members who were familiar with the name Edge Outreach. “Mistakes” of the NPO were not documented in any useful detail from participants.



<b>High Performing</b>	
Other NP's Comparison	Not as successful in generating donations and grant money as larger organizations such as Charity Water
Impact in Community	Long-standing relationships and programs
Performance Metrics	Unique disaster relief kit

9. The **High Performing** framework would indicate that there are numerous other agencies that meet the same needs as WaterStep, but on a larger level. Charity Water reported \$32,979,756 in grants and contributions while WaterStep reported \$1,072,881. (WaterStep 990, Charity Water 990) In this way, WaterStep is less effective than its larger competitors. However, according to this framework, insight to new solutions is vital. WaterStep created a “disaster kit that is one of a kind.” (P1) They have created something no other NPO in their field has created in terms of disaster response. In terms of the impact in the communities they serve, P2 reported that the longstanding relationships have continued and the local population has carried on the initiatives originating from WaterStep.

## DISCUSSION

Each framework assigned WaterStep a different level of effectiveness due to the criteria being assessed. The **Goal Attainment** framework showed the efficiency of WaterStep’s focus. This is significant because the NPO has this down to a single slogan. According to research, some NPOs struggle with maintaining a clear and specific focus. It seems that WaterStep has avoided this by incorporating it into their slogan and

therefore maintaining absolute consistency of response among participants. WaterStep's list of strategic goals and their unified focus have prevented them from having goals in conflict with one another like other less effective NPOs. (Lecy, Schmitz et al, 2012),

**System Resource** would deem WaterStep only mildly effective. Half of the criteria were met by the ability of resource procurement (WaterStep's generation of \$1,393,737 of donations in 2012). However when compared to the larger NPO of Charity Water, we find that this resource procurement pales in comparison. It should be noted that it appears this framework is naturally prejudice against smaller organizations. Obviously, larger NPOs will have massive networks and better fundraising capabilities. Stakeholders assessing NPOs under this framework should then ask themselves if resource procurement should be necessarily compared when making investment decisions. Instead, it was interesting to see the percentages spent on initiatives in comparison to total income. It seems that both NPOs are very similar in these percentages (Charity Water with 71.8% and WaterStep with 69.8%). Therefore, regardless of the amount of resource procurement, both NPOs seem to spend a very similar percent of resources on their initiatives as opposed to overhead.

It appears that the **Reputational** framework has highlighted WaterStep's originality and reputation as the Green Berets of Water. According to the interviews, the NPO is much more available to work with donors than its other, larger colleagues in the field. According to P1 "larger organizations are inaccessible. If you try to go talk to them, they will not let you in the building without an appointment or if you know someone in the executive office. We try to be more accessible." While this open-door policy is good to have, the reputational approach also shows the lag in acceptance of WaterStep's name

change from Edge Outreach. The community was confused initially, but that name change turned out to be a strategic move in terms of international comprehensibility.

Moving on to the more complex frameworks showed WaterStep's further intricacy and challenges. In the **Emergent** framework, the collaboration between crisis management and future planning is apparent. WaterStep was very efficient in allowing experience to guide its preparation. The **Internal Process** Framework joined together facets from previously mentioned frameworks but did not identify any unique measure of efficiency besides board agreement. This is the first framework that identified the work of the board; considered a very significant measure of effectiveness. The **Legitimacy** framework further elaborated on WaterStep's focus by answering the question of "how" are they meeting that focus. The framework asks stakeholders to analyze the legitimacy of the programs the NPO create and if they are appropriate for the areas they work with. According to P1, "There needs to be a connection with a broader picture. Experience needs to be taken from leaders in the field." This legitimacy is, in fact, a real need in the field and this framework proves an accurate measure.

**Fault Driven** framework was not found to be a good measure of WaterStep due to the general lack of information given by participants. Since much of the interviews indicated the necessity for innovative thinking and change, assessing past faults would not be applicable unlike an assessment of a rigid NPO that was reluctant to change. Furthermore, stakeholders that would be using this framework would not necessarily be aware of the past failures of the NPO they are evaluating. A stakeholder using the **High Performing System** framework will encounter the same issues as those in reputational when comparing small NPOs to larger ones. The larger NPOs will have more resources

and be able to reach more communities with their initiatives. However, the uniqueness of the High Performing System makes it a better measure of effectiveness than reputational because it takes into account the unique solutions that WaterStep has created (such as the disaster relief kit and the M100 chlorine generator).

The framework that naturally accounted for all prevalent themes from the interview was the **Multiple Constituency Model**. Transparency, Focus, and Board Agreement (the last two being Organizational Characteristics) are all the themes from the interviews and coincided with the framework seamlessly. This framework appeared to cover the key aspects from most other frameworks while eliminating characteristics inapplicable to or unrepresentative of WaterStep. This framework relies on the expectations of the different stakeholder that evaluate the NPO. However, most often concepts such as accountability and innovation are important characteristics that all stakeholders are looking for. This framework seems to be the most generalizable as well since it not only takes into account different opinions of stakeholders but also aspects from organization, program, and reporting levels of NPO functions. (Liket and Maas, 2015) The framework will guide stakeholders to view the financials of the NPOs they decide to become involved with, as well as the programs. Hopefully, if a stakeholder uses this framework, he or she will grasp a more in-depth view of the NPO than a one-dimensional approach. Therefore, according to this study, the Multiple Constituency Model is the most appropriate framework stakeholders can utilize to measure nonprofit effectiveness on their own.

## CONCLUSION

Opinions of stakeholders are extremely important for NPOs who rely on their monetary support and physical involvement. Since a standard measure for NPOs does not exist, organizational effectiveness frameworks could give stakeholders a tool to compare several NPOs at once. This study hoped to show a real world example of using structures found in literature and use WaterStep as a measure of those frameworks. After an analysis of the semi-structured interviews from WaterStep's key informants as well as the online financial data, the most comprehensive framework appeared to be the Multiple Constituency Model. This framework measures key stakeholder concerns such as transparency, accountability, program effectiveness, boards, focus, and program documentation. These appeared as key themes of the interviews with the participants of this study. All of these indicators were able to show a well-rounded and clear picture of WaterStep's effectiveness on multiple levels. The framework also allows for subjectivity based on the individual assessment of the stakeholders. This study was intended to be generalizable for OE frameworks in other NPO assessments. The value for this study for public health is the verification of such a tool for stakeholders to use when supporting NPOs. Donations towards public health NPOs only comprised of 8% of all donations for 2014 (Lilly Family School of Philanthropy, 2015). If stakeholders were more aware of a legitimacy and effectiveness then perhaps donations to public health NPO's will increase.

All participants interviewed were asked to speak on behalf of the NPO instead of personal opinions or beliefs. Waterstep is a small NPO and further research should be conducted using the same practices and interviews on a larger NPO, perhaps from another field of service to measure generalizability.

### *Limitations of Study*

One limitation of the study was the time constraints of the participants since interviews took place on a workday. Furthermore, the number of participants interviewed was small and it would have been easier to identify more diverse themes had the sample size had been larger. This study is not indicative of all NPO assessments but should instead be used as a model for stakeholders who want to use theory to drive their decisions in NPO involvement.

### *Conclusion*

In conclusion, NPO effectiveness is a very difficult concept to measure but such a necessity in today's time. With the appropriate framework and indicators, stakeholders should be empowered to make their own decisions of which NPOs are effective and therefore worthy of support. **The Multiple Constituency Model** allows stakeholders to measure:

- **Transparency** of involvement and financial information. This way, stakeholders can monitor cash flows and current programs.
- **Accountability** of programs and innovation. The NPO must be involved in initiatives that are relevant to the communities they serve while also continuously adapting to the needs of those communities.
- **Program Effectiveness.** Stakeholders will require the NPOs to operate their initiatives within certain budgets and timeframes. This ensures that stakeholders evaluate not only the quality of initiatives, but also how they are carried out.

- **Boards of Directors** and their role at communicating with and supporting the NPO. Without a strong board of directors that is able to network, fundraise, and guide the NPO, the effectiveness and functionality of the NPO is hindered.
- **Focus** of the NPO and their goals. It is important for stakeholders to understand the goals of the NPO and to examine if those goals are conflicting. Non-conflicting goals and a constant revisiting of those goals are essential.
- **Program Documentation** and understanding of the day-to-day activities of the NPO.

#### *A Tool for Stakeholders*

If stakeholders are educated on these aspects of NPO effectiveness, they will have a greater chance of supporting NPOs that actually make a difference. Educated stakeholder donations can create change in the NPOs they support because funding can direct action. This study hopes to create a tool to increase education and empowerment so individuals feel they are responsibly supporting NPOs. Structured and strategic questions stakeholders ask would be the greatest tool to determine effectiveness. Questions should be drafted from the aspects of the Multiple Constituency framework and should be generalized enough to be applicable to multiple NPOs. An example of structured questions would be:

<b>Categories</b>	<b>Criteria/Questions to Ask</b>
Transparency	What financial data is published online? Are there many volunteers that interact with the NPO regularly and what is their opinion of the NPO?

Accountability	How involved are stakeholders in projects? Are initiatives documented or reports distributed to interested parties? Are NPO innovations relevant to the need of the community and is the community able to have input in the program decisions?
Program Effectiveness	Does the NPO evaluate the impact of its programs? If so, what is used and how impactful are initiatives shown to be? Are initiatives completed or operated in a reasonable amount of time? Can the initiatives be completed within budget?
Boards of Directors	Does the NPO have a strong board of directors? What organizations are board members involved with in the community? Is it a governance or visionary board of directors?
Focus	What are the goals of the NPO and how are they met? Do they conflict with each other? What is the focus and is everyone on board?
Program Design	What are the day-to-day activities of the NPO? How are programs set up and organized? How are programs funded and does that design allow for changes or innovation?

If stakeholders can identify this information along with data from watchdog agencies (like Charity Watch), then changes can slowly be made in the way NPOs speak to donors. The ultimate goal is for the best changes to be made in the best way. As P3 of WaterStep stated, “If we can change the life of one person for the better... then all of this is worth it.”



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**Index****WaterStep's 2016 Strategic Goals**

## Revenue

- To increase donation revenues by 15%, expanding WaterStep's donor base, and following a new development plan for 2016. To increase the sales of shoes and products by 15% by seeking bulk sales.

## Communication

- To show the impact water can make as the hub of community development by making more and stronger videos and using the written word to tell a more complete story all under the direction of marketing professionals.

## Innovation

- Deliver the new bleach maker to field-testing with partners. Broaden the spectrum of WaterStep's innovative distance learning program by integrating the perspective of partners who have benefitted from the program into new potential projects.

## Governance and oversight

- Expand board membership, define board positions and roles and build procedures for the operation of WaterStep.

*Interview Questions for Waterstep*

1. In your NPO, is there discussion about the idea of “effectiveness?” What does that mean to your company?
2. Please describe the focus of Waterstep?
3. What is the organizational structure of the NPO and has it been modified?
4. Does your NPO have a written list of goals and how are they determined/met? Which of those goals have you met and which are still being realized? May I have examples of goals that you achieved in the past?
5. Ideally, what would the communities you served look like if all of your goals were met?
6. Describe Waterstep’s relation to donors and stakeholders. Is the board of directors usually on board with different ideas and how do they influence the NPO’s endeavors? Has there ever been a situation or time where they were not on board and how was that handled?
7. How would you describe the reputation of Waterstep both in the local community and in international communities it has served?
8. Has Waterstep’s definition of effectiveness changed since it began as Edge Outreach and if yes, what does that look like now as opposed to the past definition?
9. What information do you give to stakeholders who are invested in your NPO in regards to the effectiveness of Waterstep?
10. How does Waterstep function at a Program, Organization, and Network levels.