

The hard and soft sides of capacity

Capacity, change and performance

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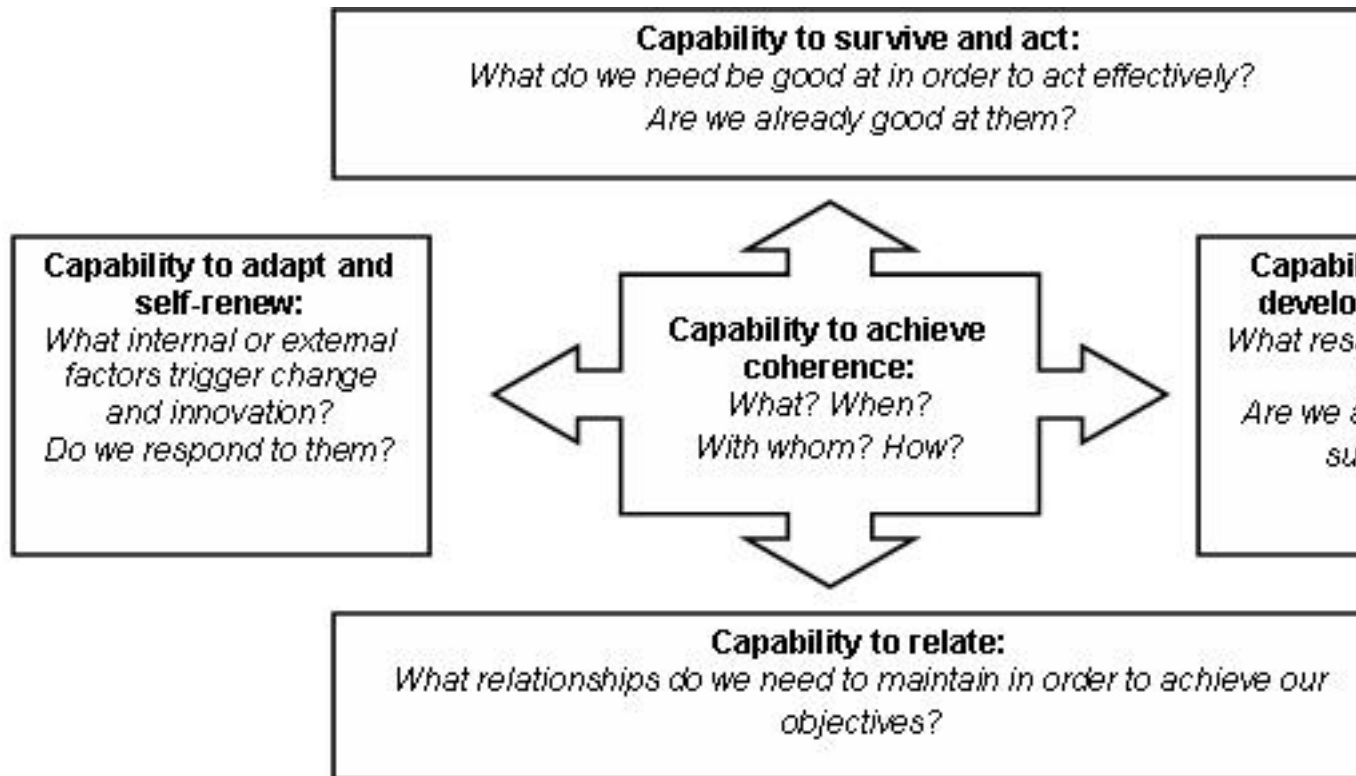
A wide range of characteristics, both hard and soft, together make up effective capacity. Niels Keijzer describes a novel framework that organisations can use to assess their own capabilities, and if necessary refocus their efforts.

Since 2004 the European Centre for Development Policy Management (ECDPM) has led a major study on capacity, change and performance, involving 16 case studies of organisations and networks around the world. One emerging finding of the study is that organisations often fail to recognise the wide range of characteristics that make up effective capacity. Among these are 'hard' aspects related to tangible 'deliverables' and associated technical skills. But there are also softer, more intangible aspects, such as leadership, staff motivation, shared values, etc., that relate to the 'why' and the 'how' of capacity development.

Analysing these hard and soft sides in a balanced manner can help organisations understand the ambiguous, nonlinear effects that typify capacity interventions. One example of the benefits of taking such a balanced view is discussed in the case study of the Rwanda Revenue Authority. In just six years, the Authority became an effective, respected institution that increased tax revenue collection from 9.5% to 13% of GDP. To do this, the organisation addressed both the hard aspects 'getting the structures, systems and procedures right' and the softer aspects, such as the leadership needed to nurture a distinct identity and value system.

Five core capabilities

Drawing on the case studies and the literature on capacity development, the study identified five core capabilities that, to the degree that they are developed and integrated successfully, contribute to the overall capacity or the ability of an organisation to create value for others. All five core capabilities are necessary; none is sufficient by itself (see figure).



These five capabilities can be used as criteria that an organisation can monitor in order to learn about changes in its capacity and performance. Assigning subjective 'scores' to these capabilities, and discussing these scores through dialogue can help an organisation, with its stakeholders, to learn from what it does. One way to assign these scores is to define 'pointers' for each of the five capabilities that are seen as most relevant and useful for appreciating how capacity evolves over time. These pointers are 'lenses' that can help capture relevant qualitative information. Note that these pointers are different from indicators, which tend to be less 'dynamic' and are used for quantitative measurements.

Possible pointers that could be used to assess the capability to adapt and self-renew, for example, include the following:

- does management encourage and reward learning?
- are all staff members able to learn and absorb new ideas?
- is change positively valued?
- is there a fruitful balance between stability and change?
- is the organisation able to adapt and respond to opportunities?
- is the organisation able to assess trends or changes and anticipate them?

Applying the framework involves five steps: 1. Explore the situation and purpose of the assessment, and identify who will take part, and how.
2. Calibrate and agree on the framework, and on the choice, interpretation and use of the pointers.
3. Gather evidence about and assess the organisation's capacity by scoring its performance on each of the pointers.

4. Discuss the draft results with stakeholders to ensure that the results paint a fair picture of the organisation's capacity in terms of their own experience.
5. Distribute the results among stakeholders.

Such an exercise could, for example, enable an organisation to realise that it is capable of better performance, but that it needs to do better at convincing its funders of this. Or it could conclude that despite its remarkable ability to survive, it has now drifted away from its core mandate (so-called 'mission creep?'). The use of the framework might also encourage reflection on how the organisation could 're-invent' itself in order to deal with a changed political situation, or to increase its impact through better coordination, more collaboration with others in the field, or greater efforts to provide feedback to stakeholders.

This framework can also be regarded as an aide memoire to check that the organisation's monitoring and evaluation (M&E) efforts address all aspects of capacity. Any approaches to assessment developed on this basis should complement what is already in use. Some organisations are now experimenting with the capabilities framework in the context of project development and M&E.

Further reading

A. Land (2004)

[Developing Capacity for Tax Administration: The Rwanda Revenue Authority](#). ECDPM Discussion Paper 57D.

P. Morgan (2006)

The Concept of Capacity (draft), ECDPM.

This article is based on P. Engel et al. (2007)

[A Balanced Approach to Monitoring and Evaluating Capacity and Performance: A Proposal for a Framework](#). ECDPM Discussion Paper 58E.

[ECDPM study on Capacity](#), Change and Performance.