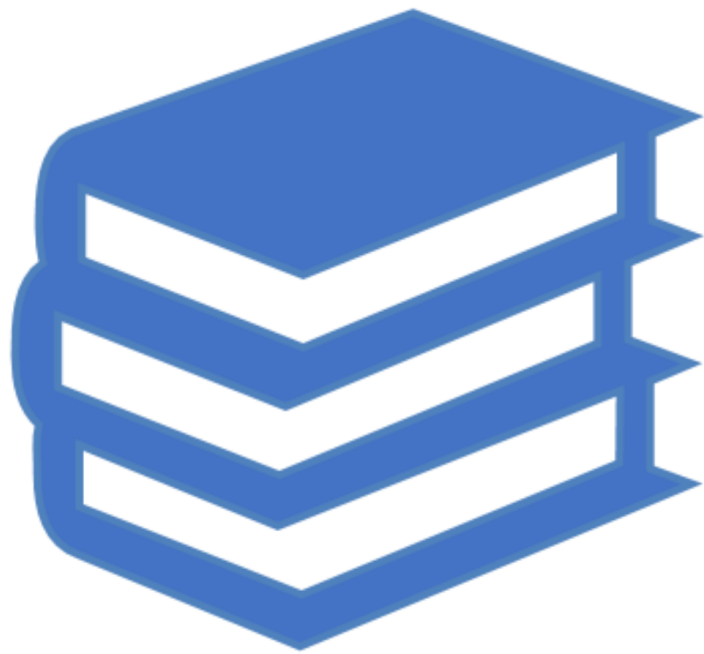


# NGO Organizational Health Assessment Report

NGO ABC

2020-12-01

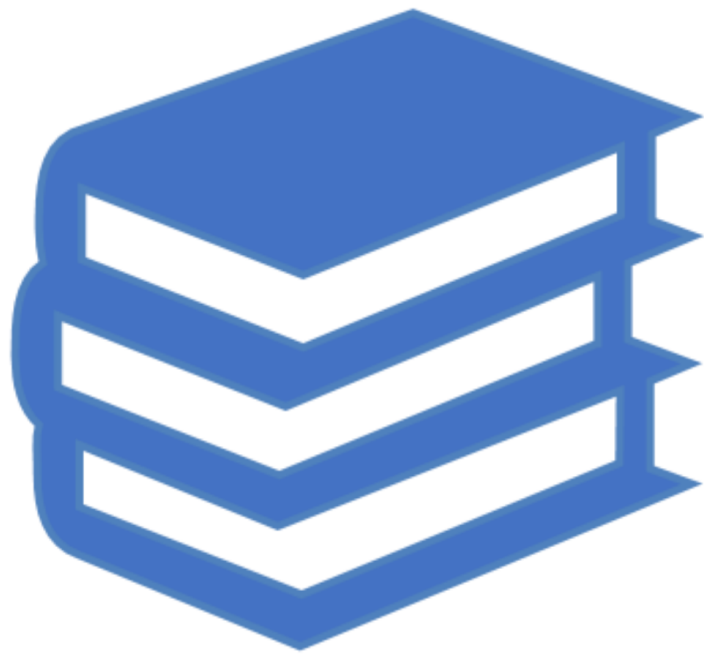


Part A:

McKinsey's Organizational Health  
(OHI) and NGO Organizational  
Health Assessment Framework  
(NOHAF)

Part B:

Finding from NGO ABC



## **Part A:**

# **McKinsey's Organizational Health (OHI) and NGO Organizational Health Assessment Framework (NOHAF)**

## **Part B:**

Finding from NGO ABC

# McKinsey's Organizational Health Index (OHI)

**Organizational Health Index (OHI) is McKinsey's proprietary tool focusing on 9 core elements that drive organizational health...**



## **Academic review**

- 834 books and articles reviewed
- 219 fact-based insights



## **Organizational health survey**

- **600+ organizations and 280,000+ responses** across industries and geographies



## **Business experience**

- Input from 100+ client individuals
- 30+ interviews with functional leaders across all disciplines

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### Reference:

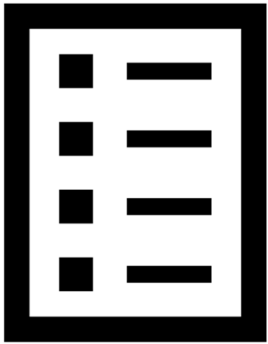
Keller, S., & Price, C. (2011). *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage*. Hoboken, N.J: Wiley.

McKinsey & Company. *Organizational Health Index*. Retrieved from <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>



# McKinsey's Organizational Health Index (OHI)

## Performance vs. Health – where are we?



### Performance

What an organization delivers to stakeholders in **mission delivery** and **operational** terms.  
(e.g., budget targets, efficient and effective services)

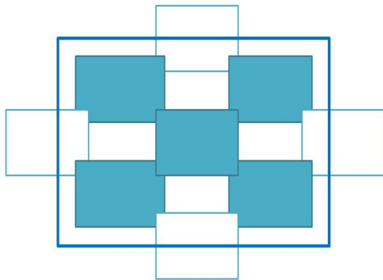
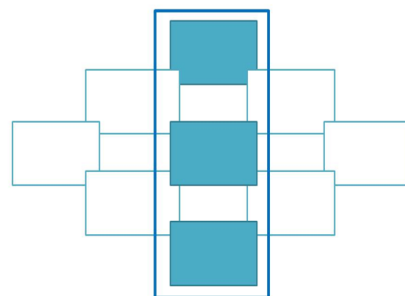
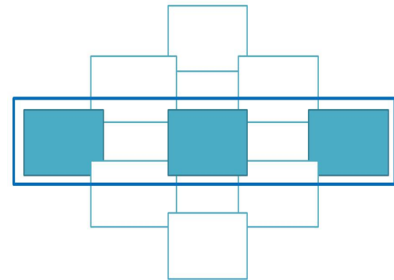


### Health

The ability of an organization to **align**, **execute**, and **renew** itself to **sustain** exceptional performance over time.

# McKinsey's Organizational Health Index (OHI)

McKinsey's Organizational Health Index (OHI) is a framework that measures the health of an organization based on the organization's abilities of **execution**, **alignment** and **renewal**.

Execution	Alignment	Renewal
How does the organisation execute against its strategy and deliver its services?	Where is the organisation headed, what is its purpose, strategy, and how supportive is its internal environment?	How does the organisation understand, interact, respond, and adopt to its situation and external environment?
		

# Different practices are separately measured on how they contribute to these outcomes and drive organizational health

## Outcomes



The Organizational Health Index characterizes health in terms of specific outcomes

However, it separately measures the practices that contribute to these outcomes, and hence examines the real drivers of health

## Practices

### Direction

- ❖ Shared vision
- ❖ Employee involvement
- ❖ Strategic clarity

### Leadership

- ❖ Supportive
- ❖ Consultative
- ❖ Challenging
- ❖ Authoritative

### Culture and climate

- ❖ Open & trusting
- ❖ Creative and entrepreneurial
- ❖ Internally competitive
- ❖ Operationally disciplined

### Accountability

- ❖ Personal ownership
- ❖ Role clarity
- ❖ Performance contracts
- ❖ Consequence management

### Coordination and control

- ❖ Financial management
- ❖ Professional standards
- ❖ Risk management
- ❖ People performance review
- ❖ Operational management

### Capabilities

- ❖ Talent acquisition
- ❖ Talent development
- ❖ Process based
- ❖ Outsourced leadership

### Motivation

- ❖ Open & meaningful values
- ❖ Inspirational leaders
- ❖ Career opportunities
- ❖ Financial incentives
- ❖ Rewards and recognition

### Innovation and learning

- ❖ Top-down innovation
- ❖ Bottom-up innovation
- ❖ Knowledge sharing
- ❖ Capturing external ideas

### External orientation

- ❖ Government & community relations
- ❖ Competitive insights
- ❖ Customer focus
- ❖ Business partnerships

## The results have suggested strong correlation with organization's sustainability

### Some Key Findings

### Evidence

1

Outcomes will determine organization's long-term success

Bottom-quartile organizations (in outcomes) are more than 2 times less likely to achieve above average organizational performance (e.g., growth, financial performance)

2

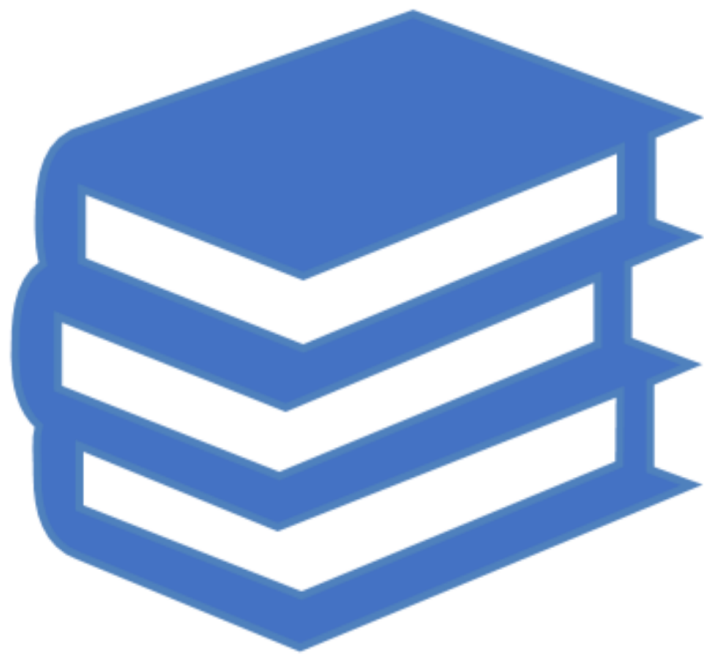
Organization outcomes are driven by management practices

A single not-effective practice reduces the likelihood of distinctiveness of an outcome by 50+%

3

Distinctiveness in a few management practices is key

Likelihood of top quartile organisational performance plateau at 80% after achieving 4 to 5 distinctive practices



**Inspired by the Mckinsey's  
Organizational Health Index (OHI)...**

**A Tailor-made Version for NGOs –  
The NGO Organizational Health  
Assessment Framework (NGO-OHA)**

## Organizational Health Index Framework – 37 Practices with 111 management styles and actions



## NGO Organizational Health Assessment Framework (NGO-OHA) – 33 Foundation Practices with 50 management styles and actions

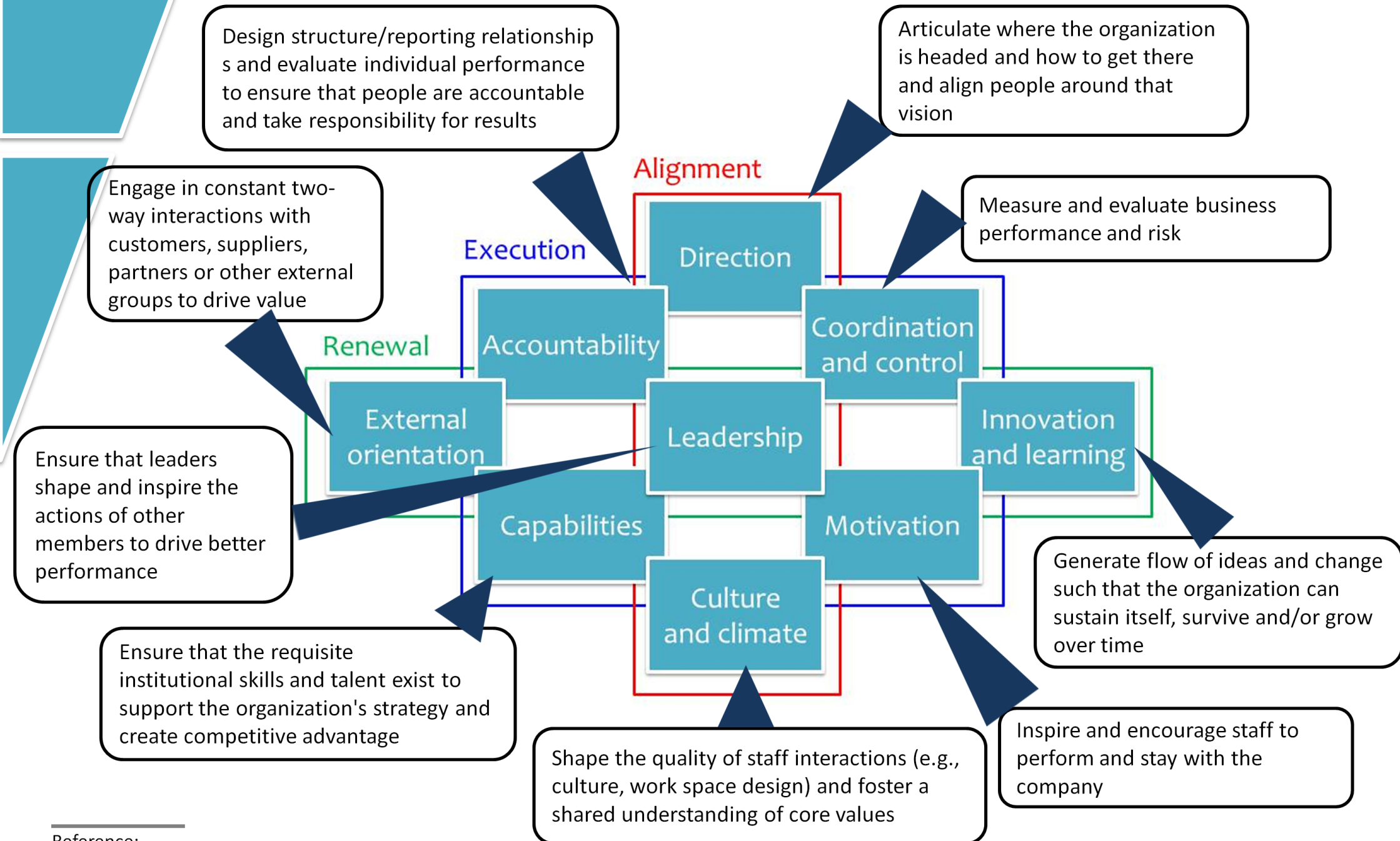


# 2012 vs 2018

Content	2012	2018
Partner	McKinsey and HKCSS	HKU-ExCEL3 and HKCSS (Inspired by McKinsey's Model)
Practices questions	111 (37 dimensions)	50 (33 dimensions)
Outcomes questions	53 (9 outcomes)	48 (9 outcomes)
Average survey completion time	50 minutes	30 minutes
Total number of Questions	164	98
Questionnaire Administration	McKinsey	HKCSS
Re-use of Questionnaire for NGOs	No	Yes Free
Number of Participating NGOs (Respondents) in Pilot Run	8 (1,055)	5 (1,267)
Validity and Reliability	N/A	The validity and reliability were tested by Confirmatory Factor Analysis and Cronbach's Alpha, the result was satisfactory.



# 9 components are categorized in 3 clusters



## Reference:

Keller, S., & Price, C. (2011). *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage*. Hoboken, N.J.: Wiley.

McKinsey & Company. *Organizational Health Index*. Retrieved from <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>



# Descriptions of the 33 practices (1/3)

Outcome	Practice	Description
<b>Direction</b>	1. Shared vision	1. Setting the direction by creating and communicating a compelling, vivid image of what the future will look like
	2. Employee involvement	2. Engaging employees in dialogue on the direction of the organization and discussing their part in making it happen
	3. Strategic clarity	3. Articulating a clear direction and strategy for winning, and translating it into specific goals and targets
<b>Leadership</b>	4. Supportive leadership	4. Leaders build a positive environment characterized by team harmony, support, and caring for employees' welfare
	5. Consultative leadership	5. Leaders involve and empower employees through communication, consultation, and delegation
	6. Challenging leadership	6. Leaders encourage employees to take on tough challenges and do more than they thought were possible
	7. Authoritative leadership	7. Leaders emphasize hierarchy and managerial pressure to get things done
<b>Culture and climate</b>	8. Open and trusting	8. Encouraging honesty, transparency, and candid, open dialogue
	9. Creative and entrepreneurial	9. Supporting innovation, creativity, and initiative-taking
	10. Internally competitive	10. Emphasizing results and achievement, with a healthy sense of internal competition to drive performance
	11. Operationally disciplined	11. Fostering clear behavioral and performance standards, with close monitoring of adherence to those standards

## Reference:

HKCSS & HKU-HKJC ExCEL3. *NGO CEO Competency Model*. Retrieved from <http://hkcsshkuexcel3.com/ceocompetencymodel/en/index.php>

McKinsey & Company. *Organizational Health Index*. Retrieved from <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>

# Descriptions of the 33 practices (2/3)

Outcome	Practice	Description
<b>Accountability</b>	12. Personal ownership	12. Accountability driven by a strong sense of individual ownership and personal responsibility
	13. Role clarity	13. Accountability driven by clear structure, roles, and responsibilities
<b>Coordination and control</b>	14. Financial management	14. Focus on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance
	15. Professional standards	15. Use clear standards, policies, and rules to set behavioral expectations and enforce compliance
	16. Risk management	16. Identify and mitigate anticipated risks and respond rapidly to unexpected problems as they arise
	17. People performance review	17. Use formal performance assessments, feedback, and tracking to coordinate and control flows of talent
	18. Operational management	18. Focus on operational KPIs, metrics, and targets to monitor and manage business performance
<b>Capabilities</b>	19. Talent acquisition	19. Hiring the right talent
	20. Talent development	20. Developing employees' knowledge and skills
	21. Process-based capabilities	21. Embedding capabilities and know-how through codified methods and procedures (e.g., training manuals, SOPs)
	22. Outsourced expertise	22. Using external resources to fill capability gaps (e.g., consultants, vendors, business partners)

## Reference:

HKCSS & HKU-HKJC ExCEL3. *NGO CEO Competency Model*. Retrieved from <http://hkcsshkuexcel3.com/ceocompetencymodel/en/index.php>

McKinsey & Company. *Organizational Health Index*. Retrieved from <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>

# Descriptions of the 33 practices (3/3)


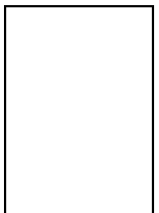

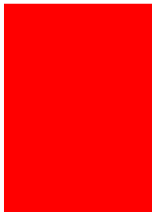
Outcome	Practice	Description
<b>Motivation</b>	23. Meaningful values	23. Appealing to compelling and personally meaningful values to motivate employees
	24. Inspirational leaders	24. Inspiring employees through encouragement, guidance, and recognition
	25. Rewards and recognition	25. Providing nonfinancial rewards and recognition to encourage high performance
<b>Innovation and learning</b>	26. Top-down innovation	26. Driving innovation and learning through high-priority initiatives sponsored by senior leaders
	27. Bottom-up innovation	27. Encouraging and rewarding employee participation in the development of new ideas and improvement initiatives
	28. Knowledge sharing	28. Enabling collaboration and knowledge sharing in the organization
	29. Capturing external ideas	29. Importing ideas and best practices from outside the organization
<b>External orientation</b>	30. Government and community relations	30. Developing strong relationships with the public, local communities, government, and regulatory agencies
	31. Competitive insights	31. Acquiring and using information about competitors to inform business decisions
	32. Customer focus	32. Understanding customers and responding to their needs
	33. Business partnerships	33. Building and maintaining a network of external business partners

## Reference:

HKCSS & HKU-HKJC ExCEL3. *NGO CEO Competency Model*. Retrieved from <http://hkcsshkuexcel3.com/ceocompetencymodel/en/index.php>

McKinsey & Company. *Organizational Health Index*. Retrieved from <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>

# How “Outcomes” and “Practices” are determined and help describe organizational performance

Definitions and methodology	How the words are represented	
<p>Outcomes</p> <ul style="list-style-type: none"> <li>❖ The extent to which an organization is <u>effective</u> within a particular element</li> <li>❖ Determined by level of agreement with questions that make a positive performance assertion</li> <li>✓ <i>Example question:</i> <i>This company's vision is understood by its staff</i> <i>(1 = strongly disagree, 5 = strongly agree)</i></li> </ul>	<p>Number of Respondents</p> <p>Satisfactory <math>\geq 50\%</math>      Attention Needed <math>&lt; 50\%</math></p>	
	Selected Strongly Agree/ Agree	 
<p>Practices</p> <ul style="list-style-type: none"> <li>❖ The choice of emphasis or style of practices employed in order to deliver organizational performance</li> <li>❖ Determined by reported <u>frequency</u> a practice occurs while delivering performance</li> <li>✓ <i>Example question:</i> <i>Management actively solicits staff involvement in setting this company's direction</i> <i>(1 = never, 5 = always)</i></li> </ul>	Selected Always/ Often	 

For the pilot run of 5 participating NGOs in 2018, the average score of the 9 outcomes was 46%. The highest scoring outcome was **External Orientation (54.8%)** while the lowest scoring outcome was **Coordination and Control (40.5%)**.

# Reference

HKCSS & HKU-HKJC ExCEL3. *NGO CEO Competency Model*. Retrieved from <http://hkcsshkuexcel3.com/ceocompetencymodel/en/index.php>

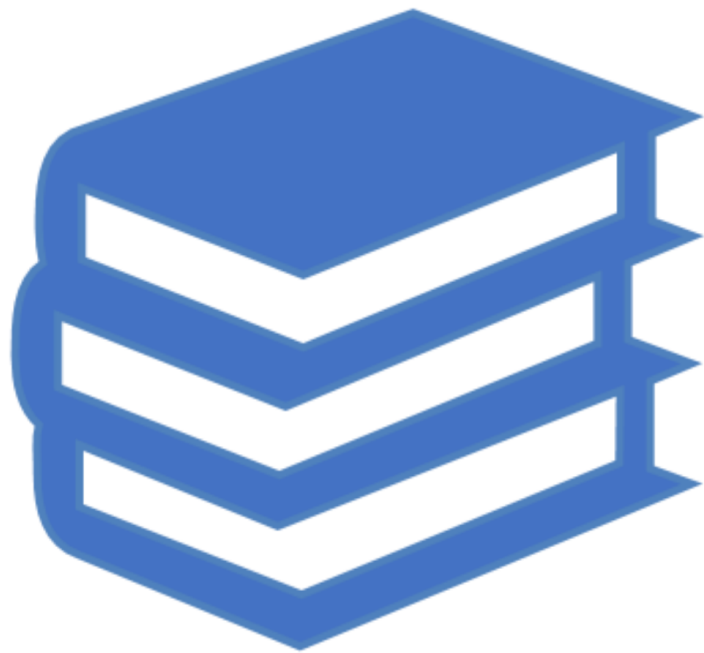
Keller, S., & Price, C. (2011). *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage*. Hoboken, N.J: Wiley.

McKinsey & Company. *Organizational Health Index*. Retrieved from <https://www.mckinsey.com/solutions/orgsolutions/overview/organizational-health-index>

HKCSS Institute (2014)。《社會服務機構的健康檢查－做好「協調」與「創新」實踐機構使命》。取自 <https://institute.hkcss.org.hk/zh-hk/advancement-of-learning/article-sharing/detail/41>

HKCSS Institute (2019)。《「NGO 機構健康評估」可靠並帶出反思 有助機構永續服務》。取自 <https://institute.hkcss.org.hk/zh-hk/advancement-of-learning/article-sharing/detail/91>

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Part A:

McKinsey's Organizational Health  
(OHI) and NGO Organizational  
Health Assessment Framework  
(NOHAF)

**Part B:**

**Finding from NGO ABC**

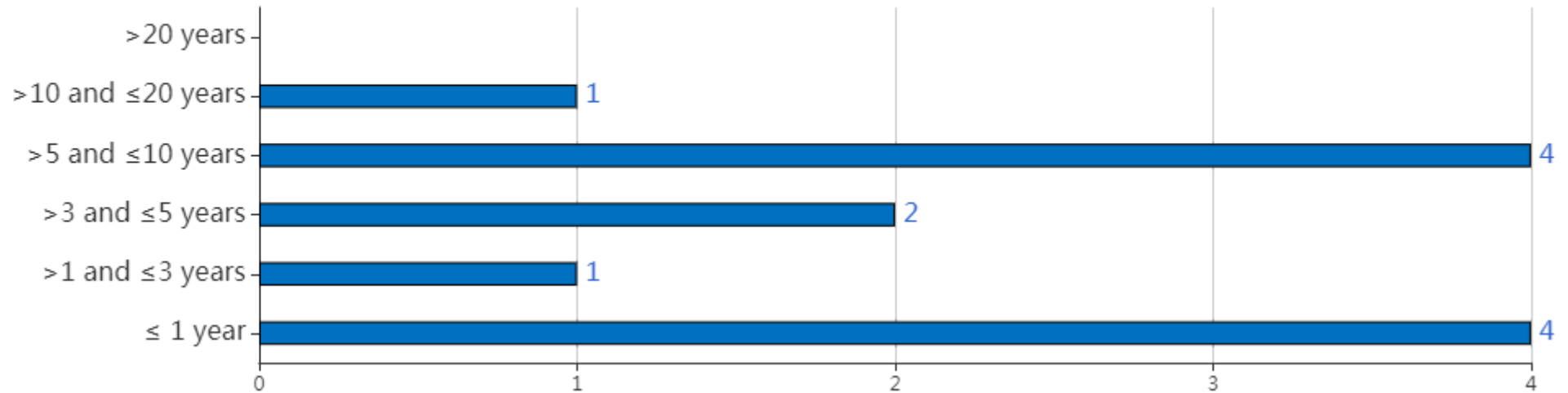
## General background information

Total number of Respondent: [ 12 / 34 = 35.29%] response rate

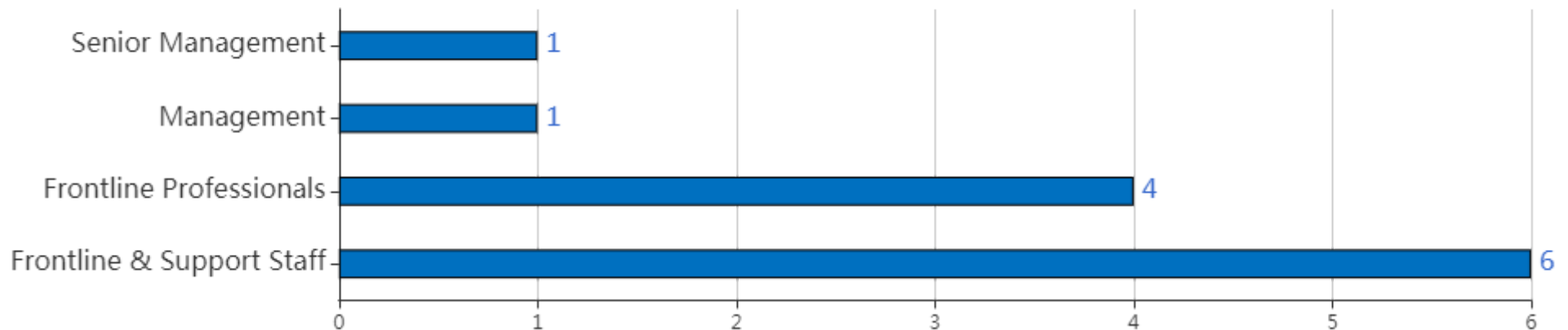
Data Collection Period: [2020-12-17 – 2021-03-09]

The basic information of invited staff participated in the survey

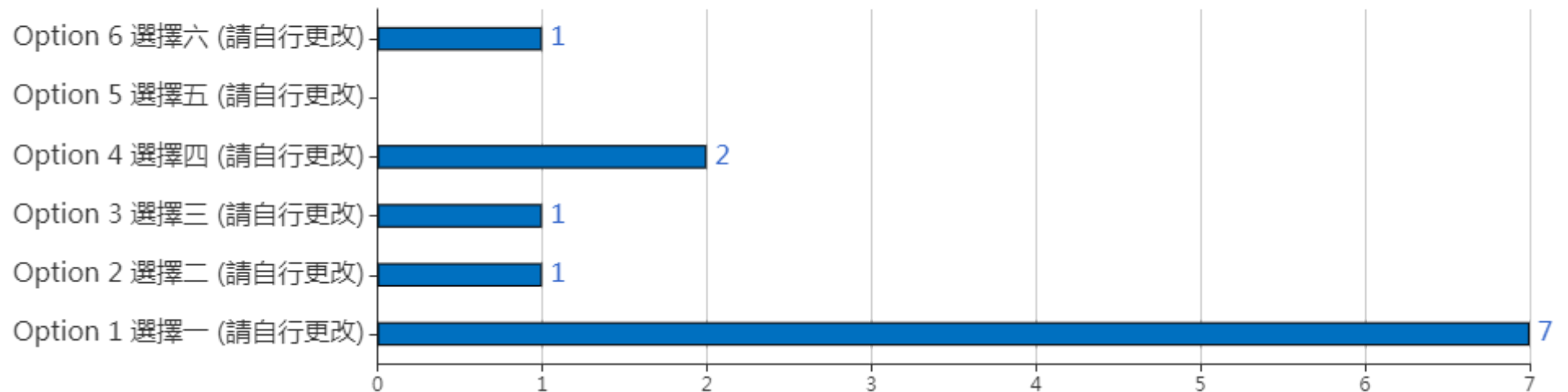
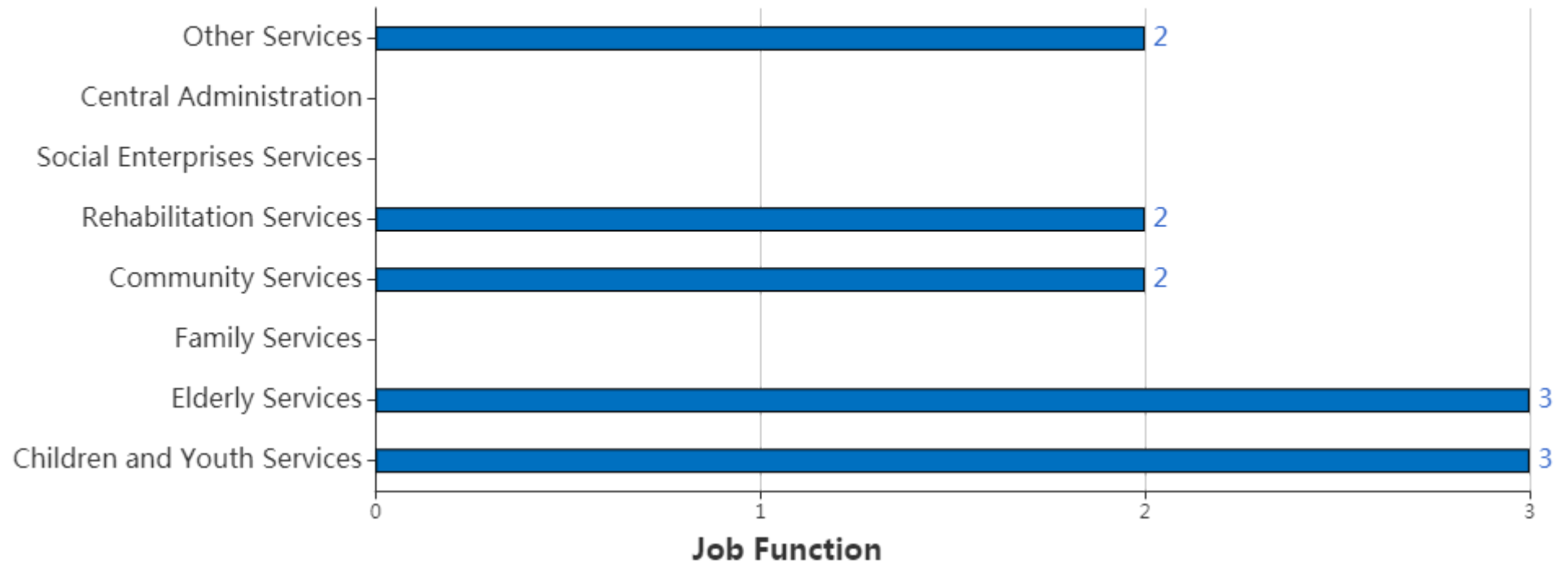
### Years of Service



### Job Level

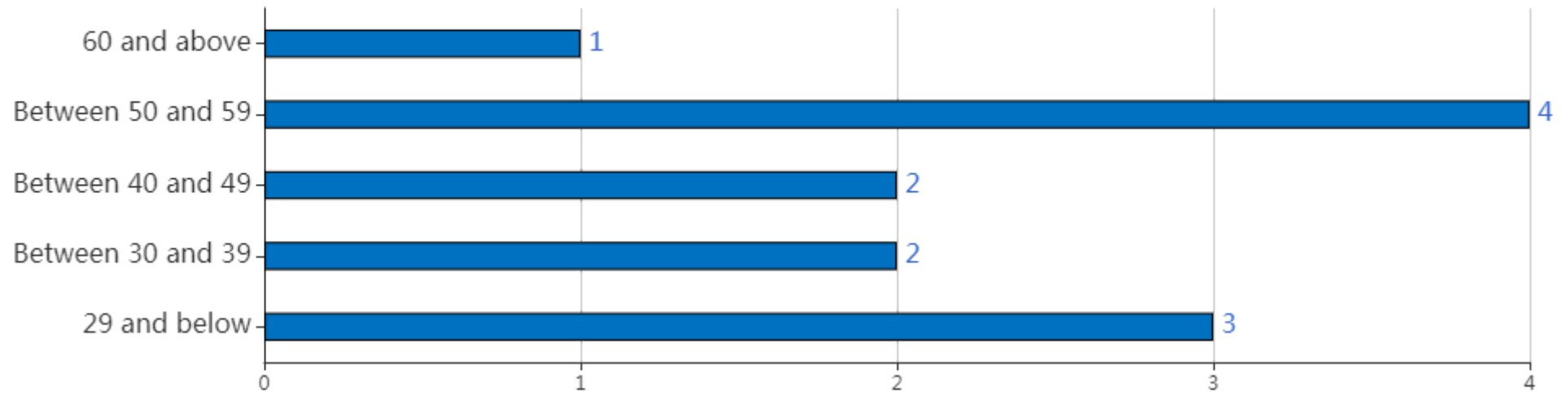


### Service Type

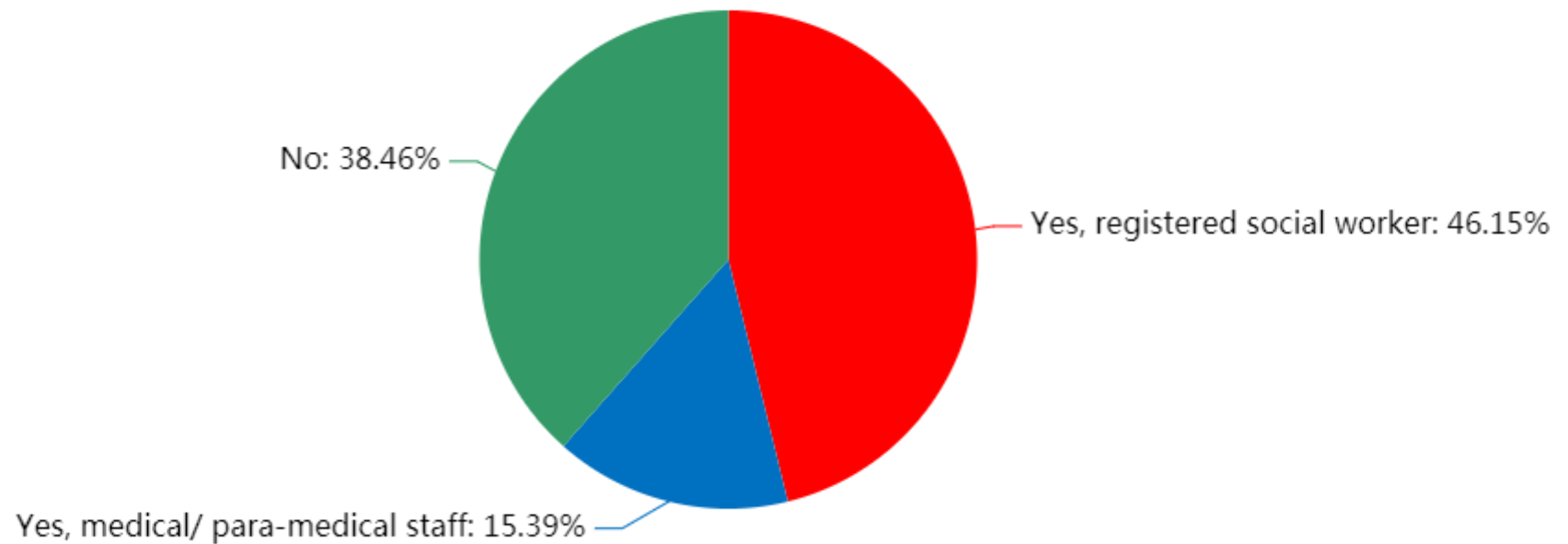




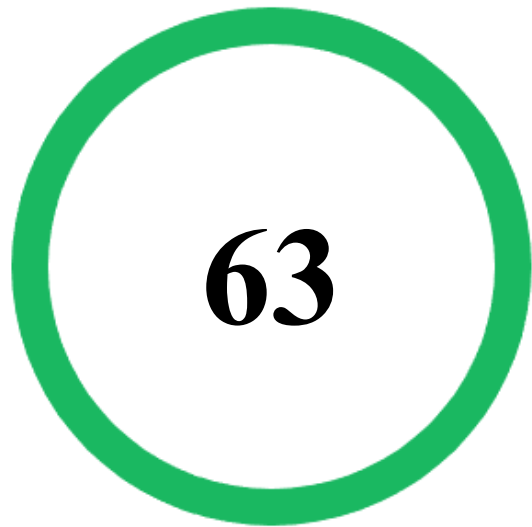
## Age



## Are you a registered social worker or medical/para-medical staff?



# Outcome - How Healthy NGO ABC is



**A single score that tells you how effective your organisation is – and how its current and future ability to perform**

**Average of Percentage of the 9 outcomes**

**Percentage of respondents that selected “Strongly agree” or “Agree” with the Outcome**

Selected  
Strongly Agree/  
Agree

Number of Respondents

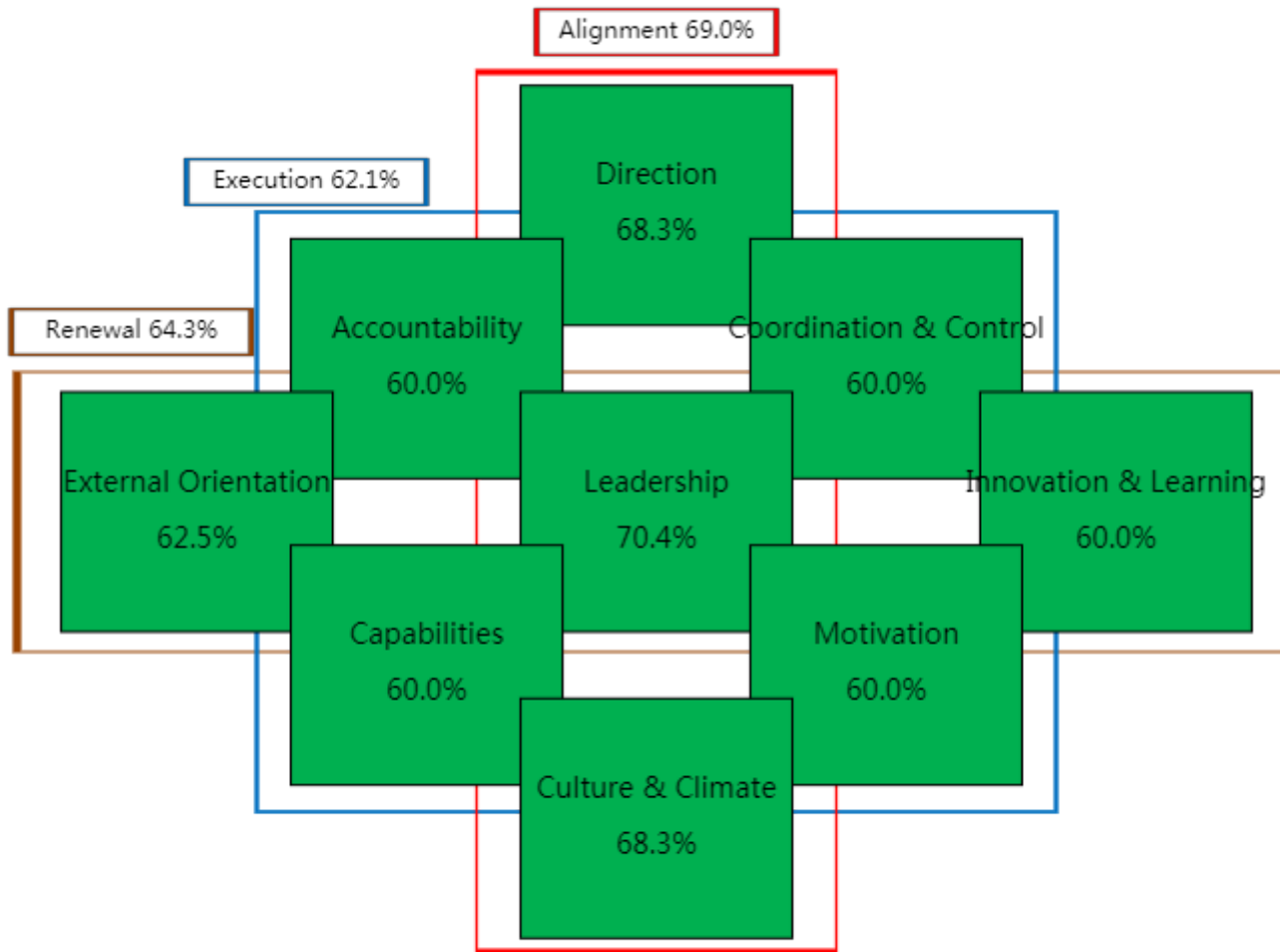
Satisfactory  
= /> 50%

Attention Needed  
< 50%



# Outcome -

How Healthy NGO ABC is



Scores for each of the 9 outcomes – the elements of health that together indicate the ability of an organisation to **align**, **execute** and **renew** itself to sustain exceptional performance over time.

Percentage of respondents that selected “Strongly agree” or “Agree” with the Outcome  
= positive performance assertion

Number of Respondents

Satisfactory  
= /> 50%

Attention Needed  
< 50%



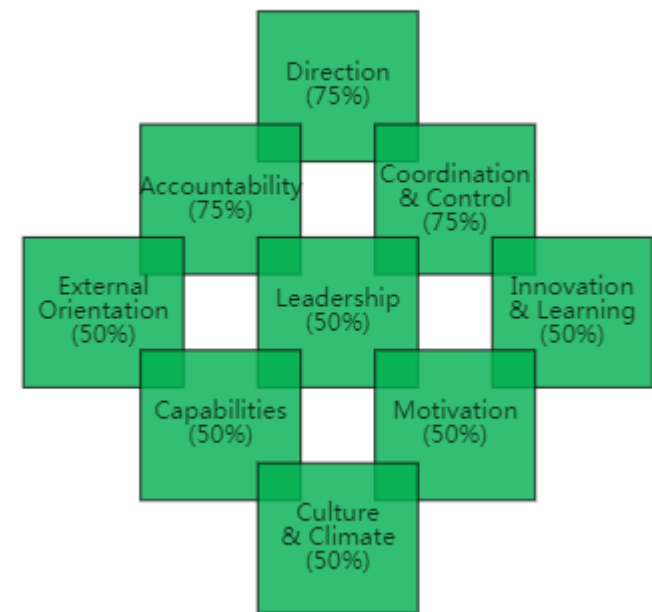
## Summary of NGO ABC

- 9 effective outcomes
- Highest scoring outcomes is Accountability
- Lowest scoring outcomes is External Orientation

Selected  
Strongly Agree/  
Agree

# Outcomes on Years of Service

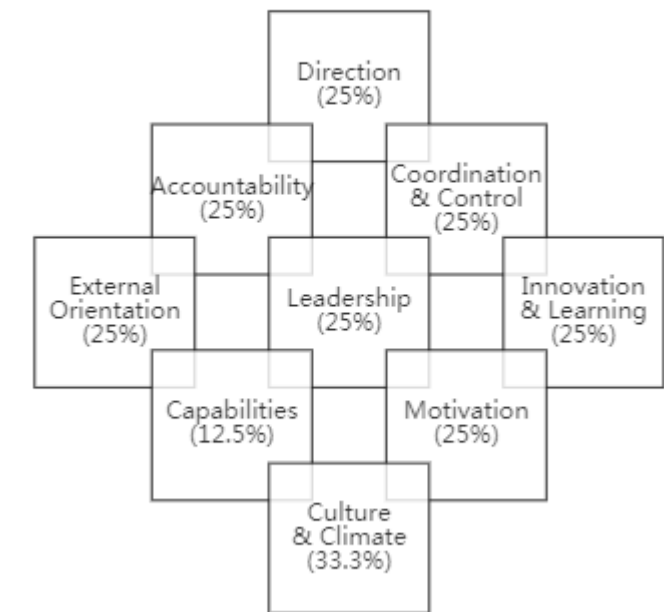
≤ 1 year N = 4



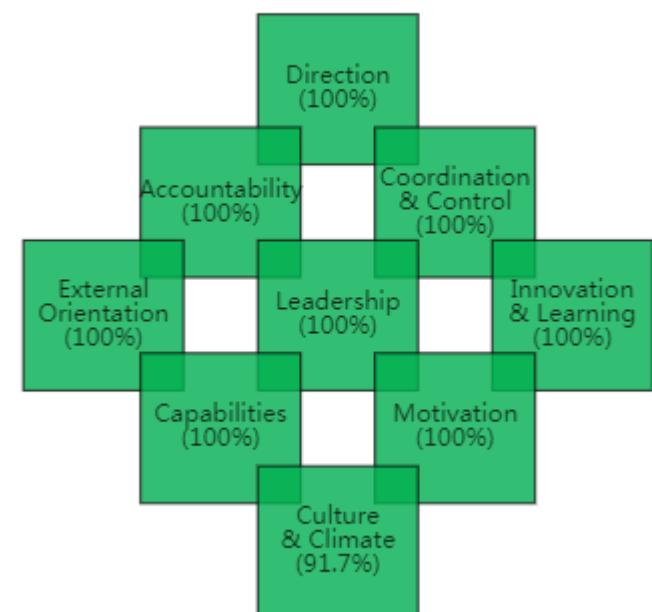
>1 and ≤3 years N = 1



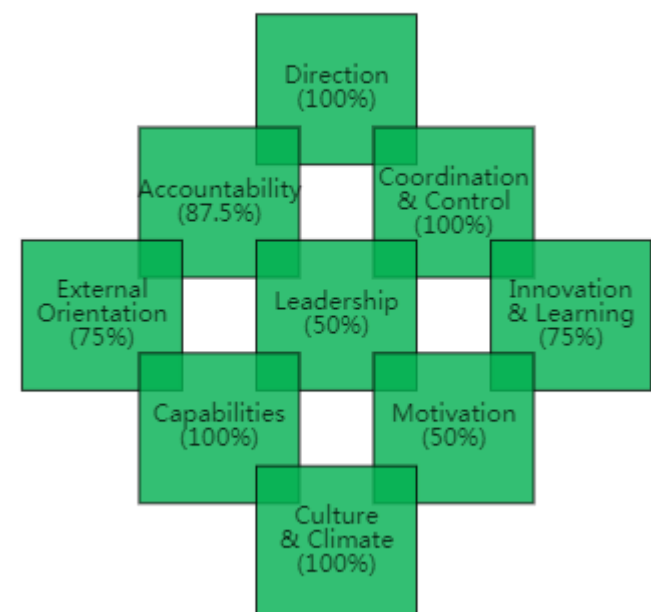
>3 and ≤5 years N = 2



>5 and ≤10 years N = 4



>10 and ≤20 years N = 1

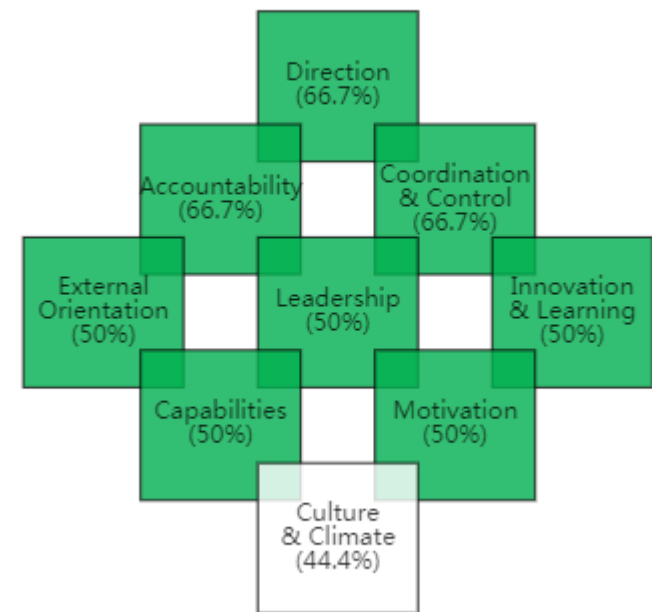


>20 years N = 0

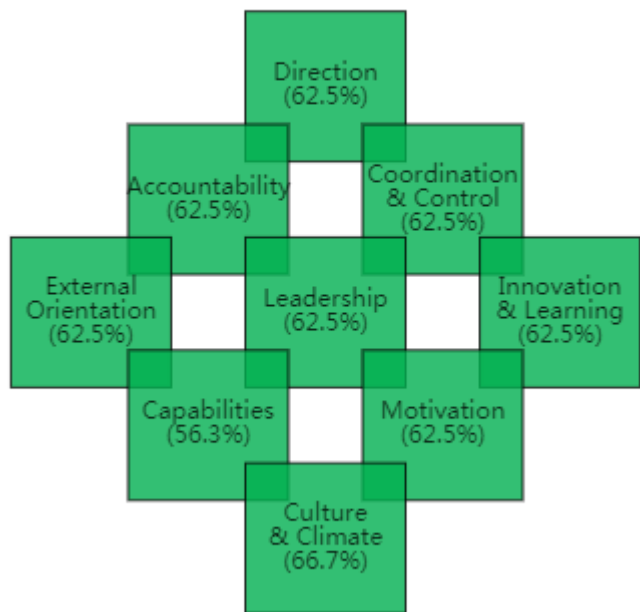


# Outcomes on Job Level

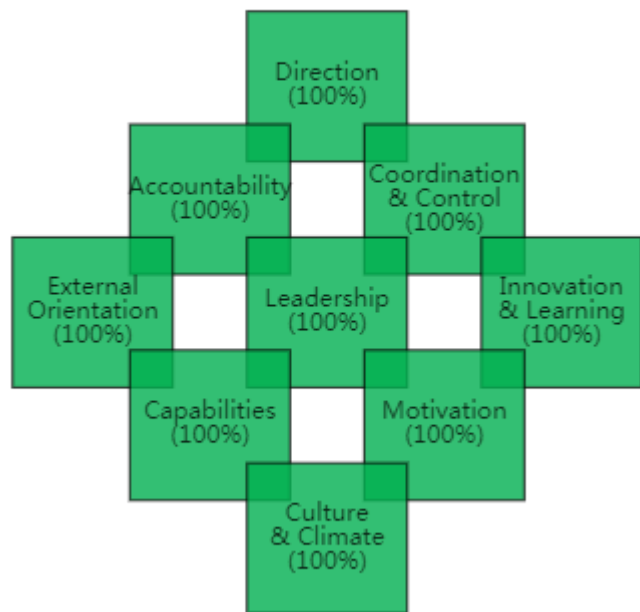
Frontline & Support Staff N = 6



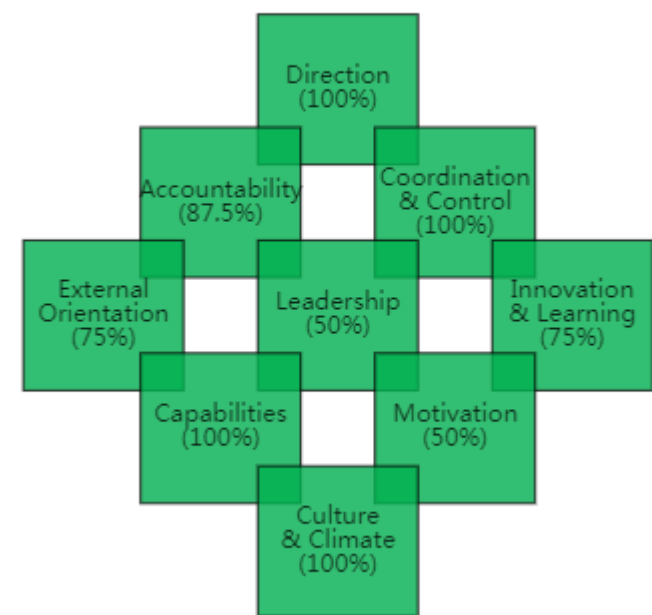
Frontline Professionals N = 4



Management N = 1

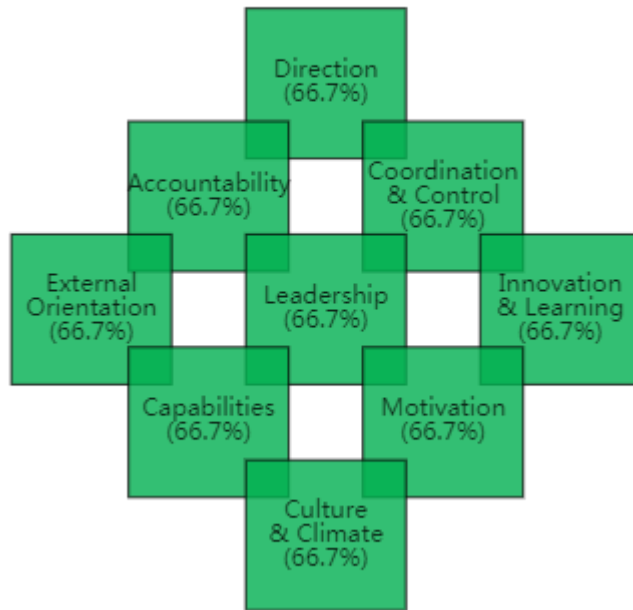


Senior Management N = 1

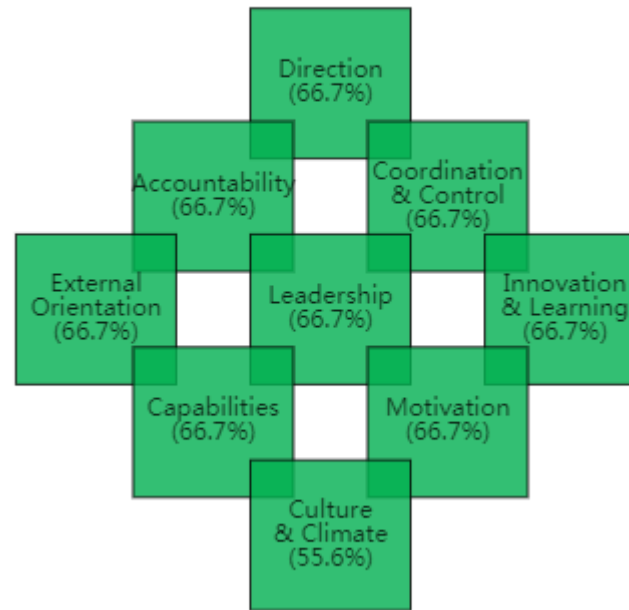


# Outcomes on Service Type

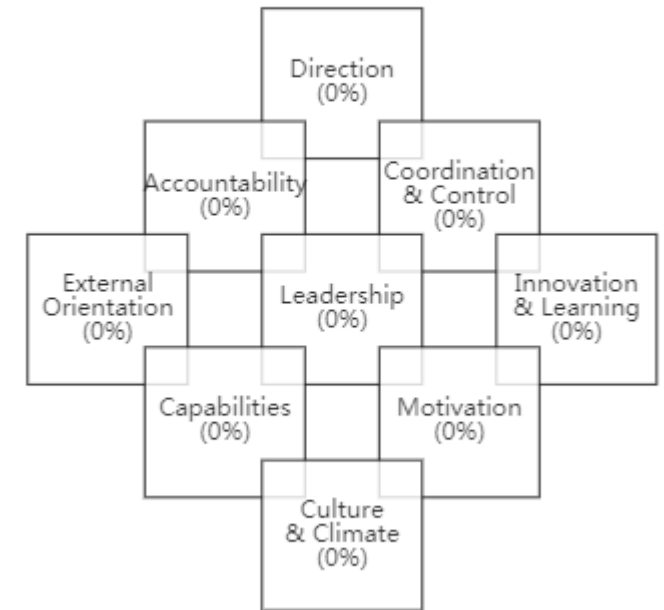
Children and Youth Services N = 3



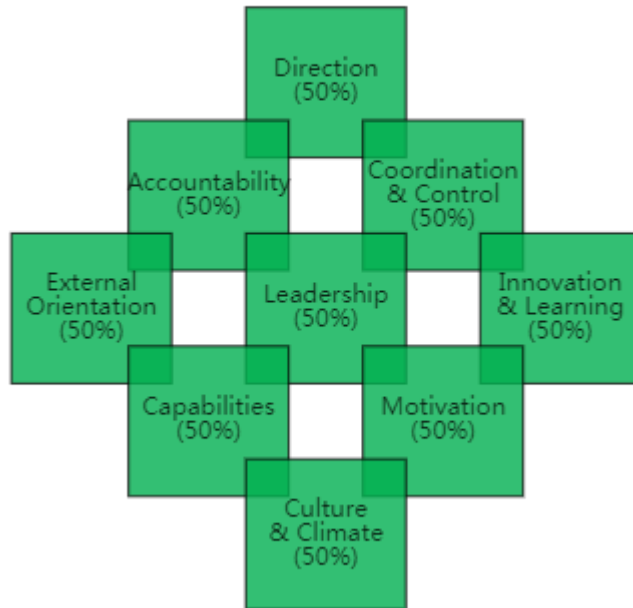
Elderly Services N = 3



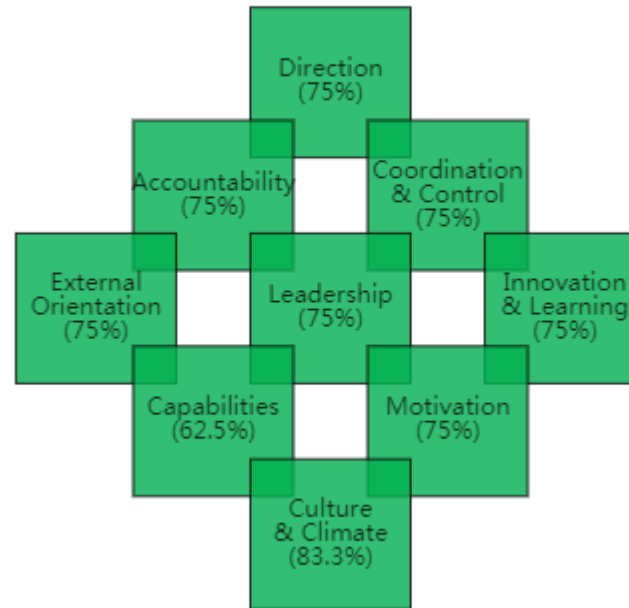
Family Services N = 0



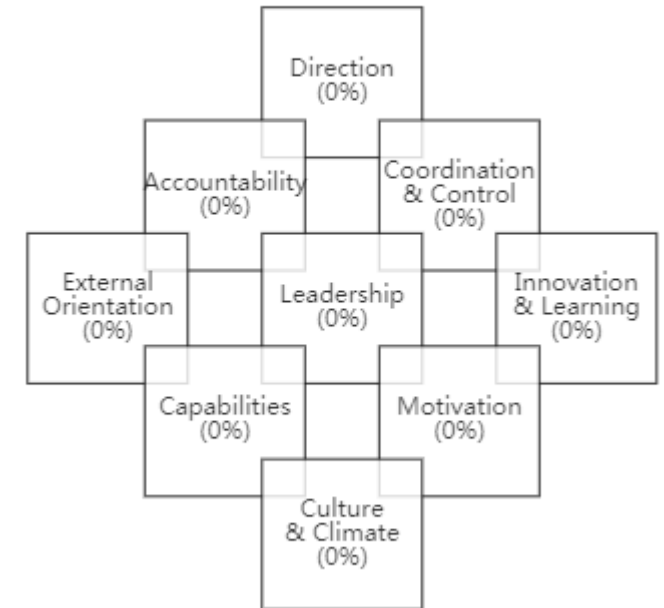
Community Services N = 2



Rehabilitation Services N = 2



Social Enterprises Services N = 0

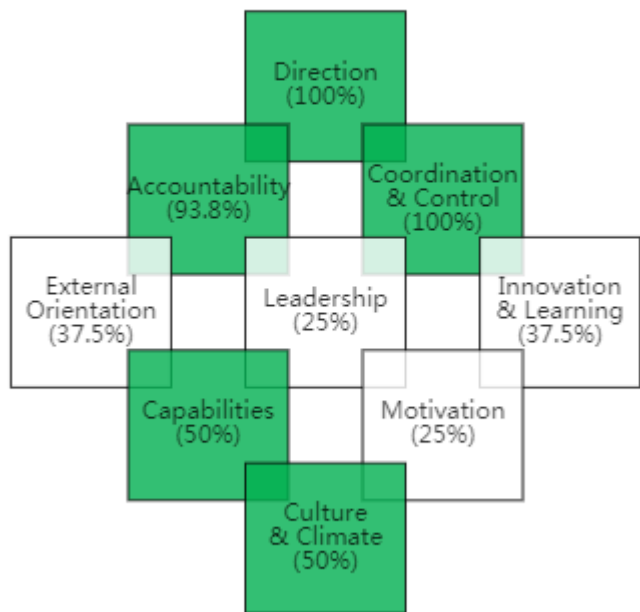


# Outcomes on Service Type

Central Administration N = 0

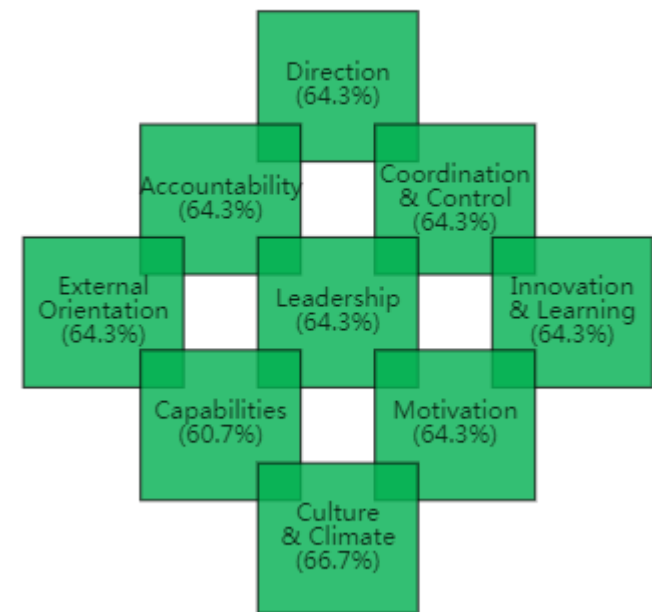


Other Services N = 2



# Outcomes on Job Function

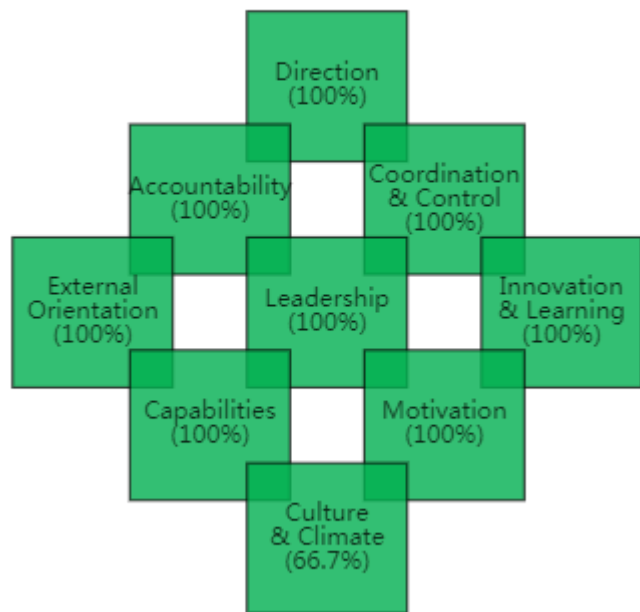
Option 1 N = 7



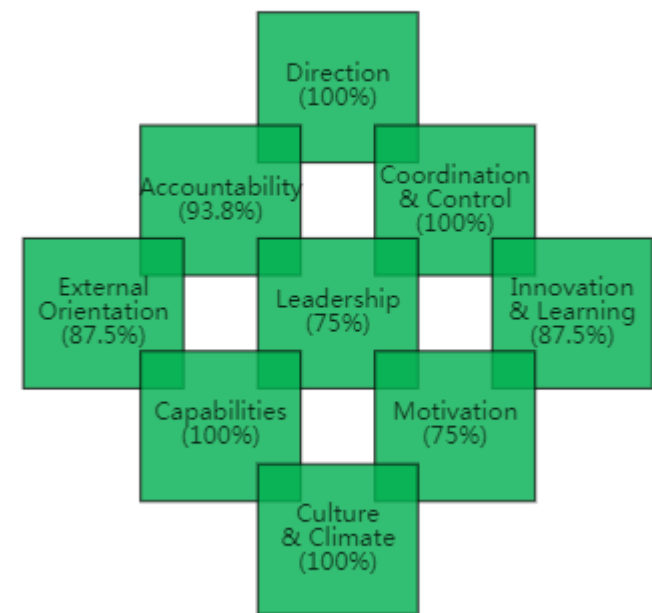
Option 2 N = 1



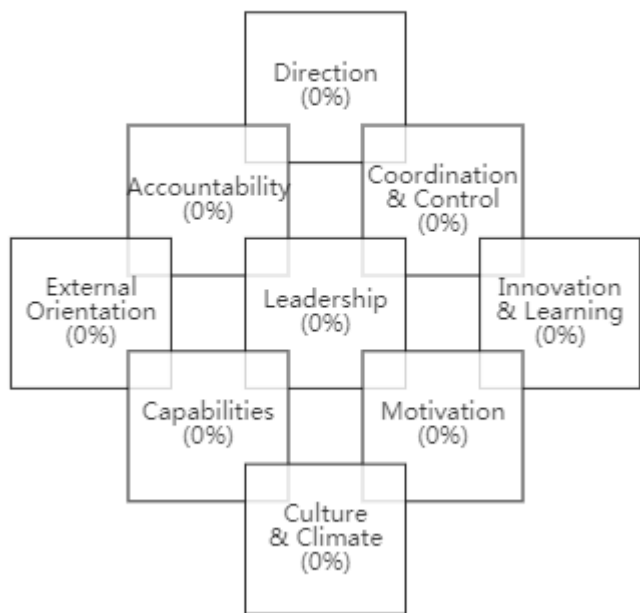
Option 3 N = 1



Option 4 N = 2



Option 5 N = 0



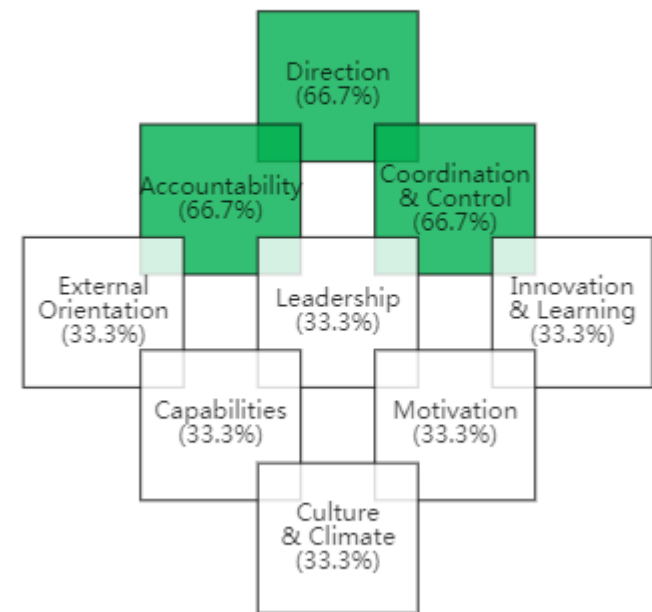
Option 6 N = 1



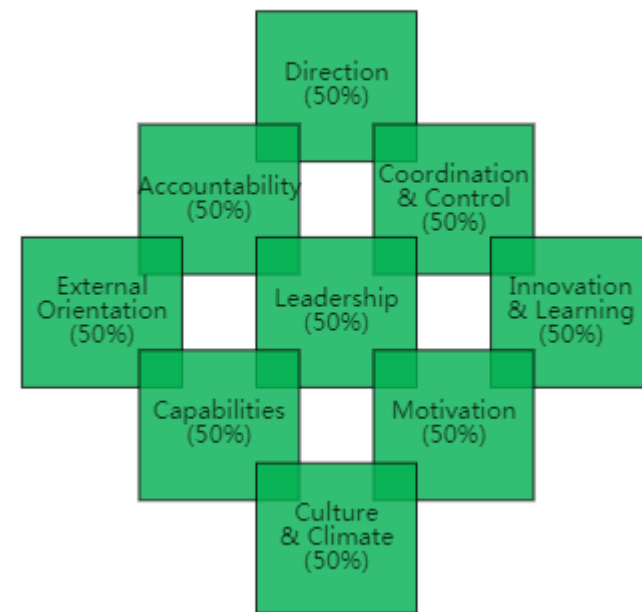


# Outcomes on Age

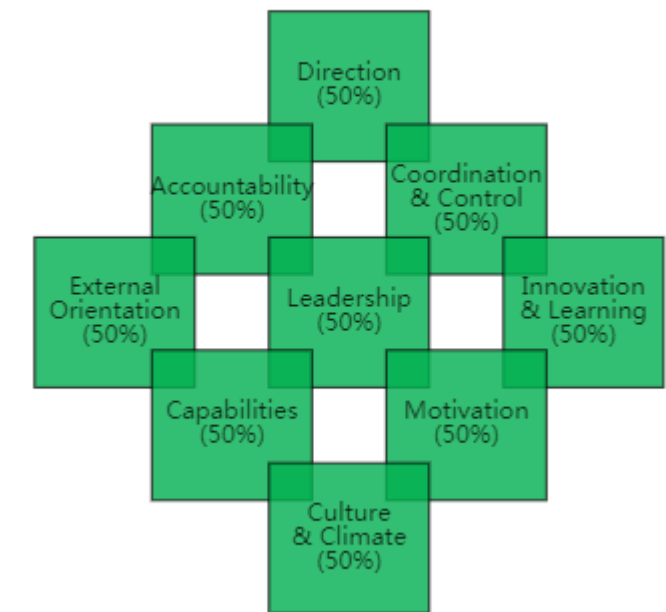
29 and below N = 3



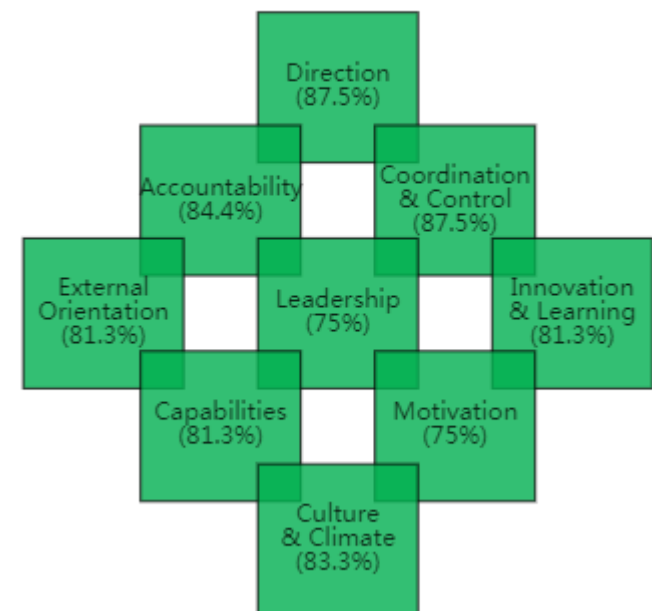
Between 30 and 39 N = 2



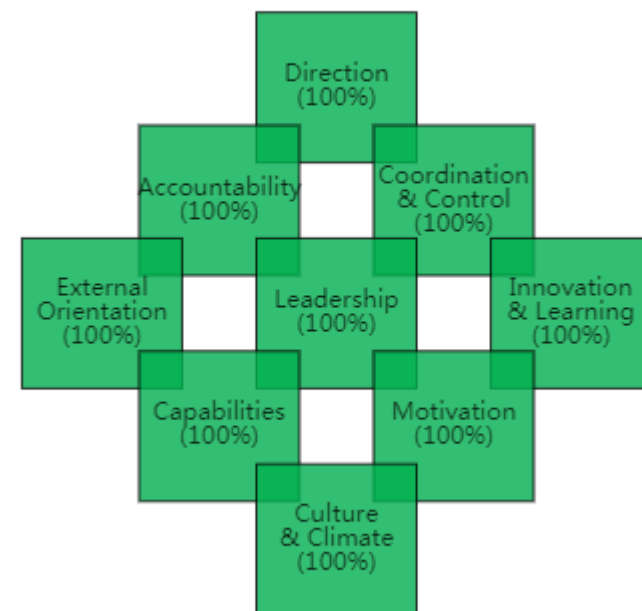
Between 40 and 49 N = 2



Between 50 and 59 N = 4



60 and above N = 1



Practices: 9 out of 33 Effective practices are adopted

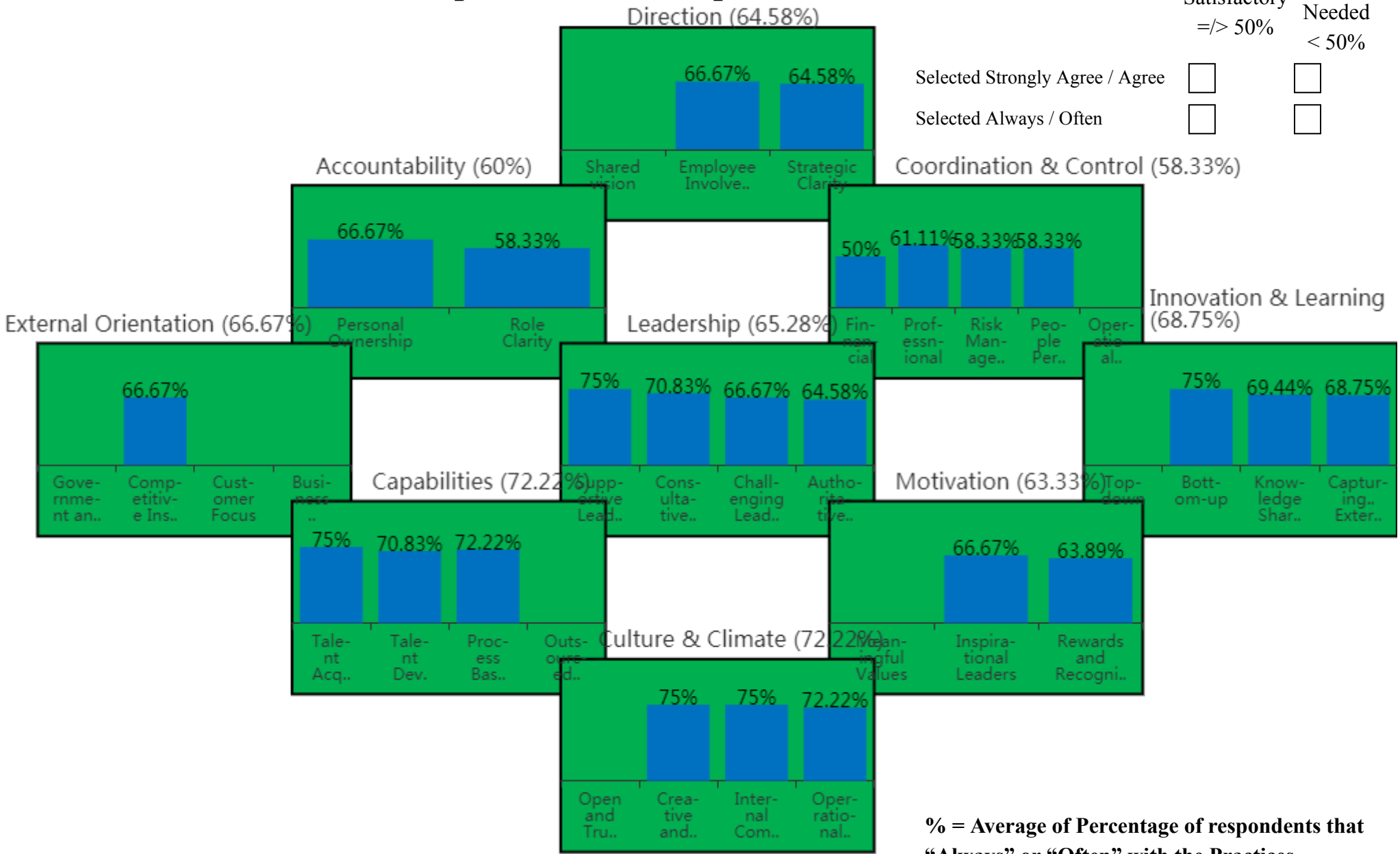
Number of Respondents

Satisfactory  
= /> 50%  
Attention  
Needed  
< 50%

Selected Strongly Agree / Agree

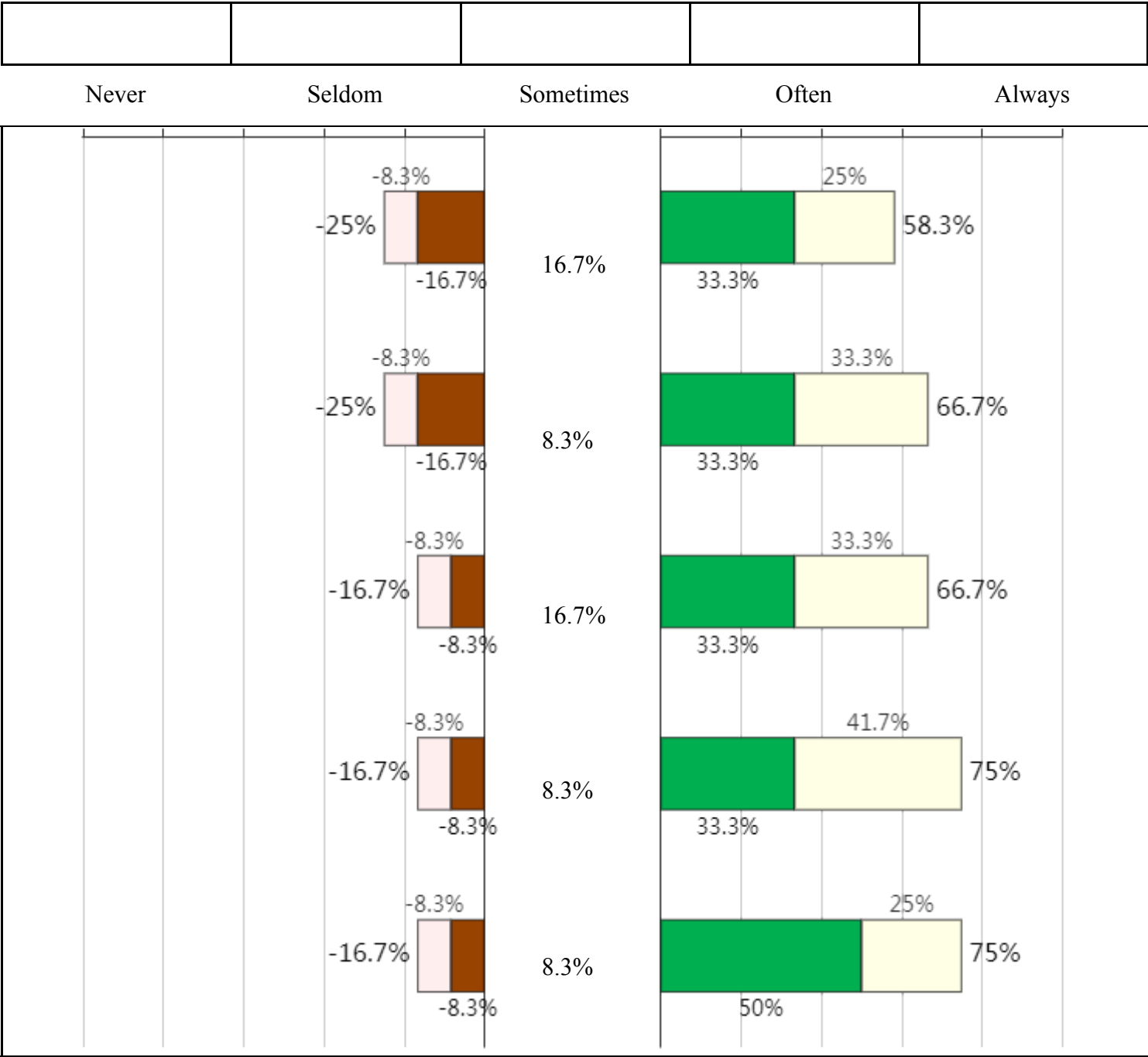


Selected Always / Often

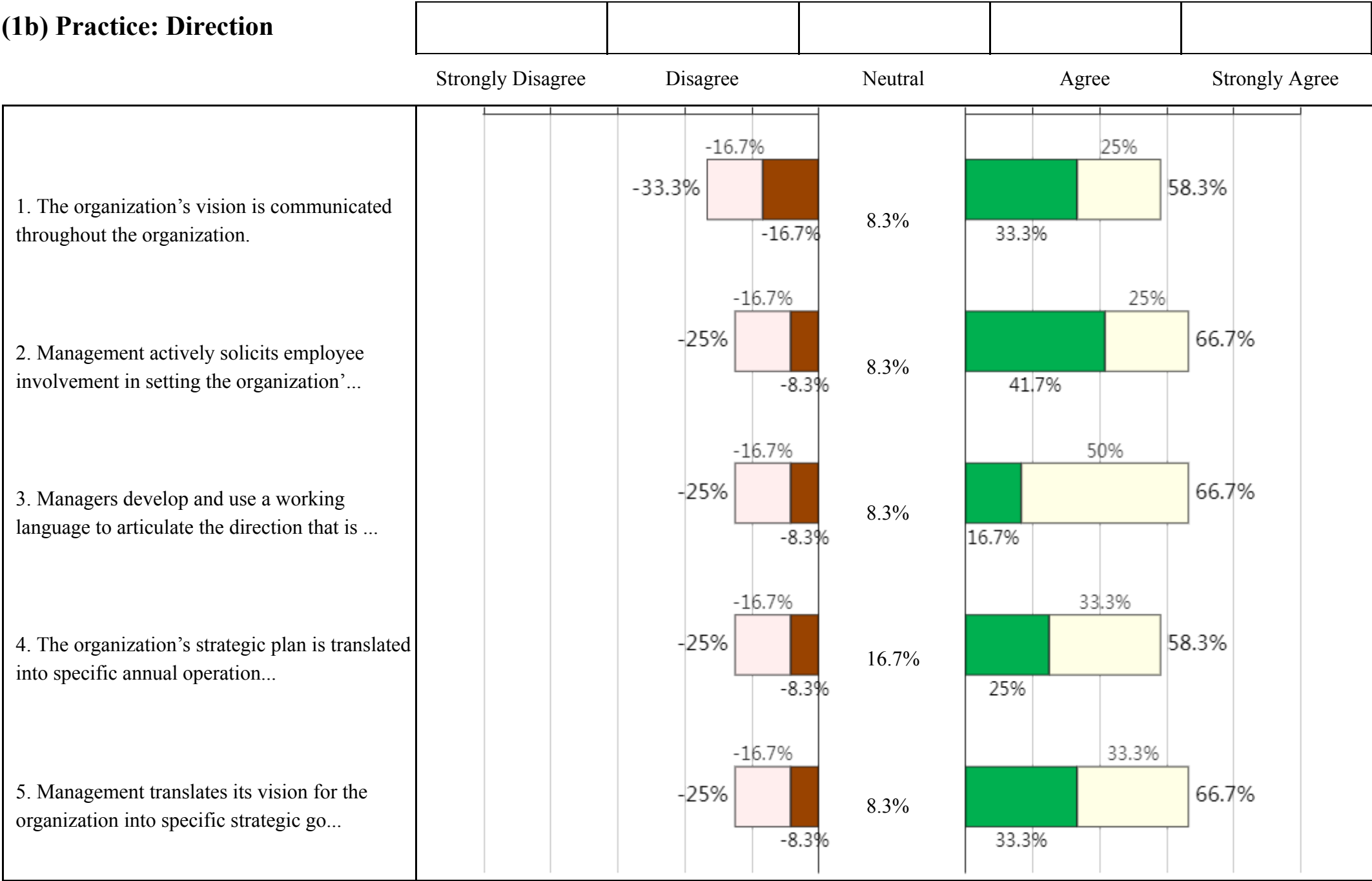


% = Average of Percentage of respondents that  
“Always” or “Often” with the Practices  
= frequency a practice occurs while delivering  
performance

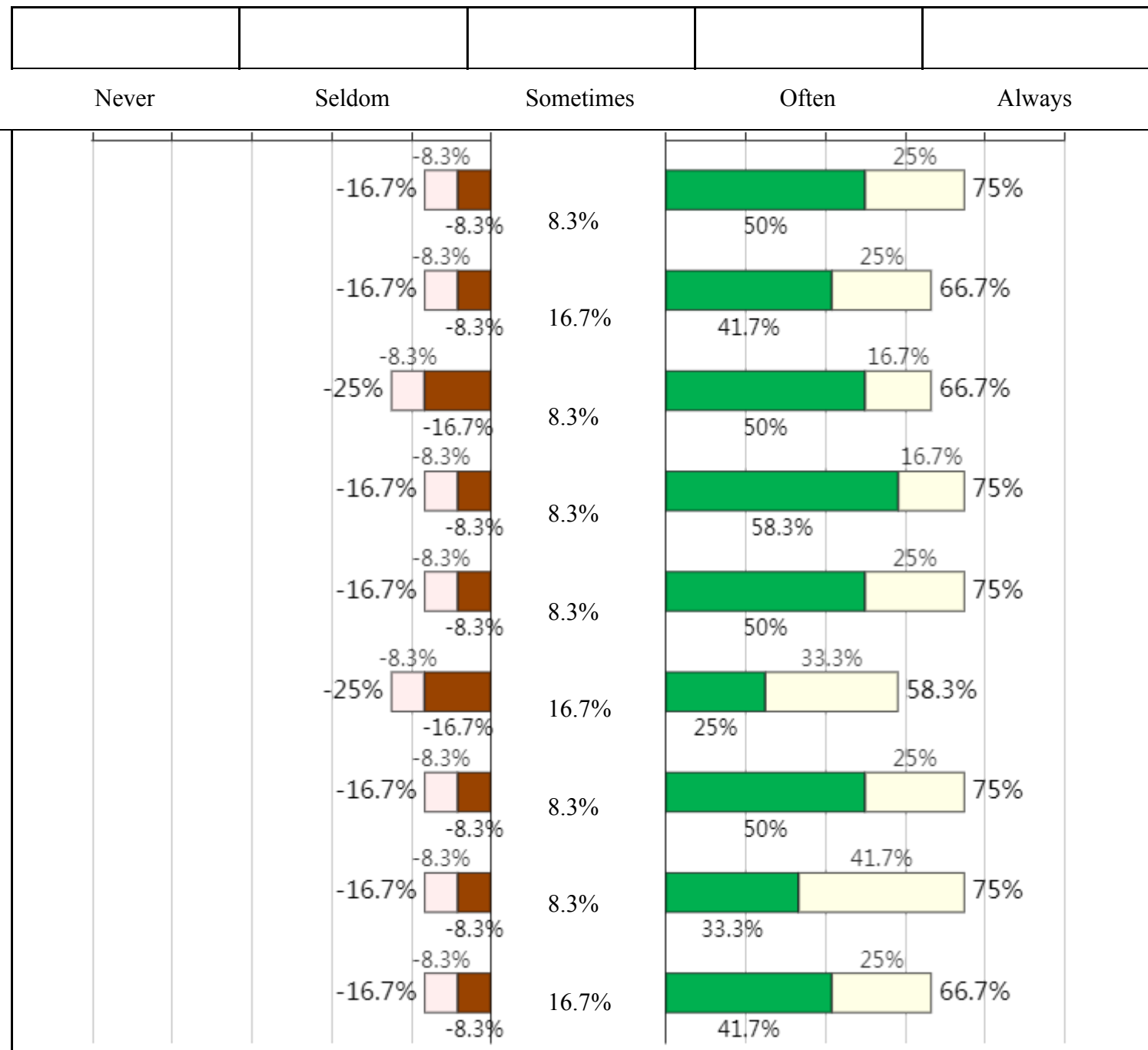
(1a) Outcome: Direction



(1b) Practice: Direction



## (2a) Outcome: Leadership

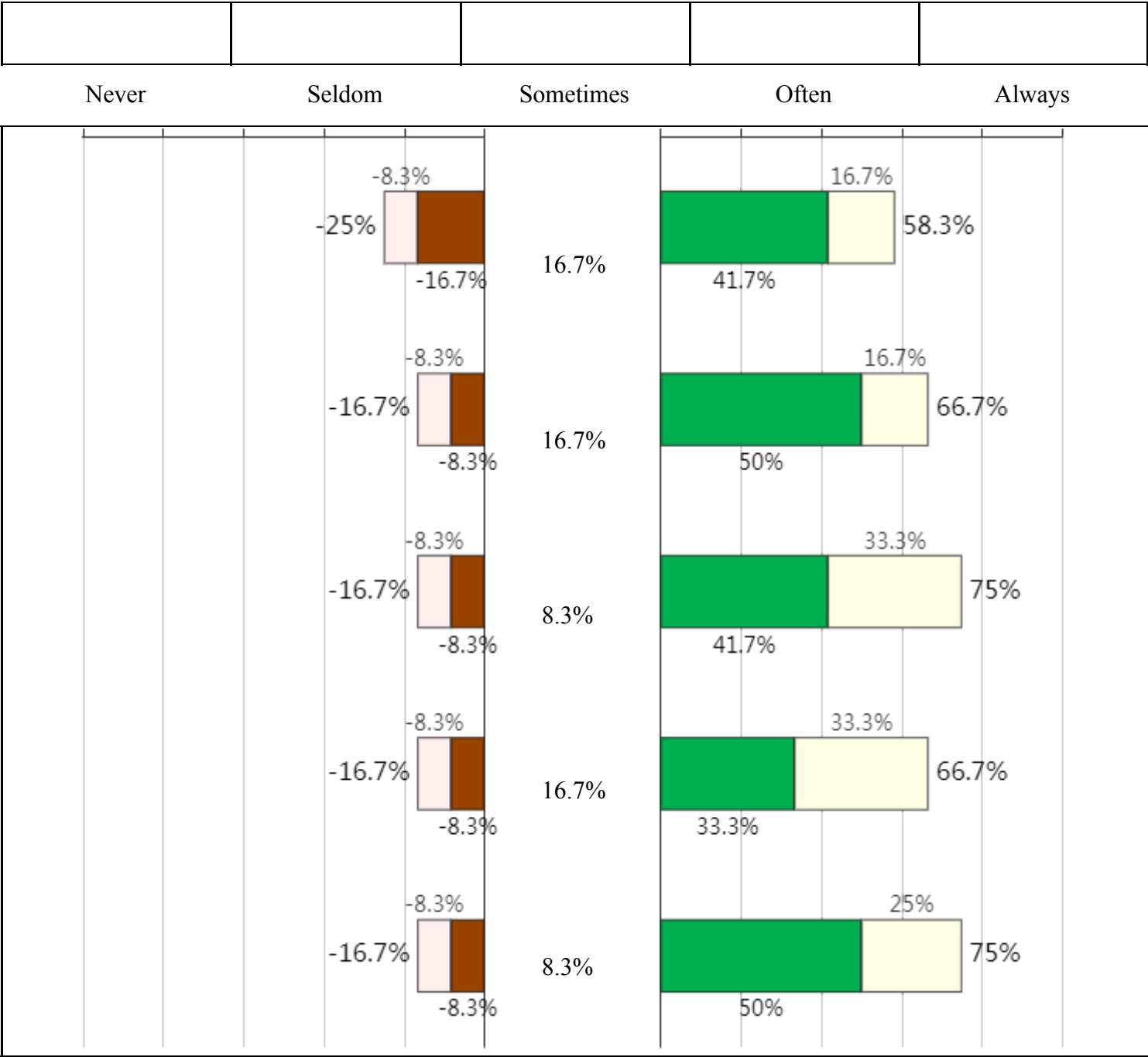


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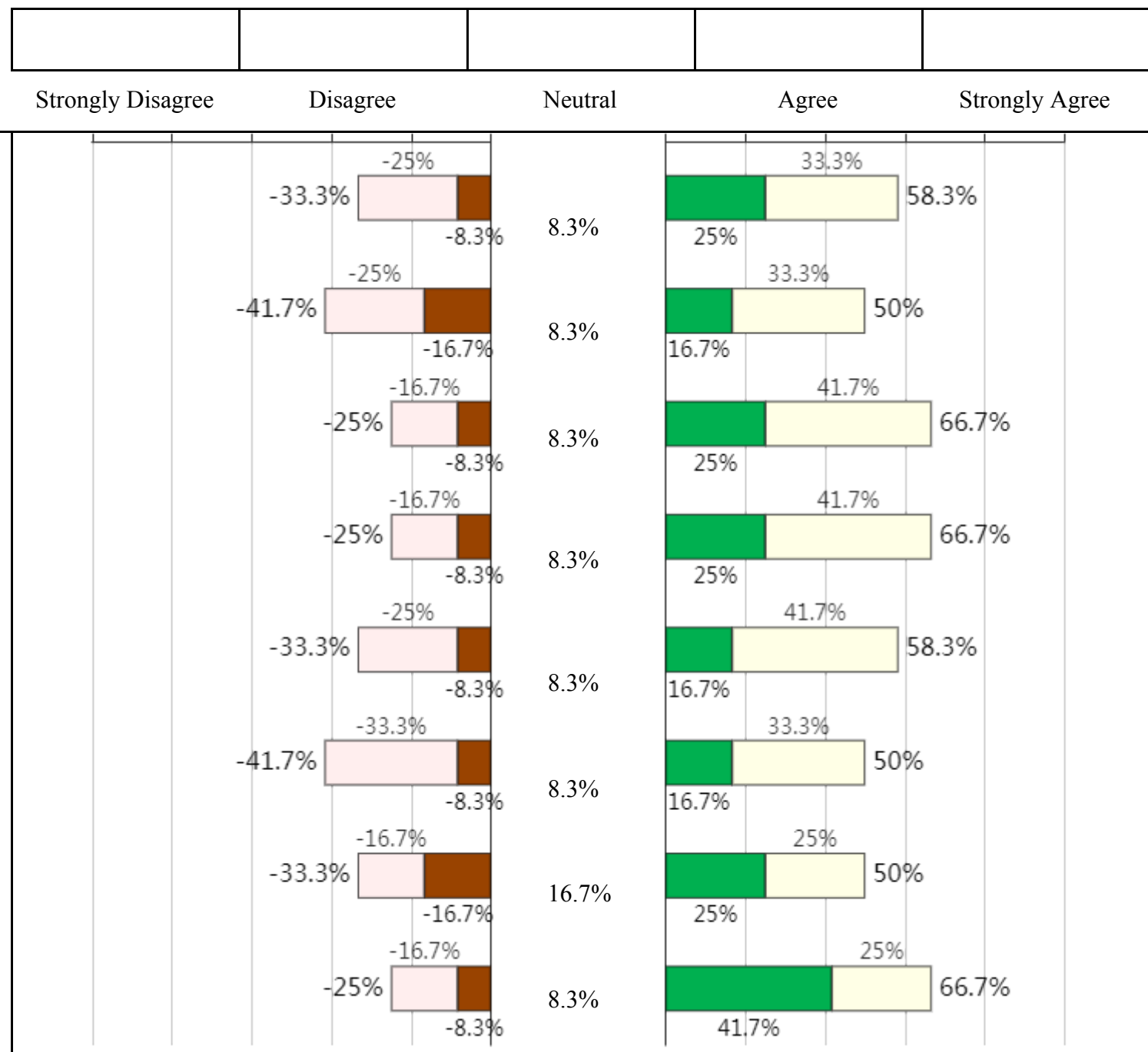
Strongly Agree

Managerial Behavior	Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree
1. The manager to whom I report: Demonstrates concern for the well-being of employee...	58.3%	16.7%	16.7%	8.3%	0%
2. The manager to whom I report: Gives employees the autonomy to make their own decisions...	66.7%	8.3%	16.7%	8.3%	0%
3. The manager to whom I report: Encourages people to take a solution-oriented approach...	50%	16.7%	16.7%	16.7%	0%
4. The manager to whom I report: Strives to achieve consensus on decisions.	58.3%	8.3%	16.7%	16.7%	0%
5. The manager to whom I report: Challenges people to stretch themselves..	66.7%	8.3%	16.7%	8.3%	0%
6. The manager to whom I report: Drives people to change and adopt more effective work practices...	58.3%	16.7%	16.7%	8.3%	0%

(3a) Outcome: Culture & Climate

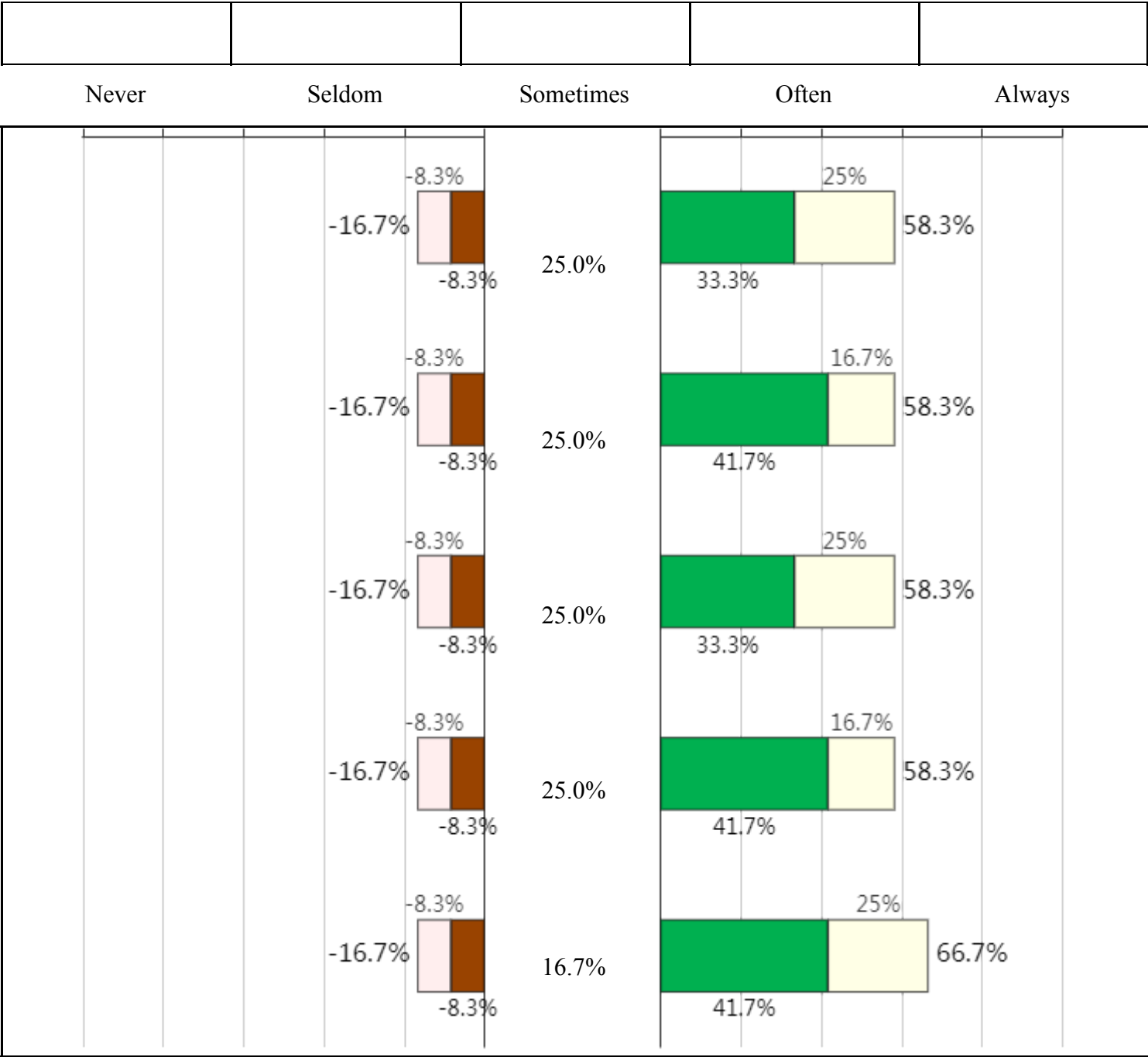


### (3b) Practice: Culture & Climate

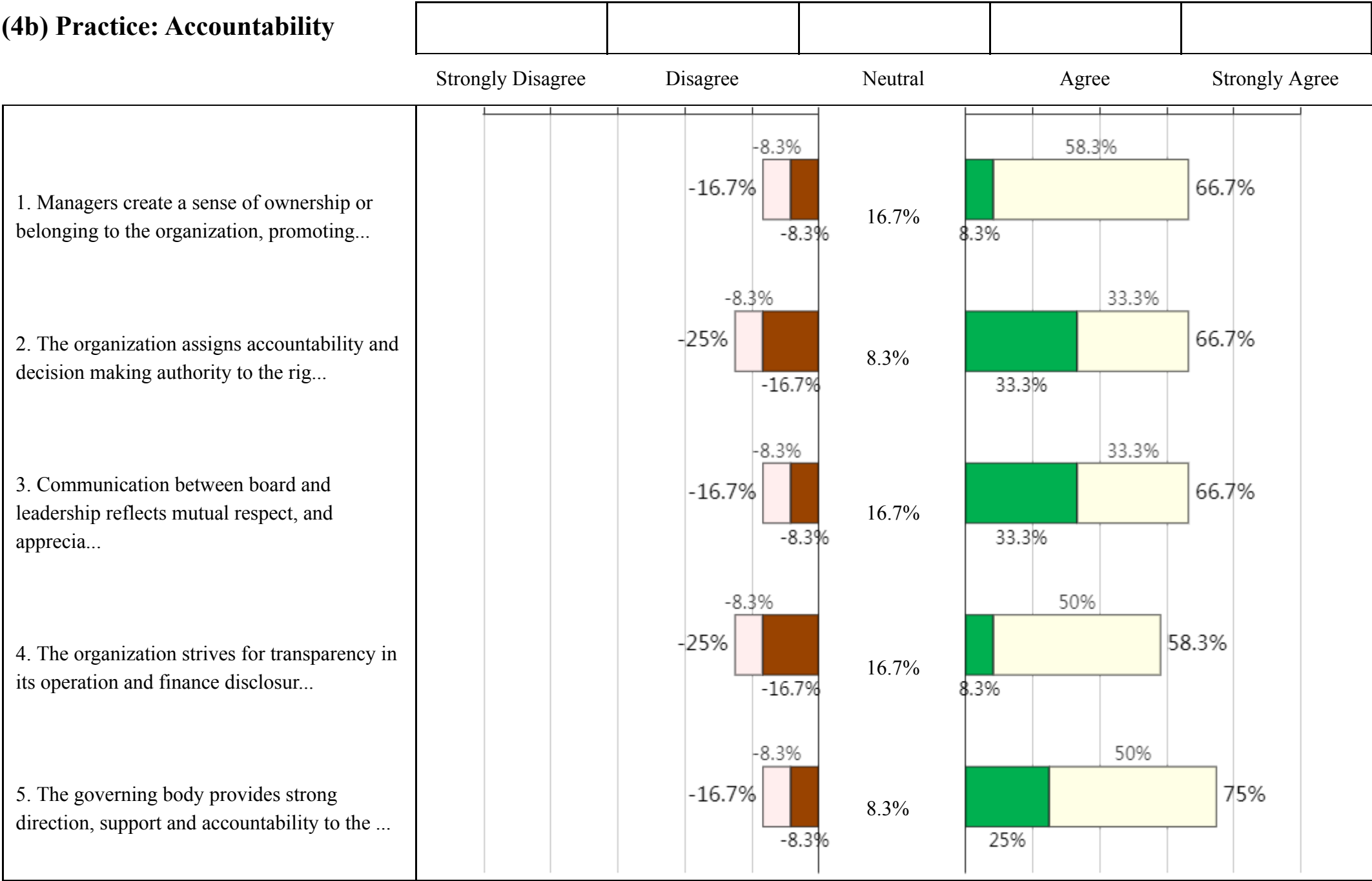




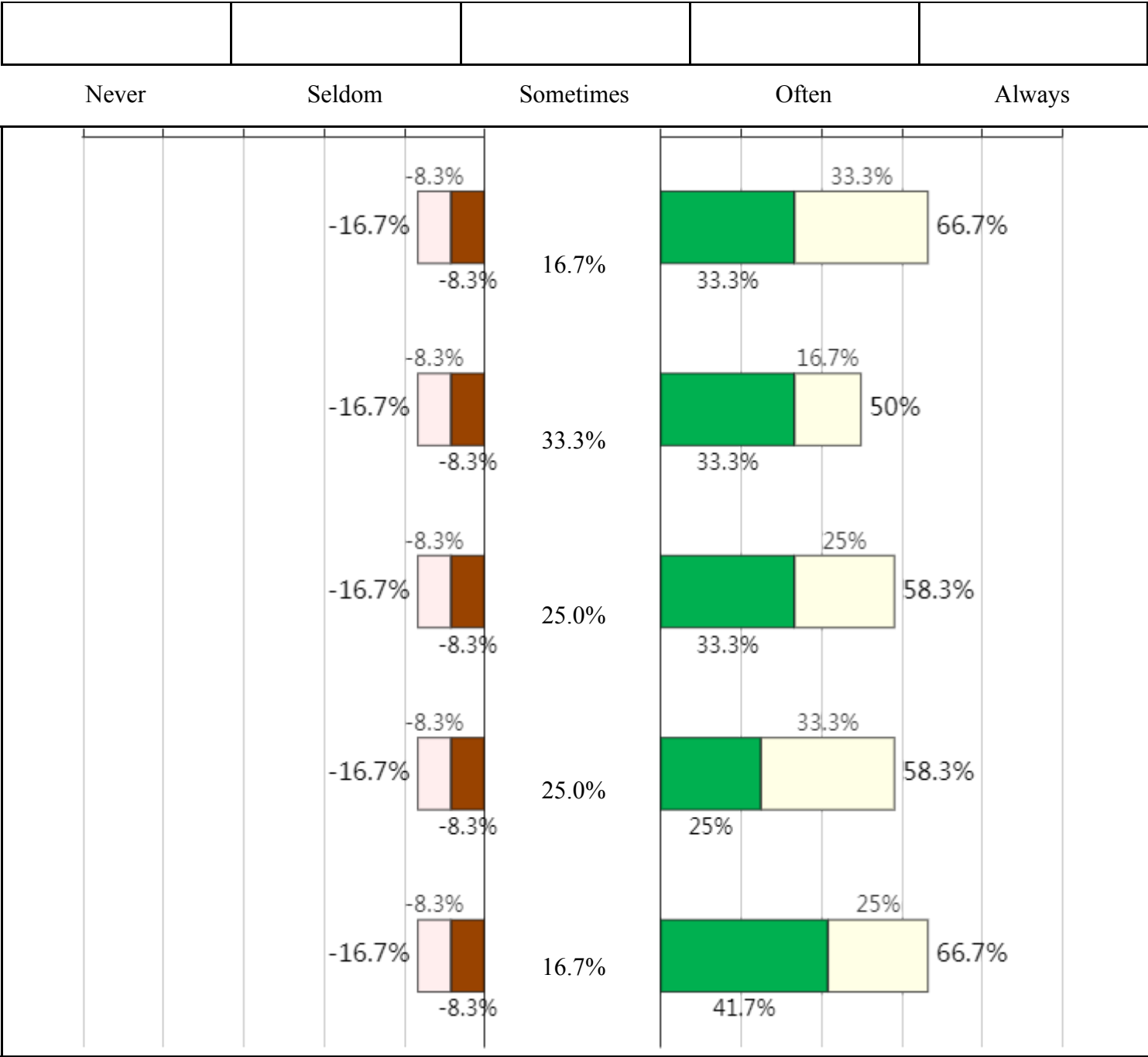
(4a) Outcome: Accountability



(4b) Practice: Accountability



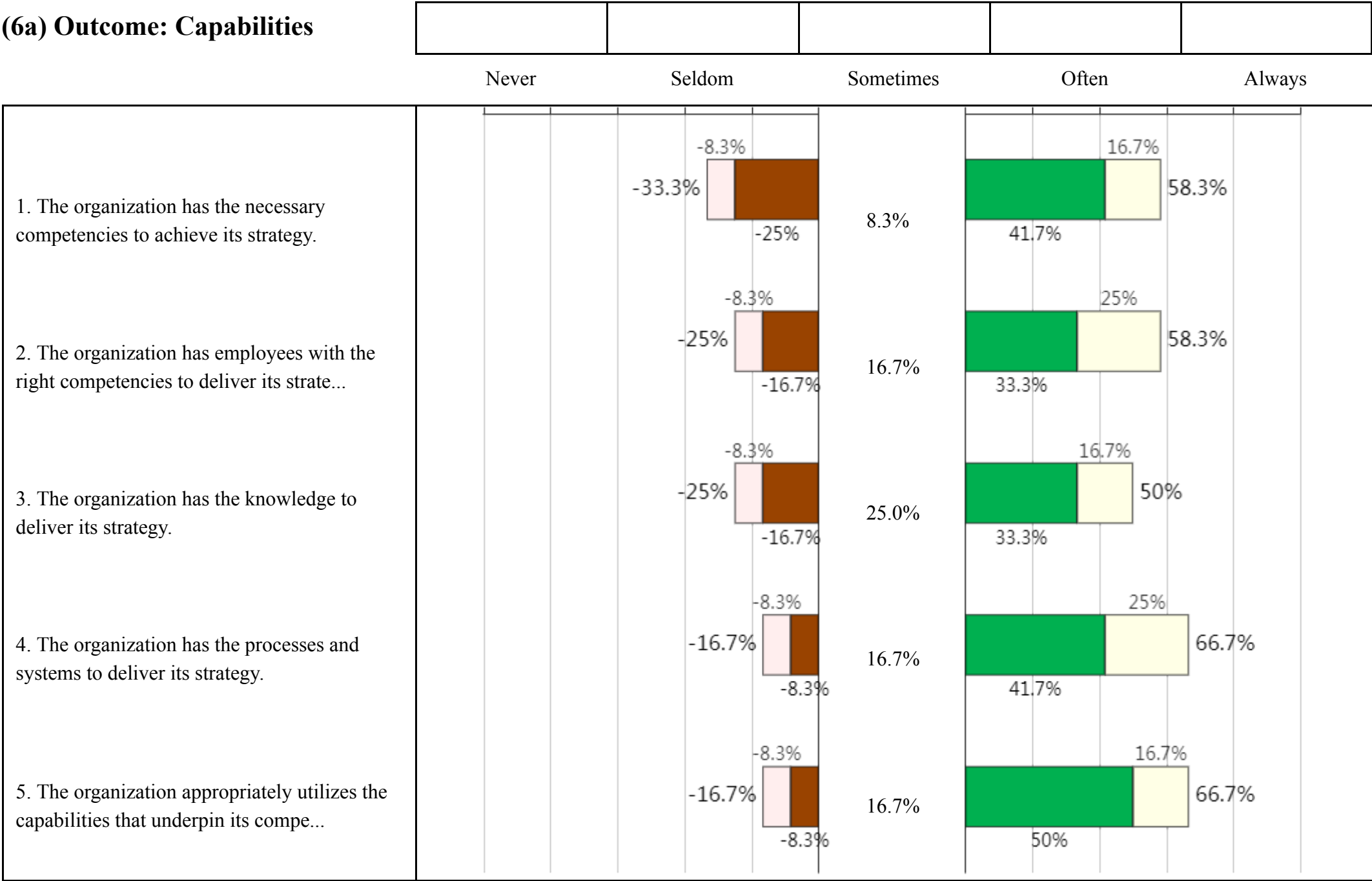
(5a) Outcome: Coordination & Control



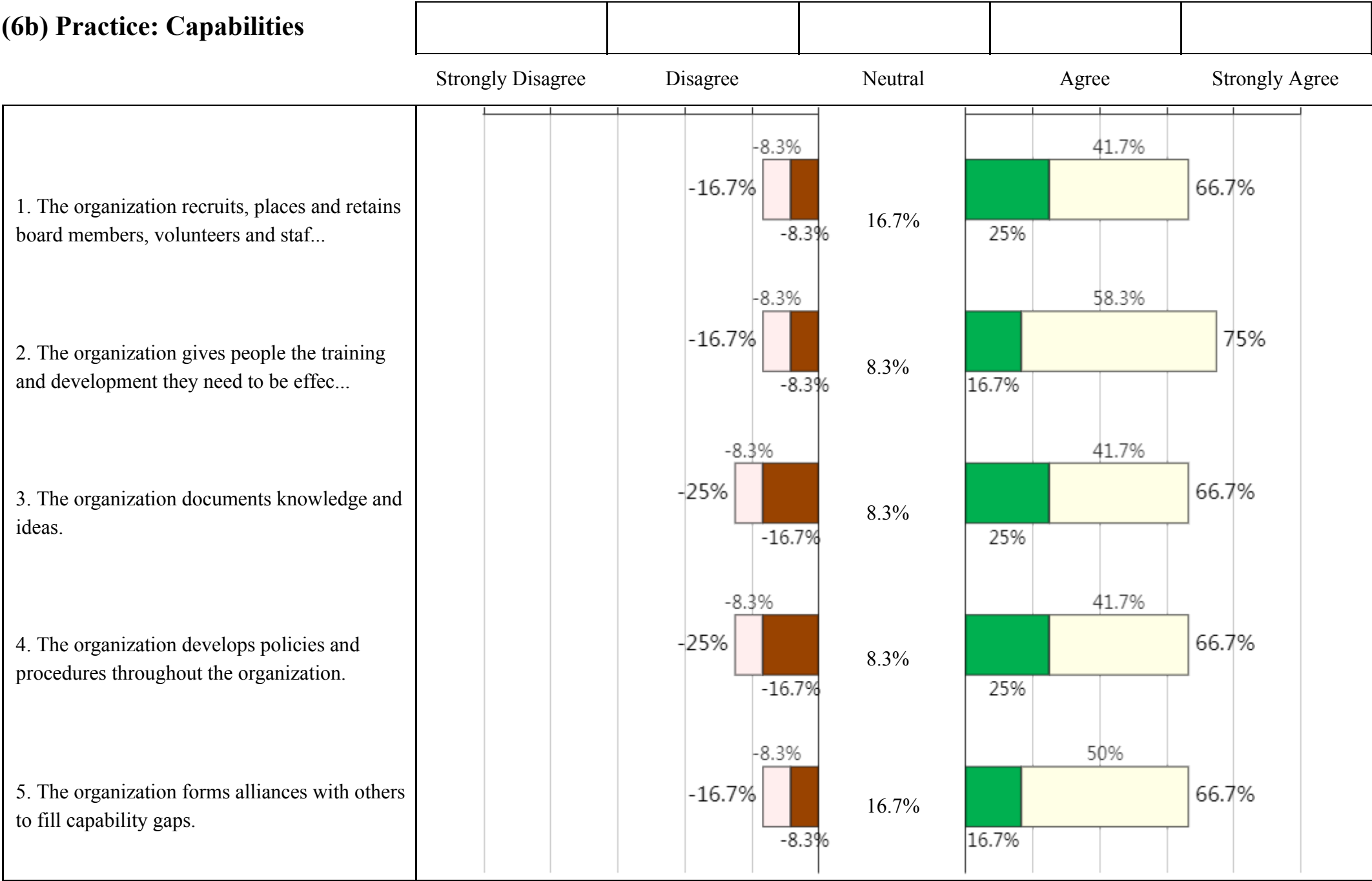
## (5b) Practice: Coordination & Control

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
t	-8.3%	-8.3%	8.3%	75%	58.3%
	-16.7%	-8.3%	8.3%	75%	50%
	-16.7%	-8.3%	16.7%	66.7%	41.7%
	-16.7%	-8.3%	25.0%	58.3%	33.3%
	-25%	-16.7%	16.7%	58.3%	41.7%
	-16.7%	-8.3%	8.3%	75%	41.7%
	-16.7%	-8.3%	25.0%	58.3%	41.7%

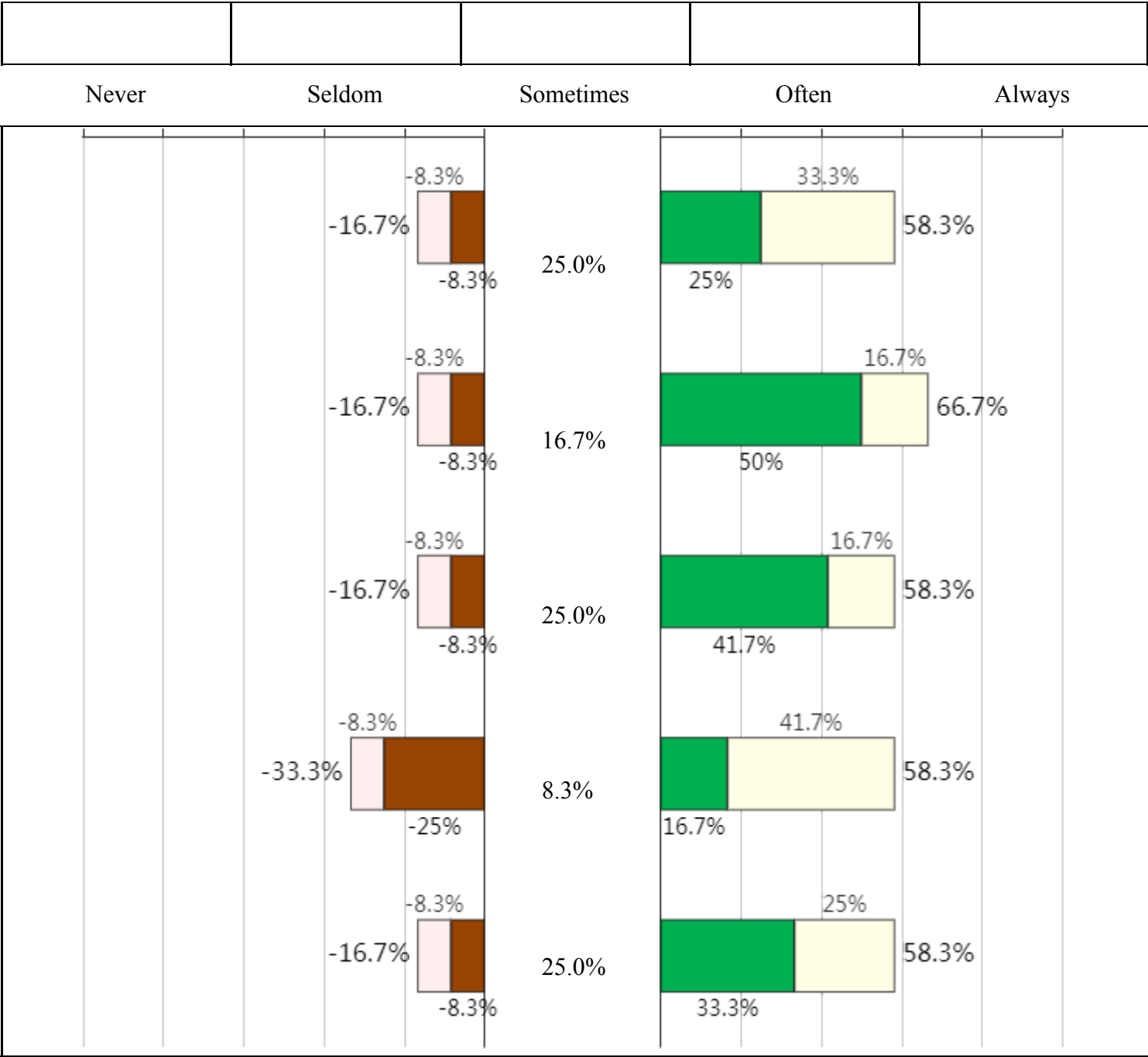
(6a) Outcome: Capabilities



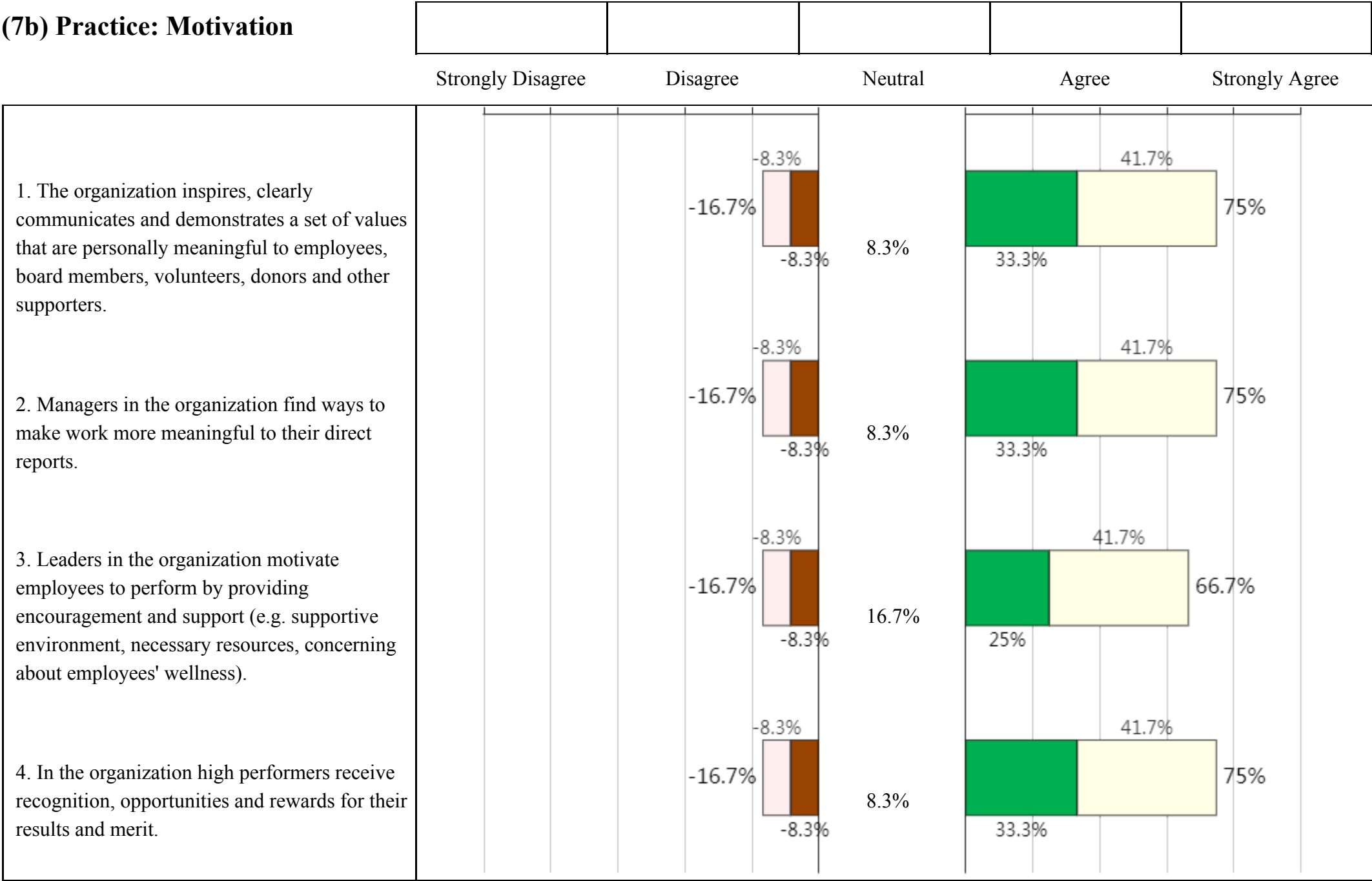
(6b) Practice: Capabilities



(7a) Outcome: Motivation

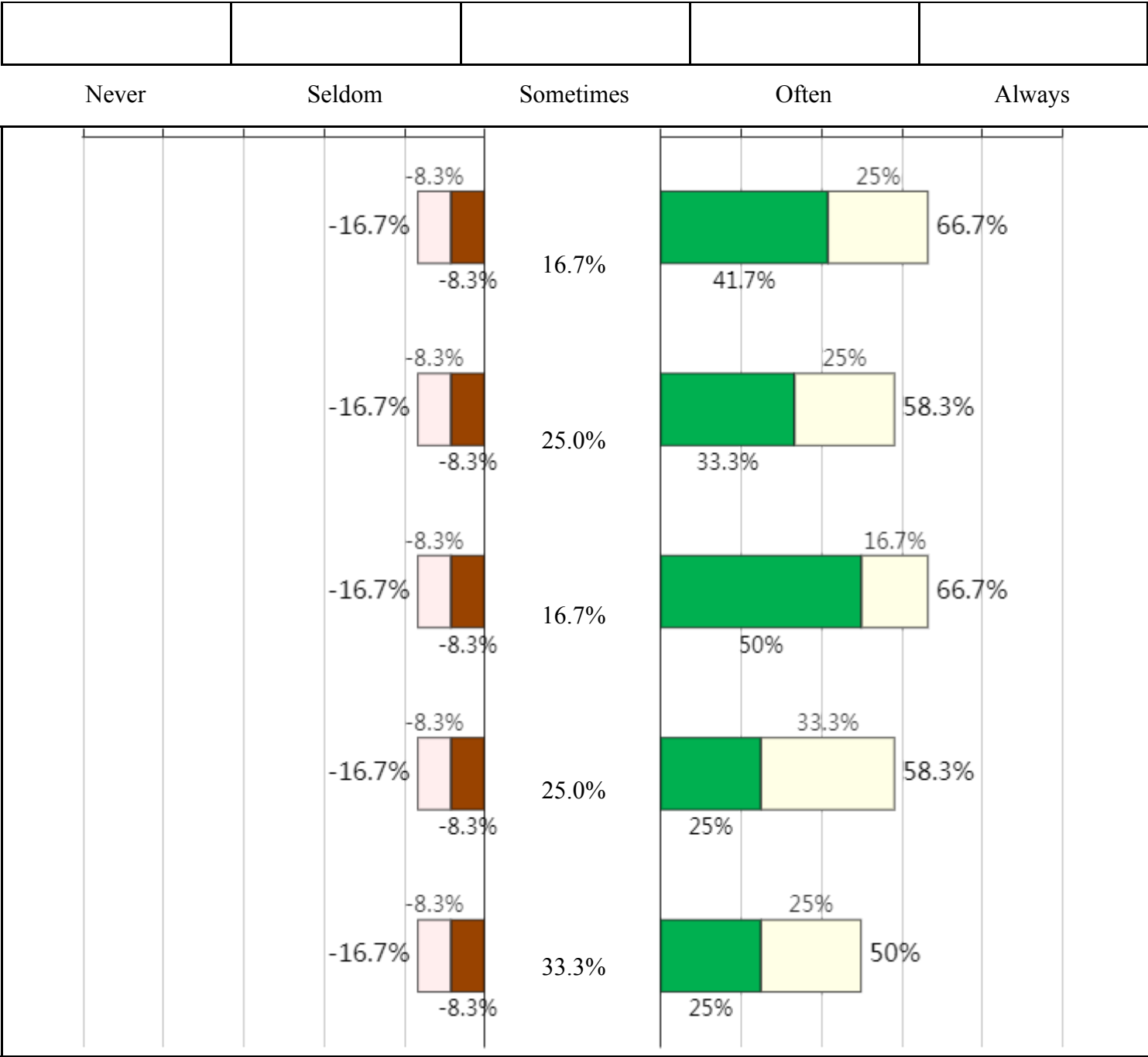


(7b) Practice: Motivation

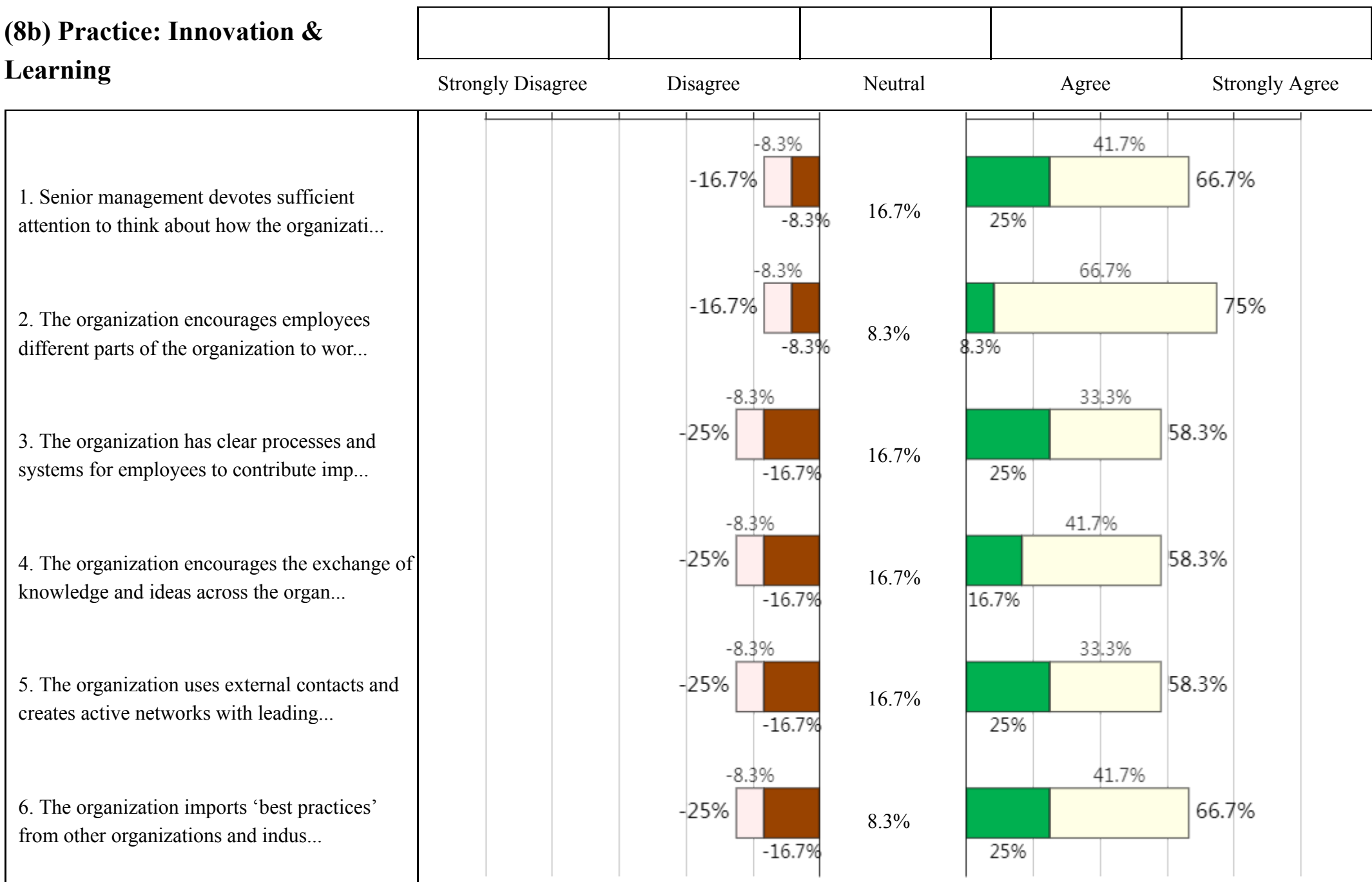




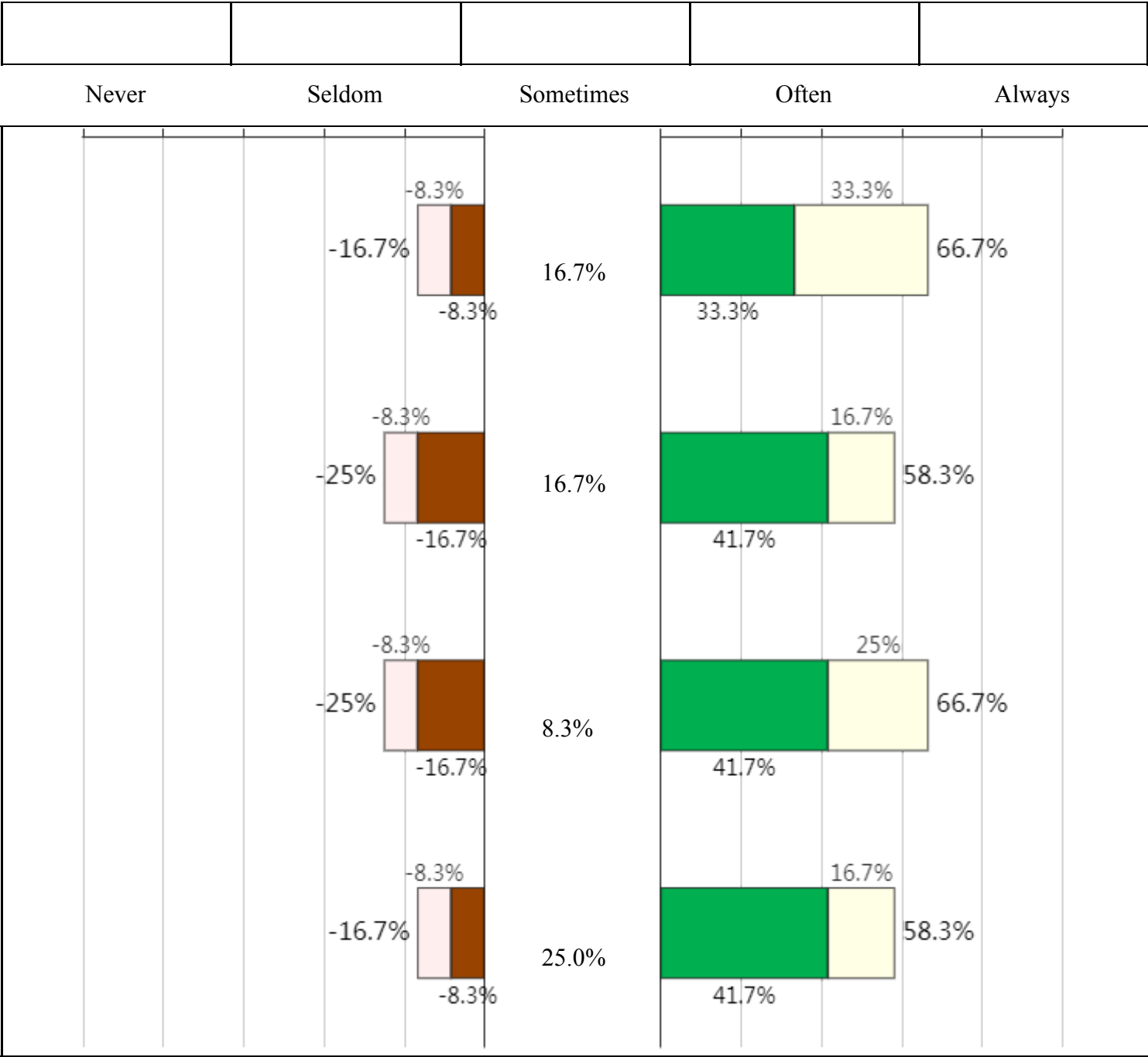
(8a) Outcome: Innovation & Learning



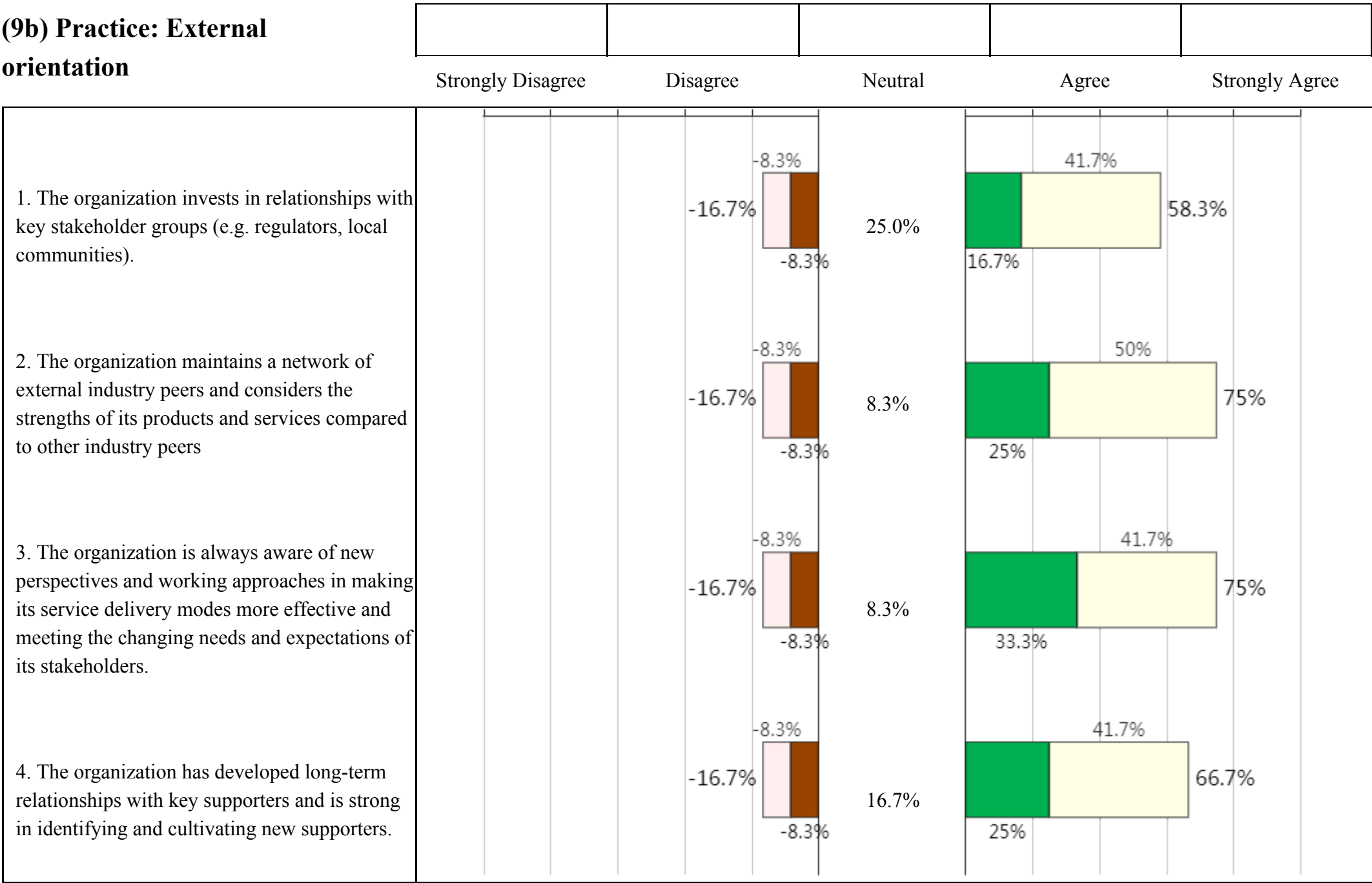
## (8b) Practice: Innovation & Learning



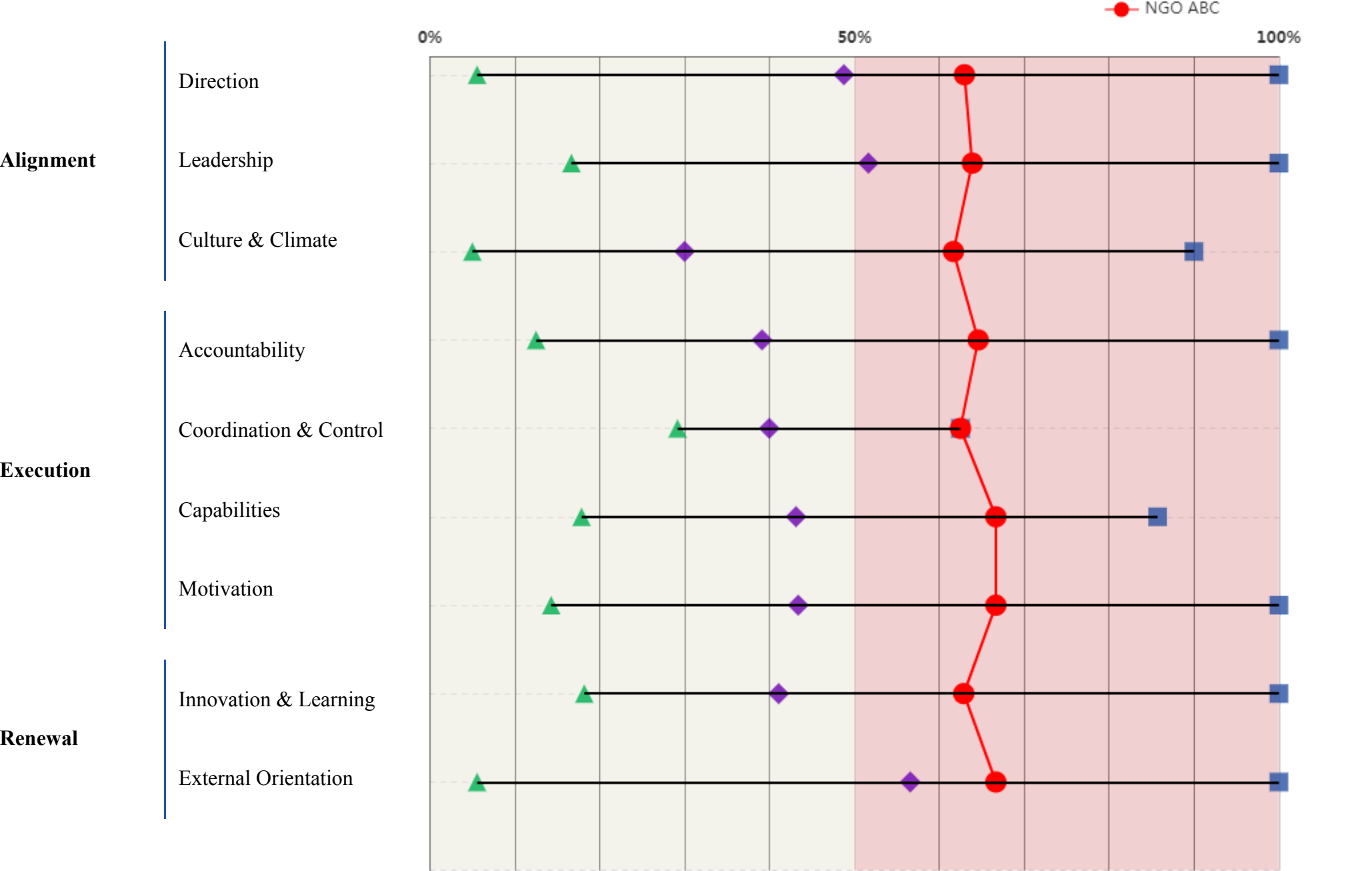
(9a) Outcome: External orientation



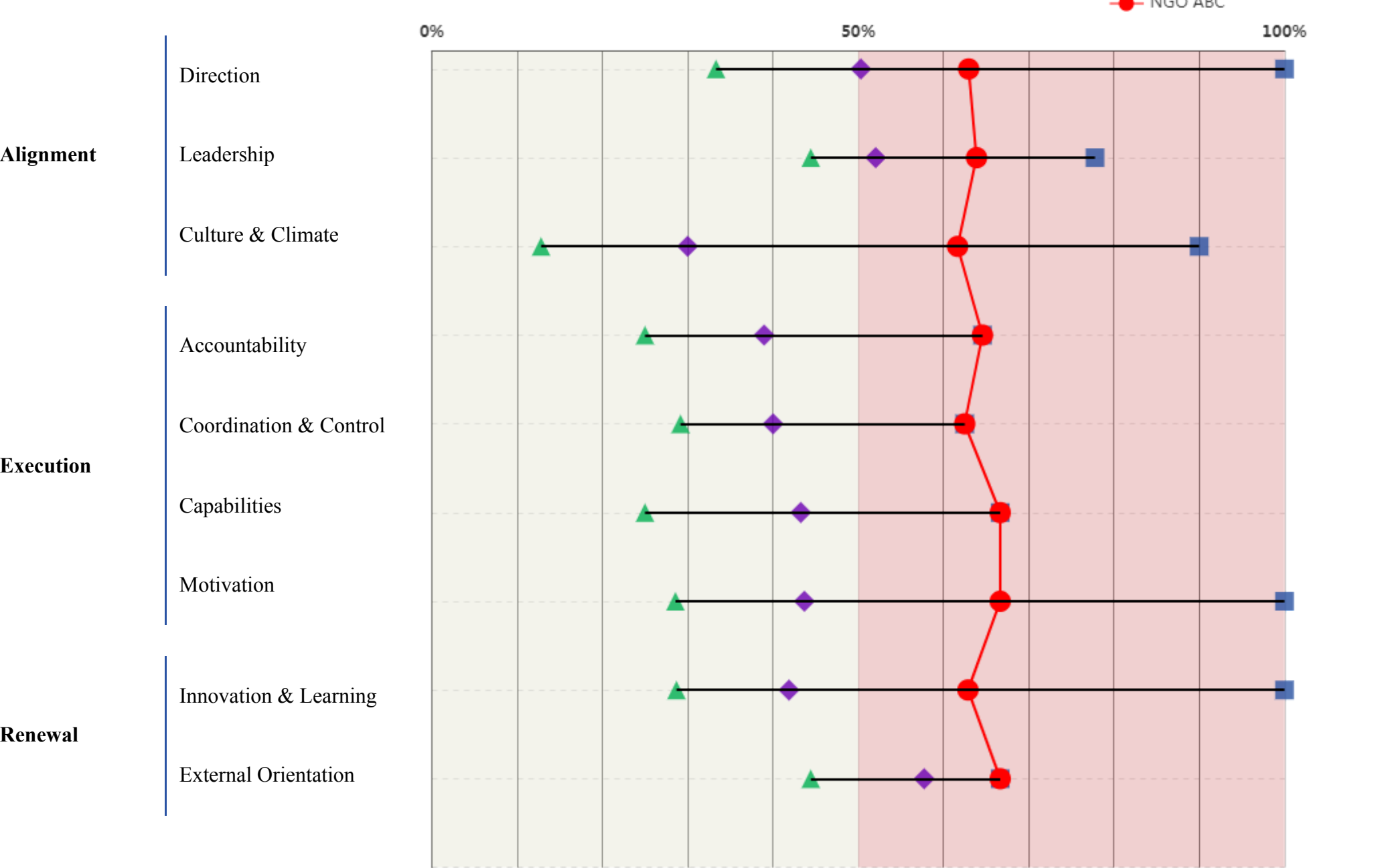
**(9b) Practice: External orientation**



# Shape of curves and range of outcome scores across all NGOs' record in past 3 years

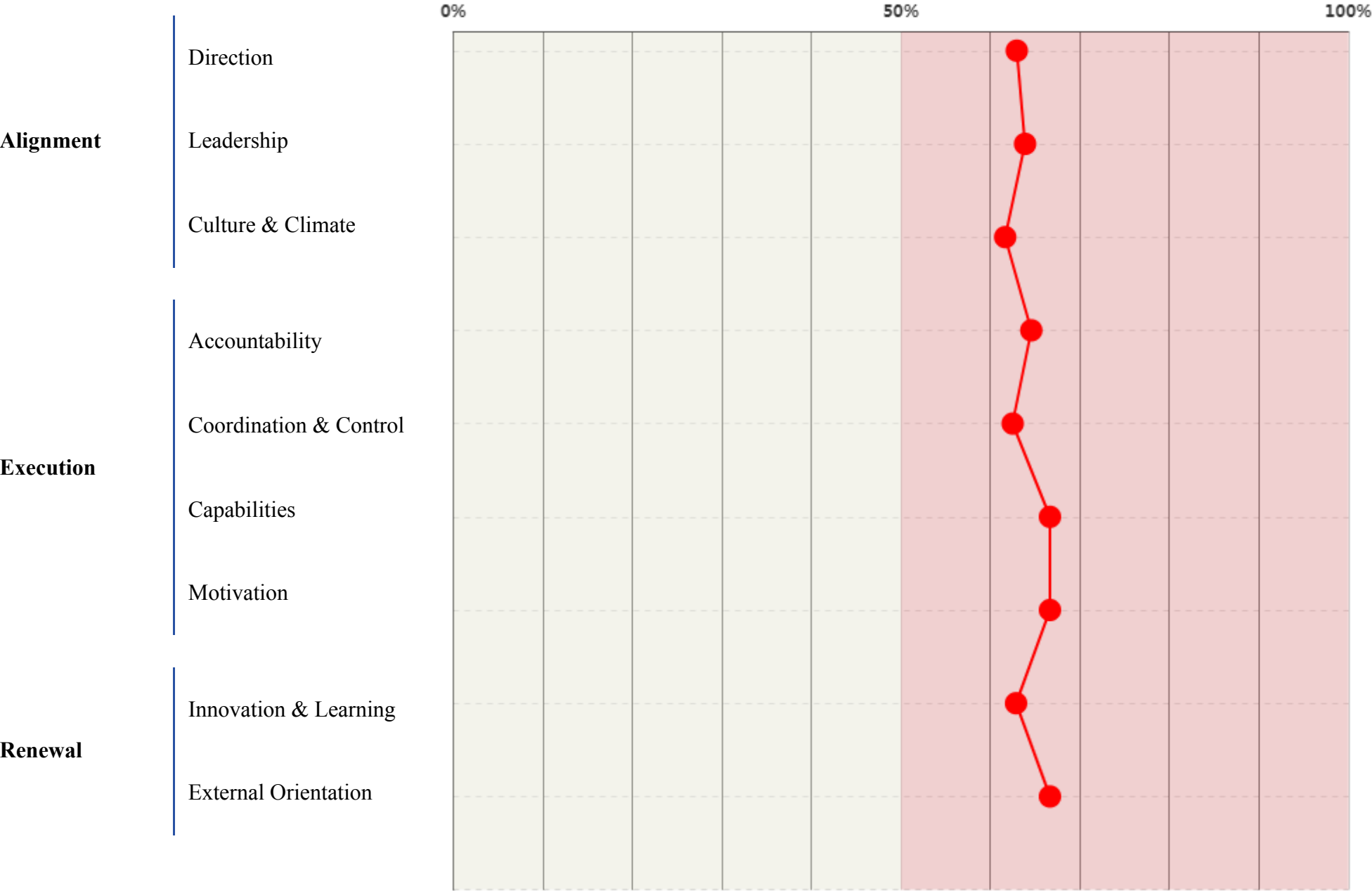


# Shape of curves and range of outcome scores across all NGOs' record with similar size in past 3 years



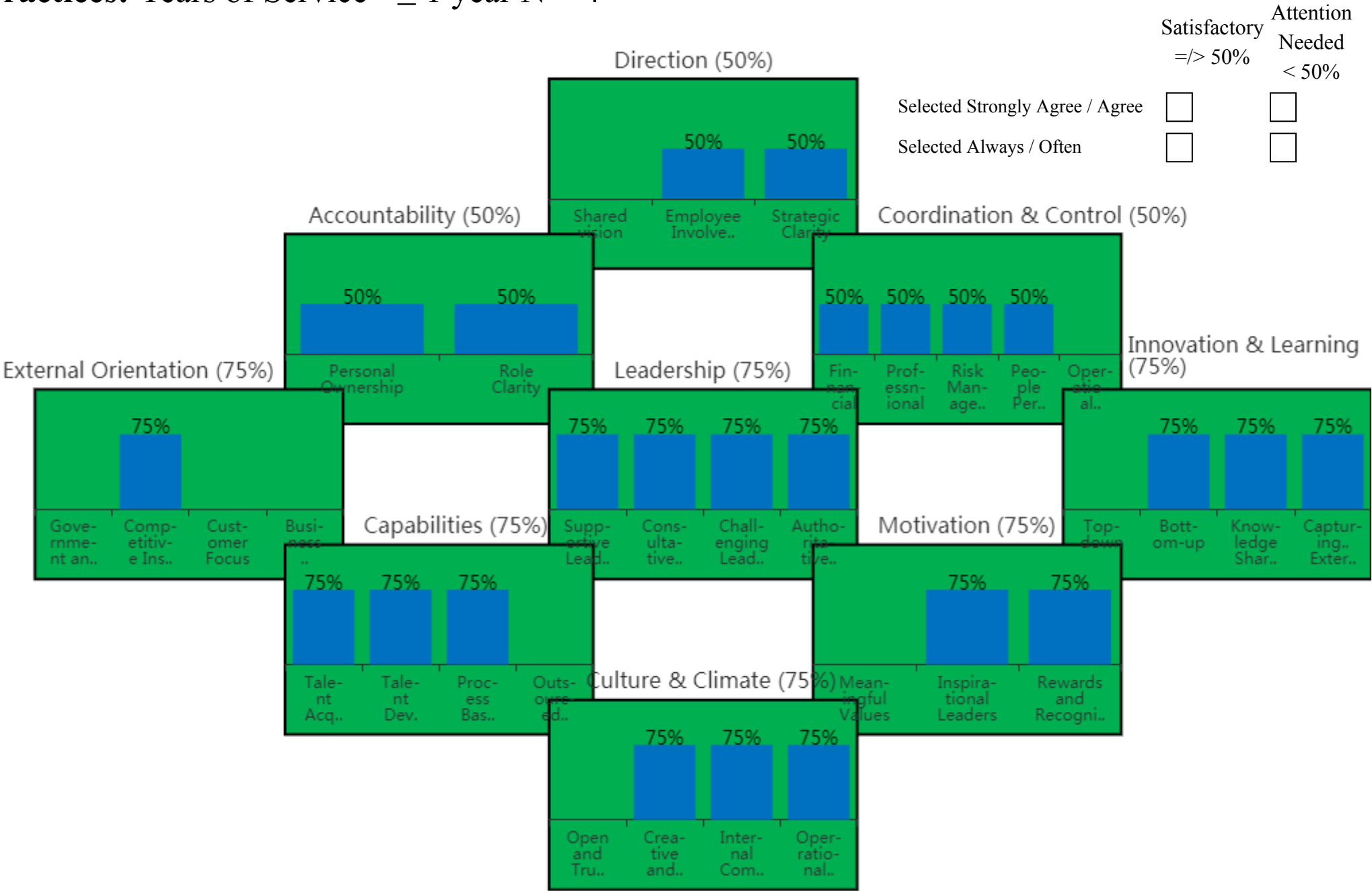
# Shape of curves and range of outcome scores for self benchmarking

● 2020-12-01 - 2021-03-31(Current)



Practices: Years of Service - ≤ 1 year N = 4

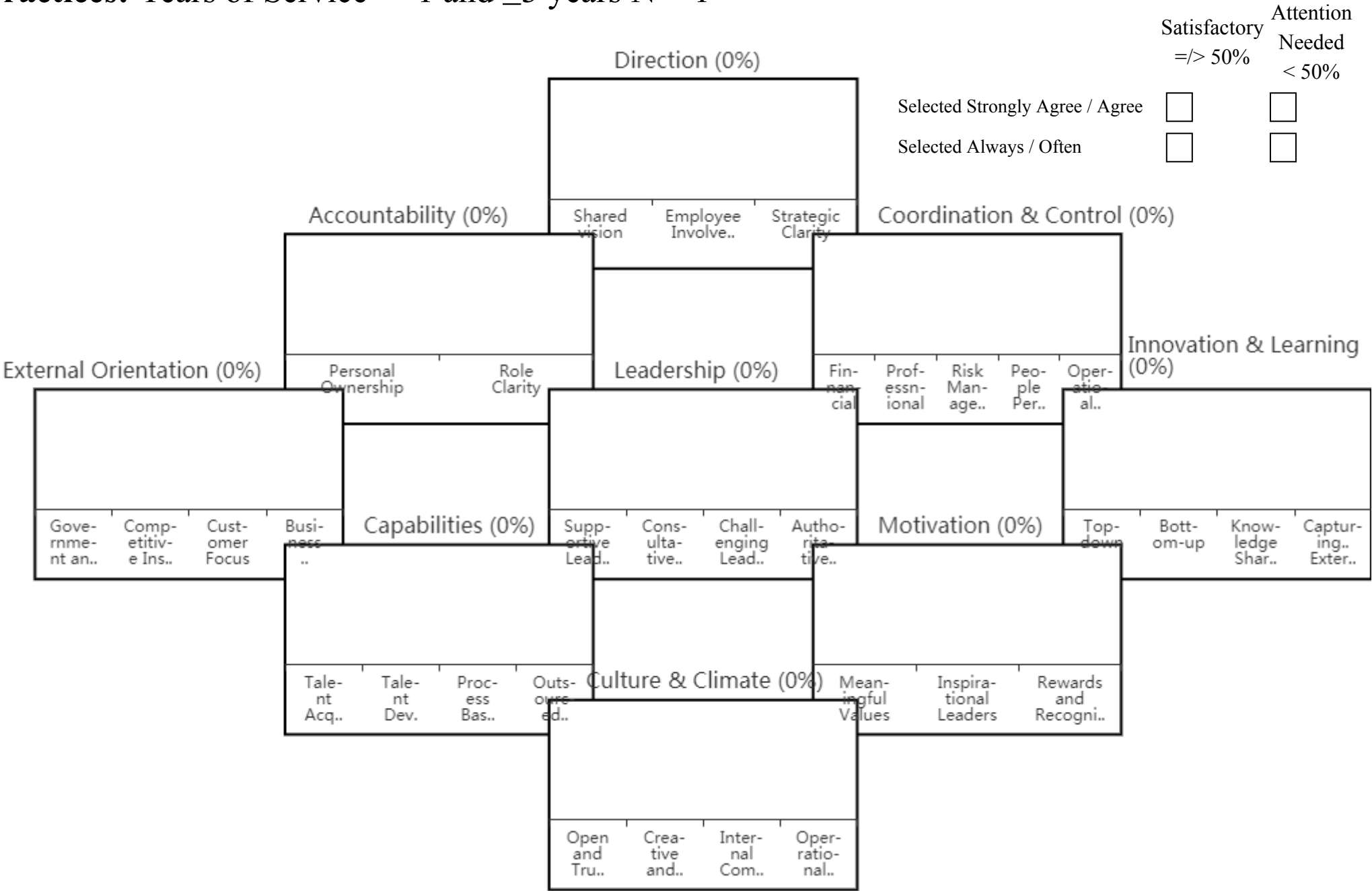
Number of Respondents





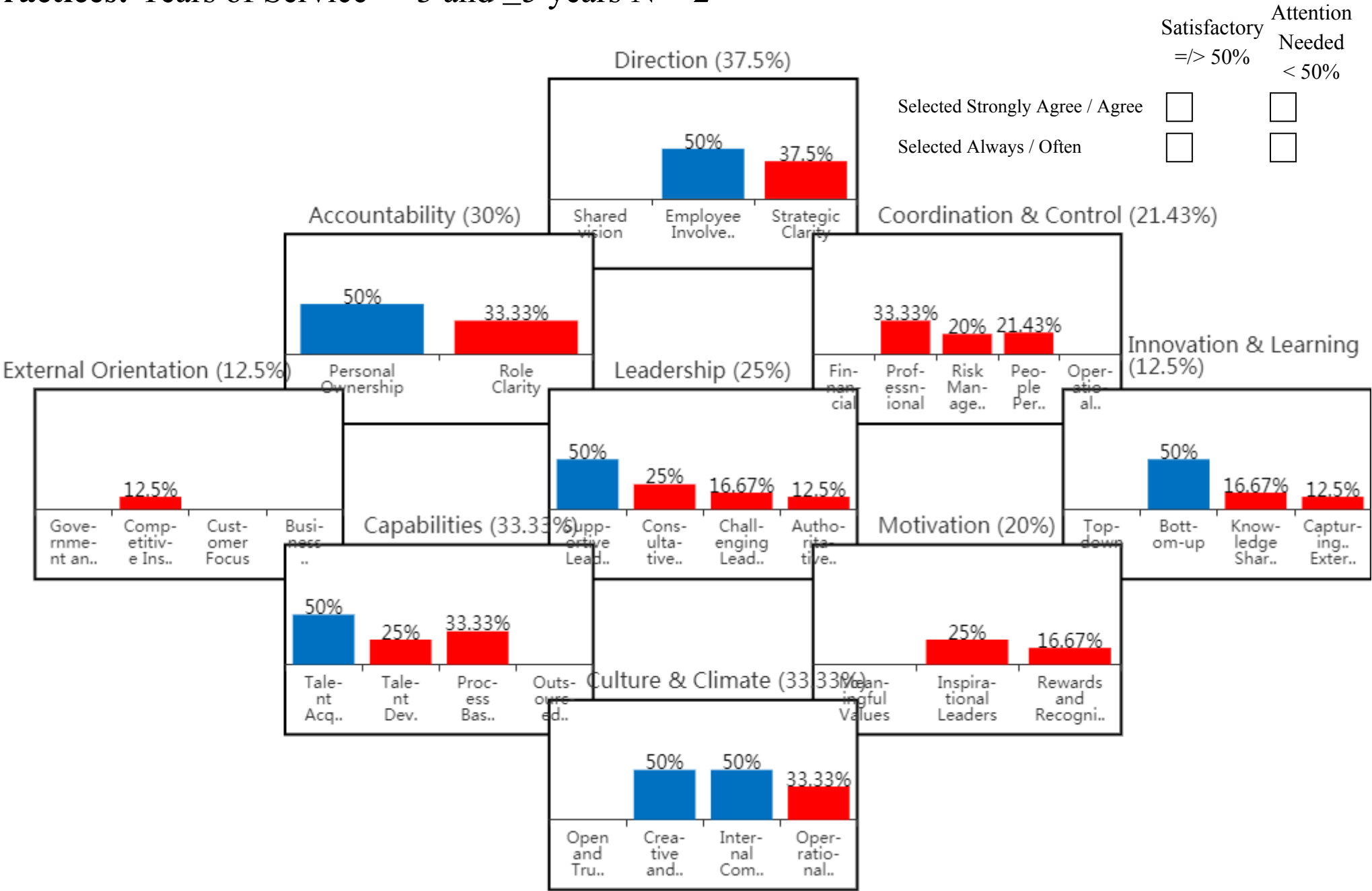
Practices: Years of Service - >1 and ≤3 years N = 1

Number of Respondents



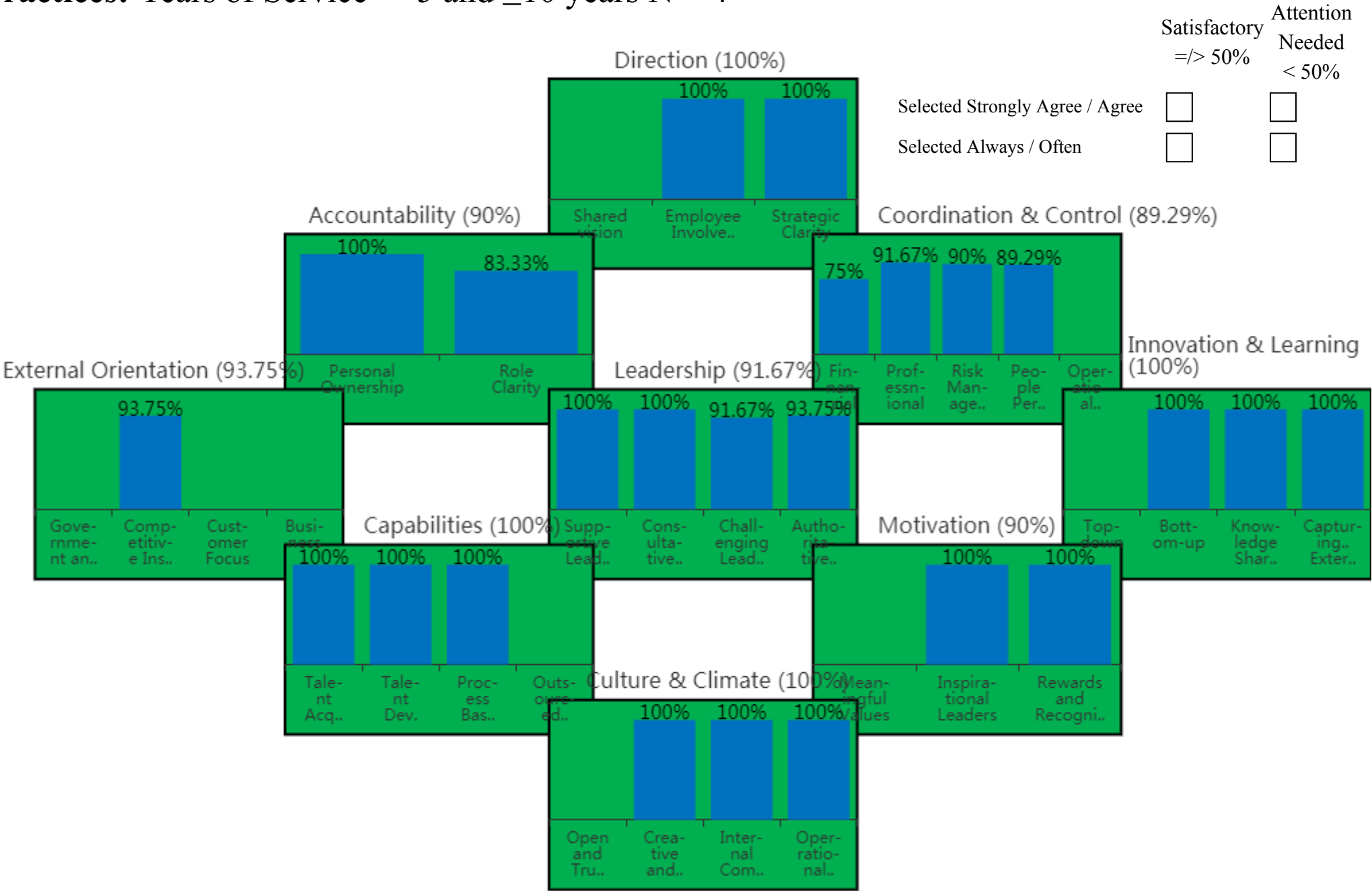
Practices: Years of Service - >3 and ≤5 years N = 2

Number of Respondents



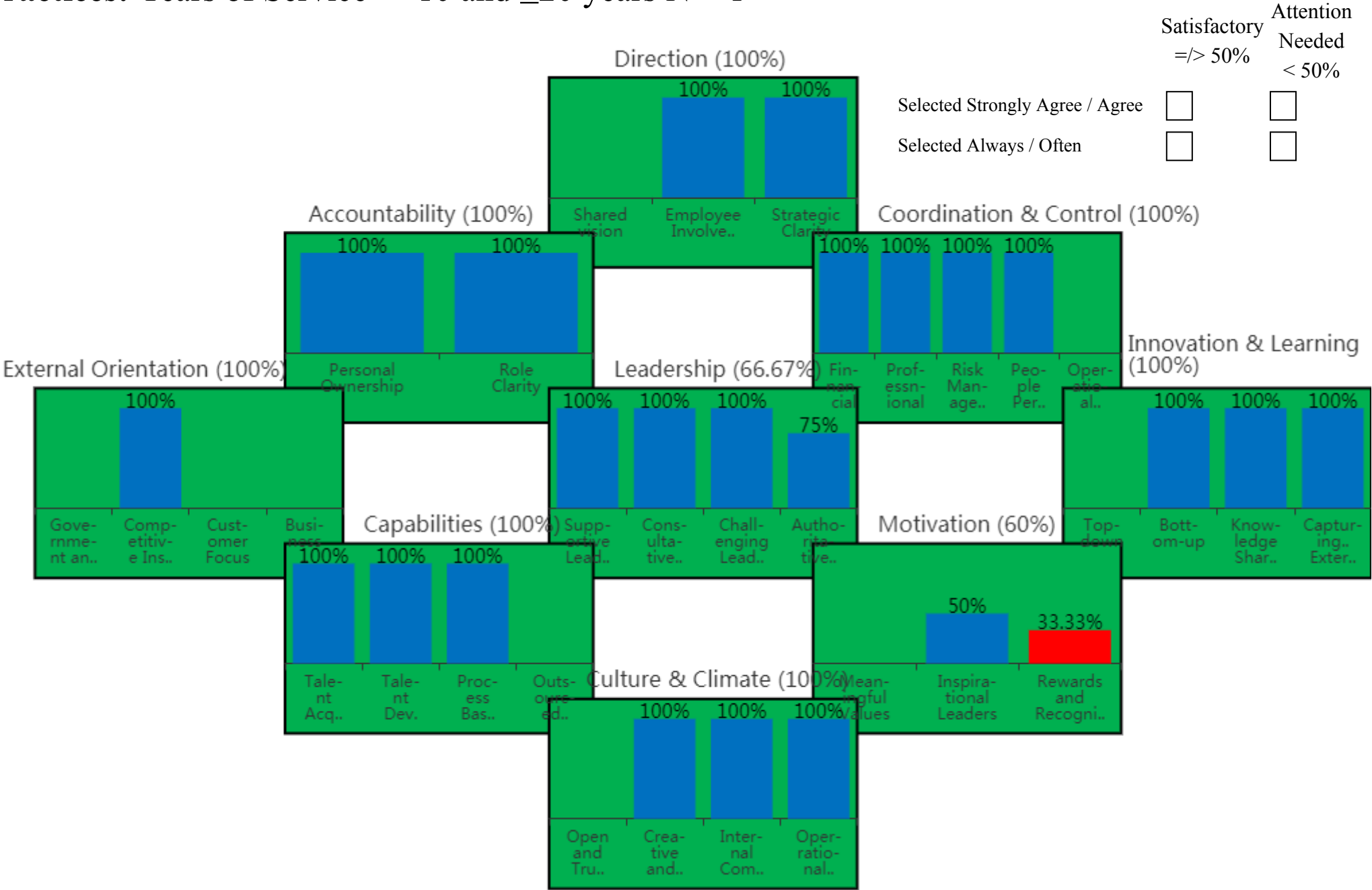
Practices: Years of Service - >5 and ≤10 years N = 4

Number of Respondents



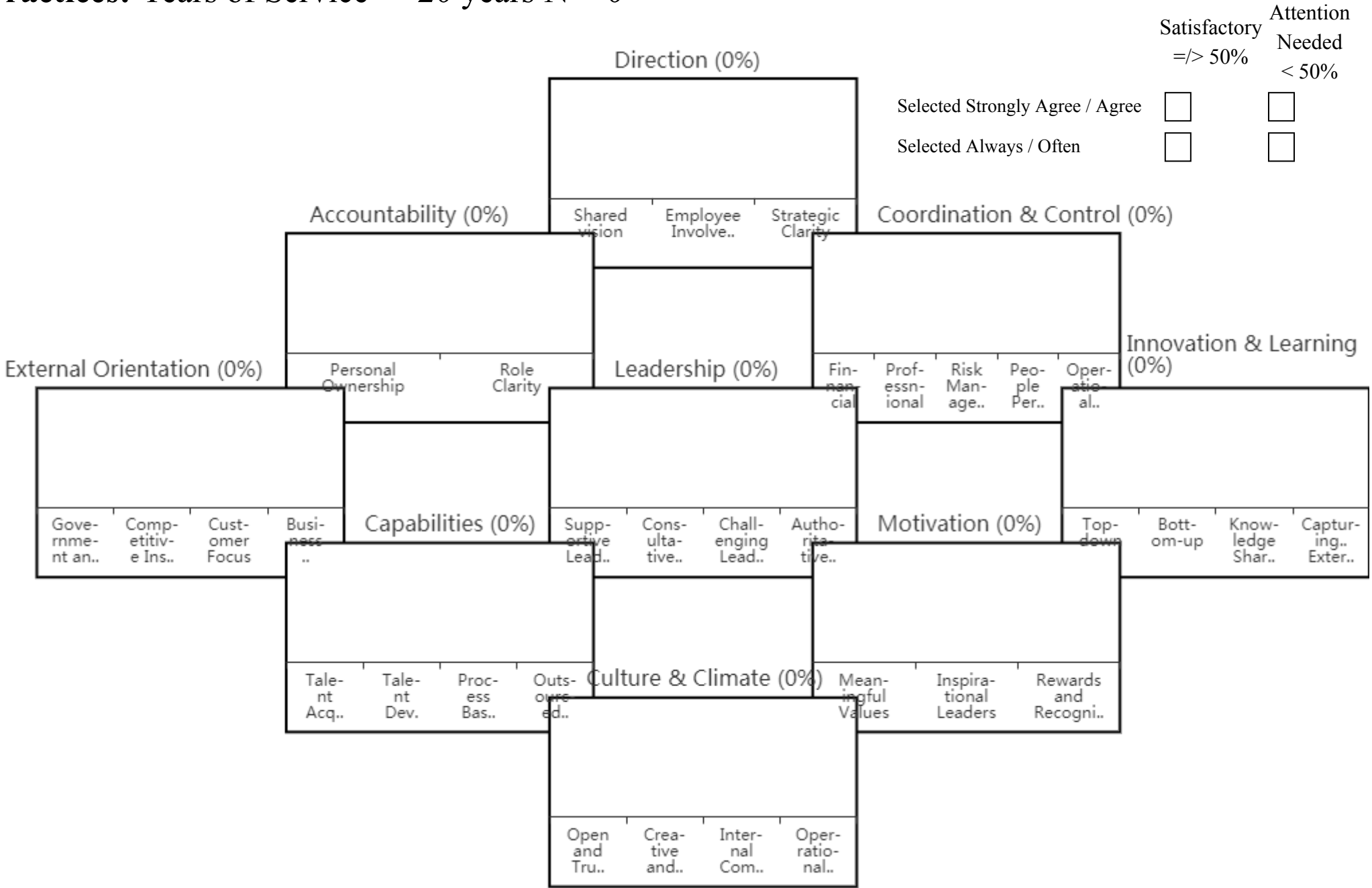
Practices: Years of Service - >10 and ≤20 years N = 1

Number of Respondents



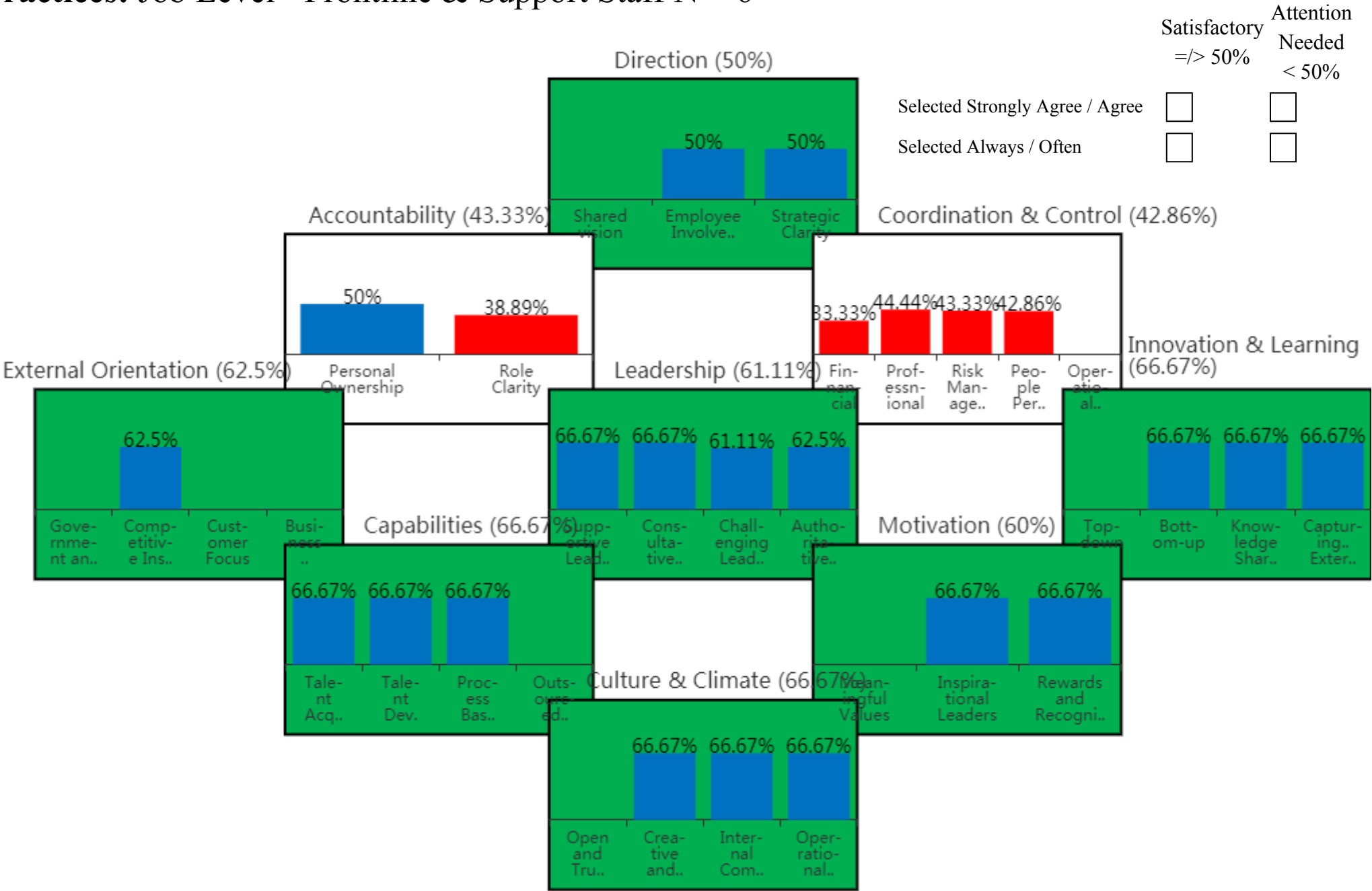
Practices: Years of Service - >20 years N = 0

Number of Respondents



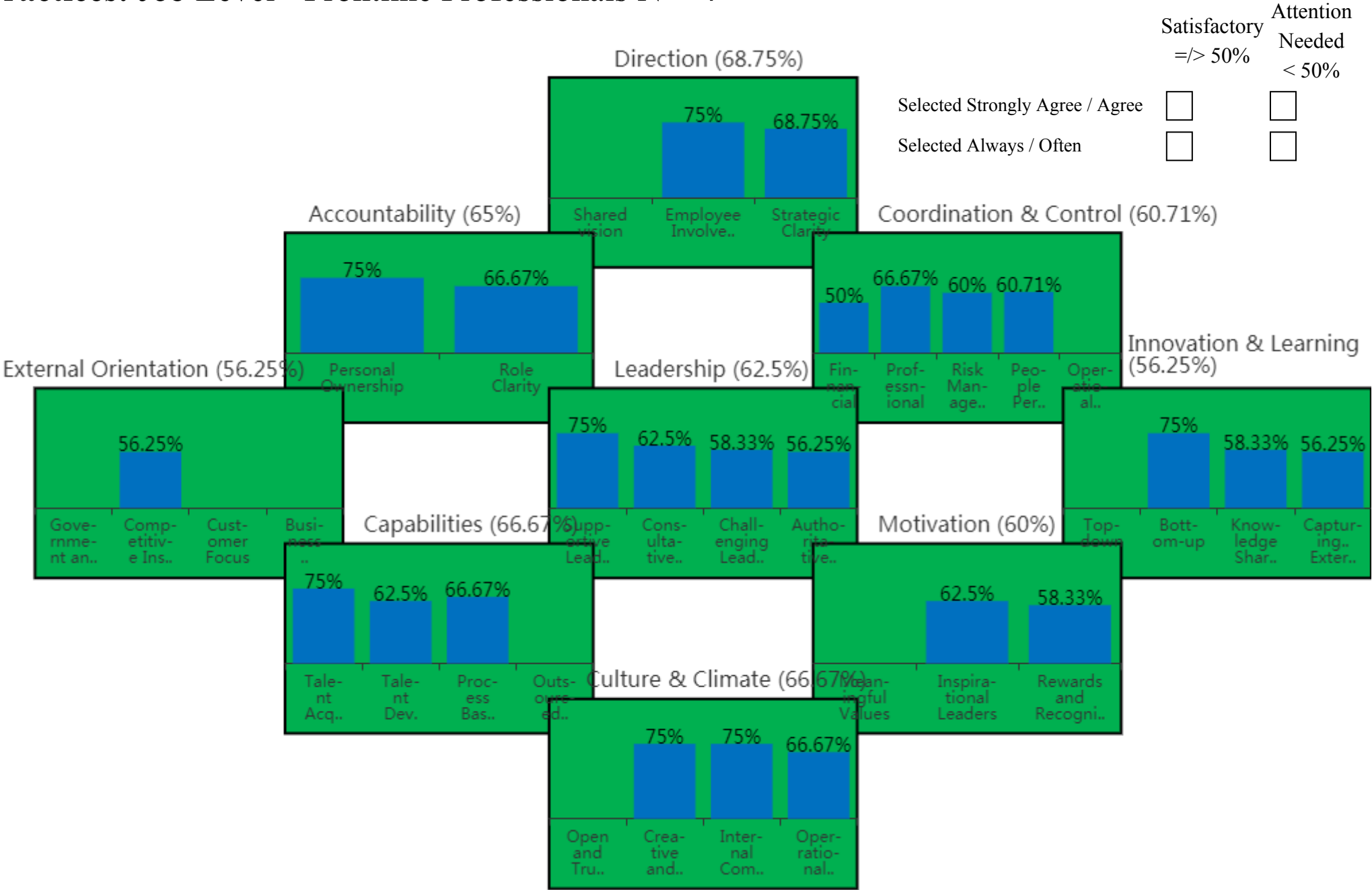
Practices: Job Level - Frontline & Support Staff N = 6

Number of Respondents



Practices: Job Level - Frontline Professionals N = 4

Number of Respondents

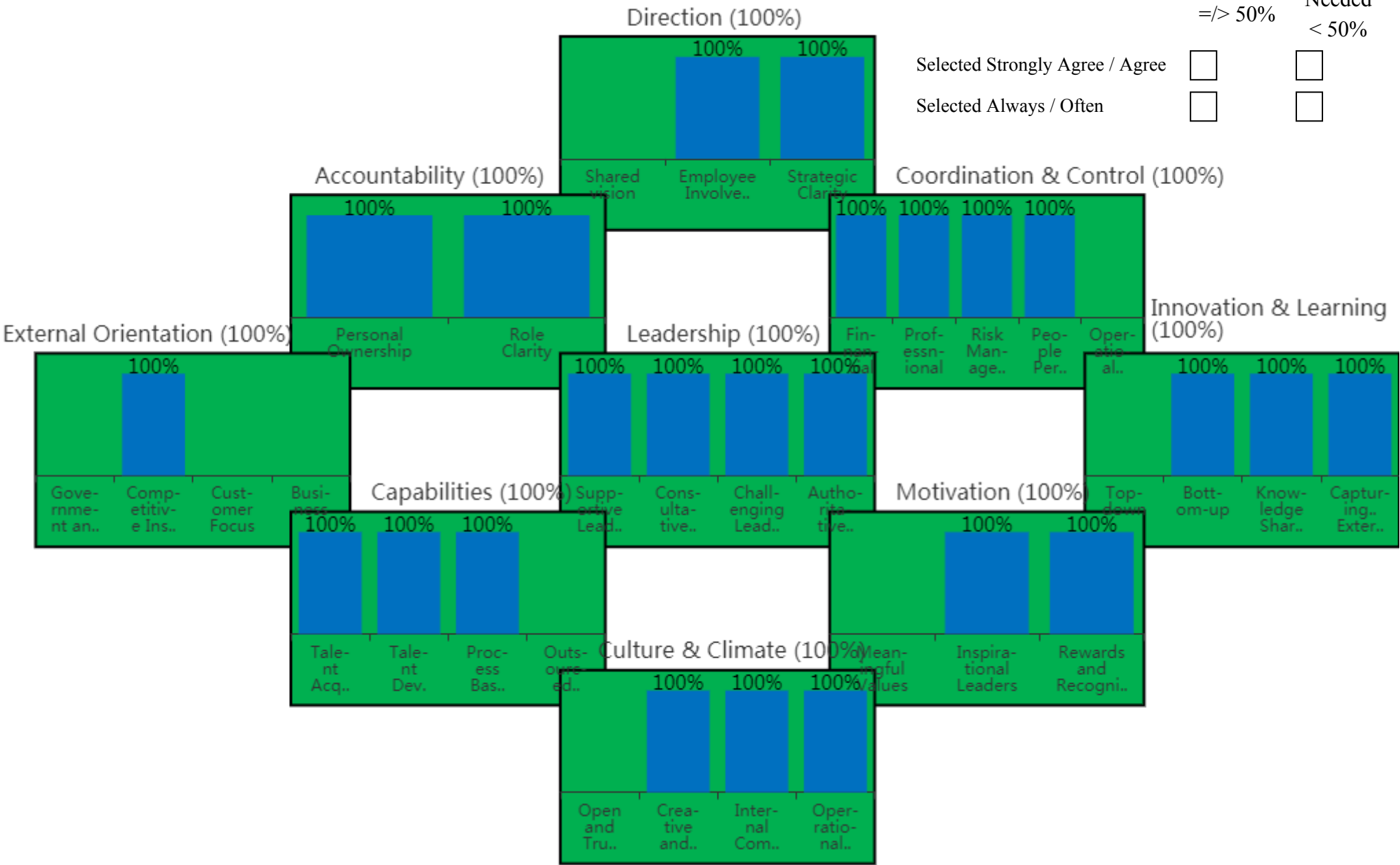


Practices: Job Level - Management N = 1

Number of Respondents

Satisfactory  
= /> 50%  
Attention  
Needed  
< 50%

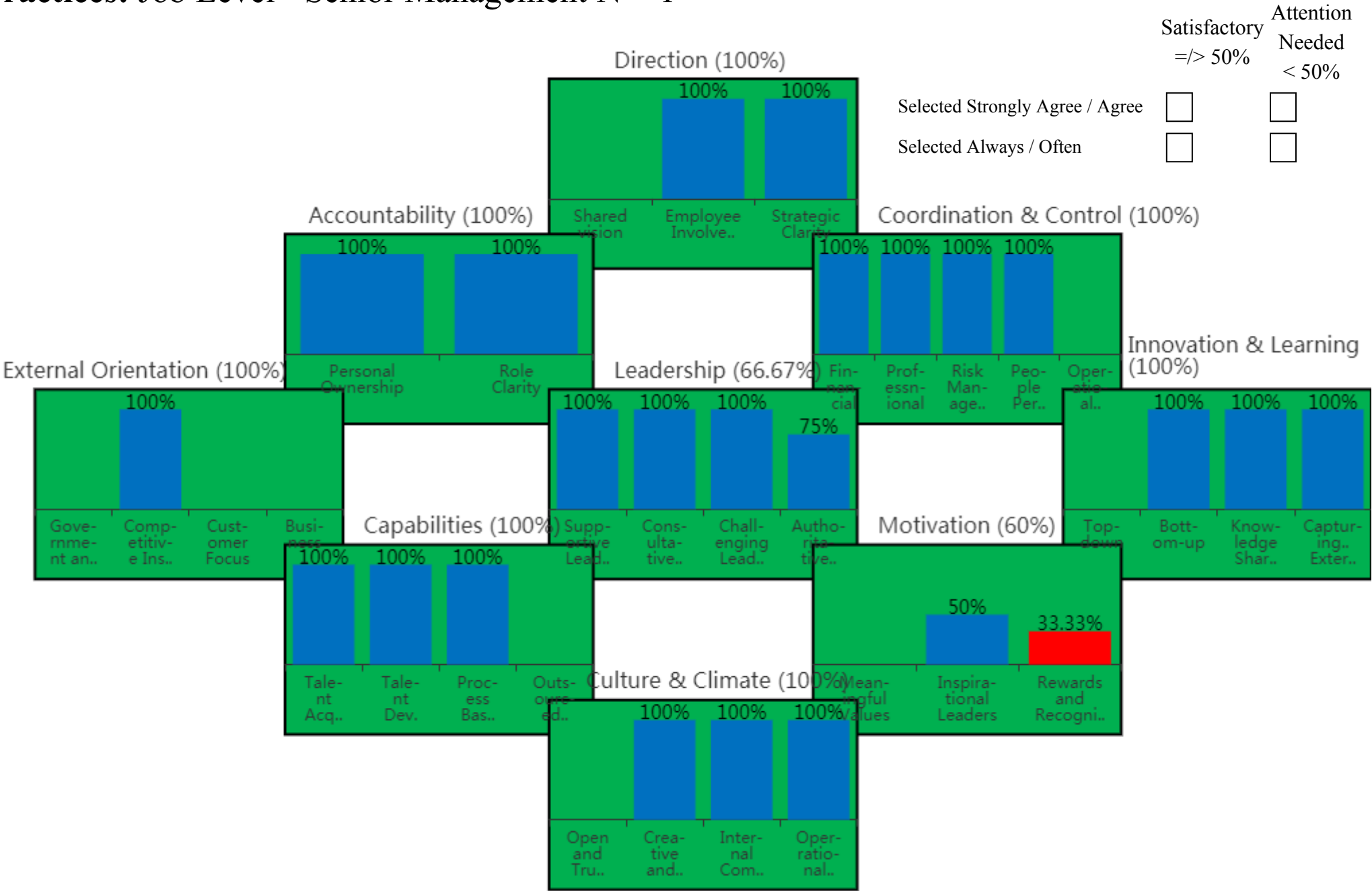
Selected Strongly Agree / Agree  
Selected Always / Often





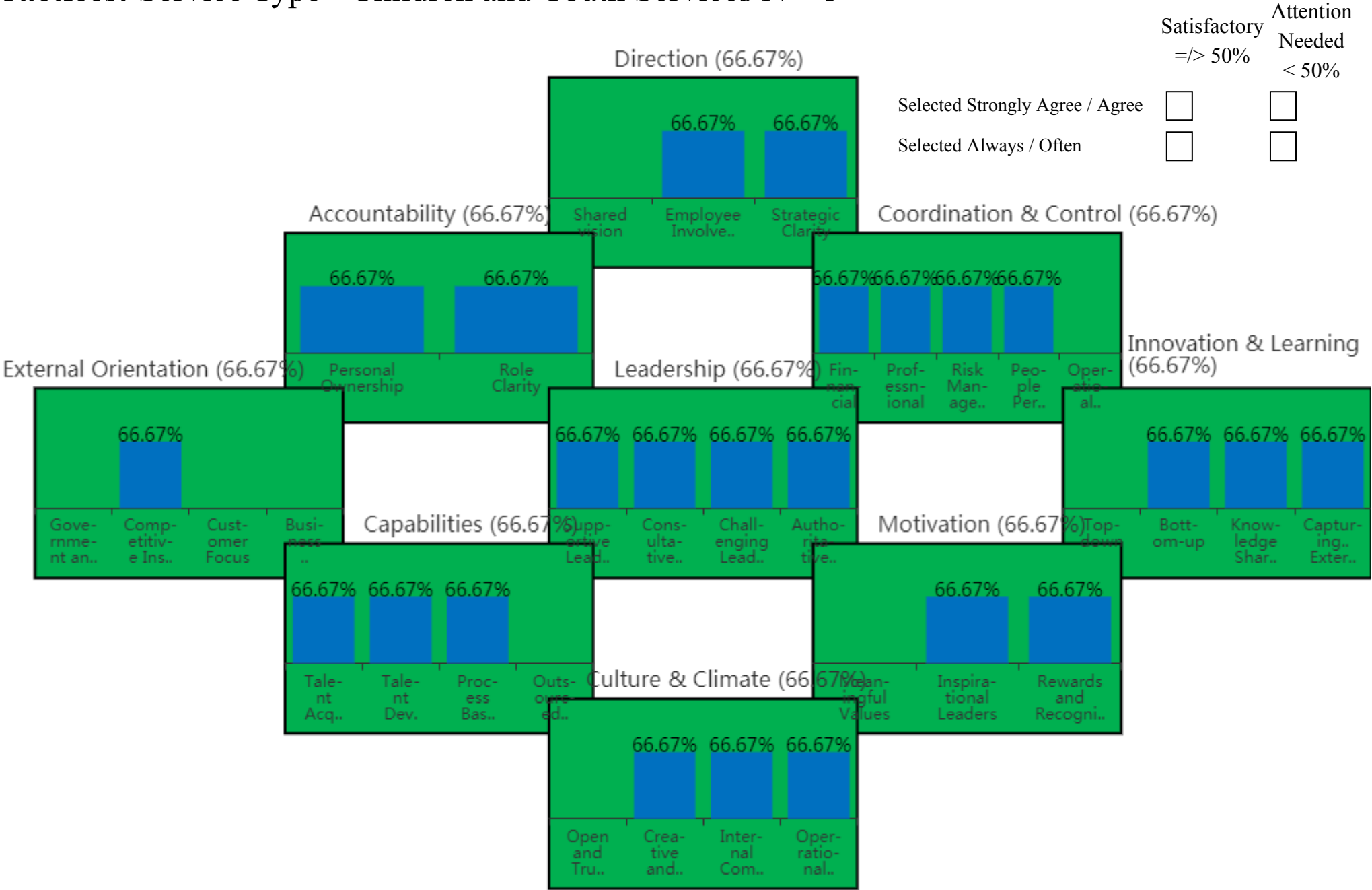
Practices: Job Level - Senior Management N = 1

Number of Respondents



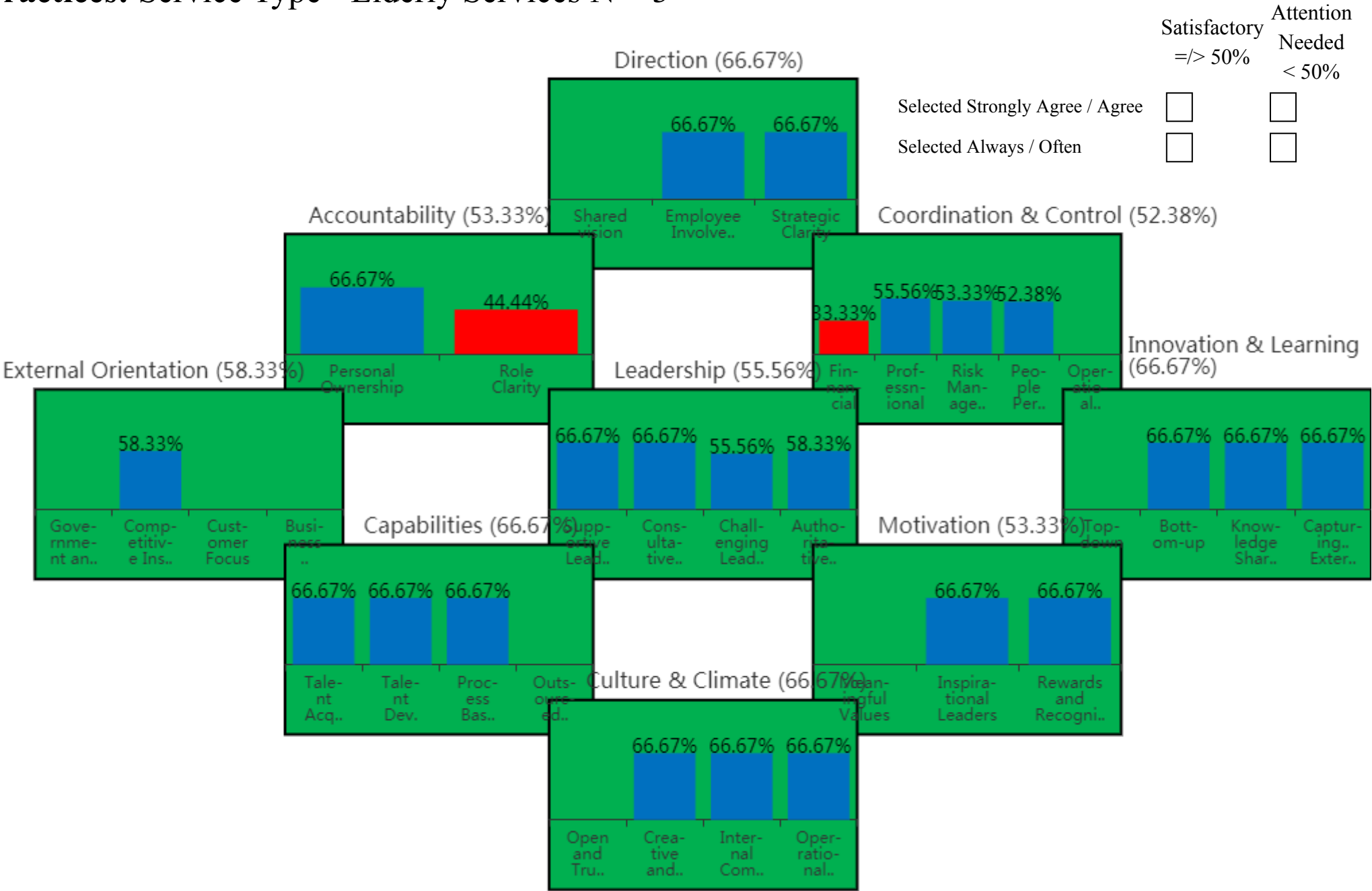
Practices: Service Type - Children and Youth Services N = 3

Number of Respondents



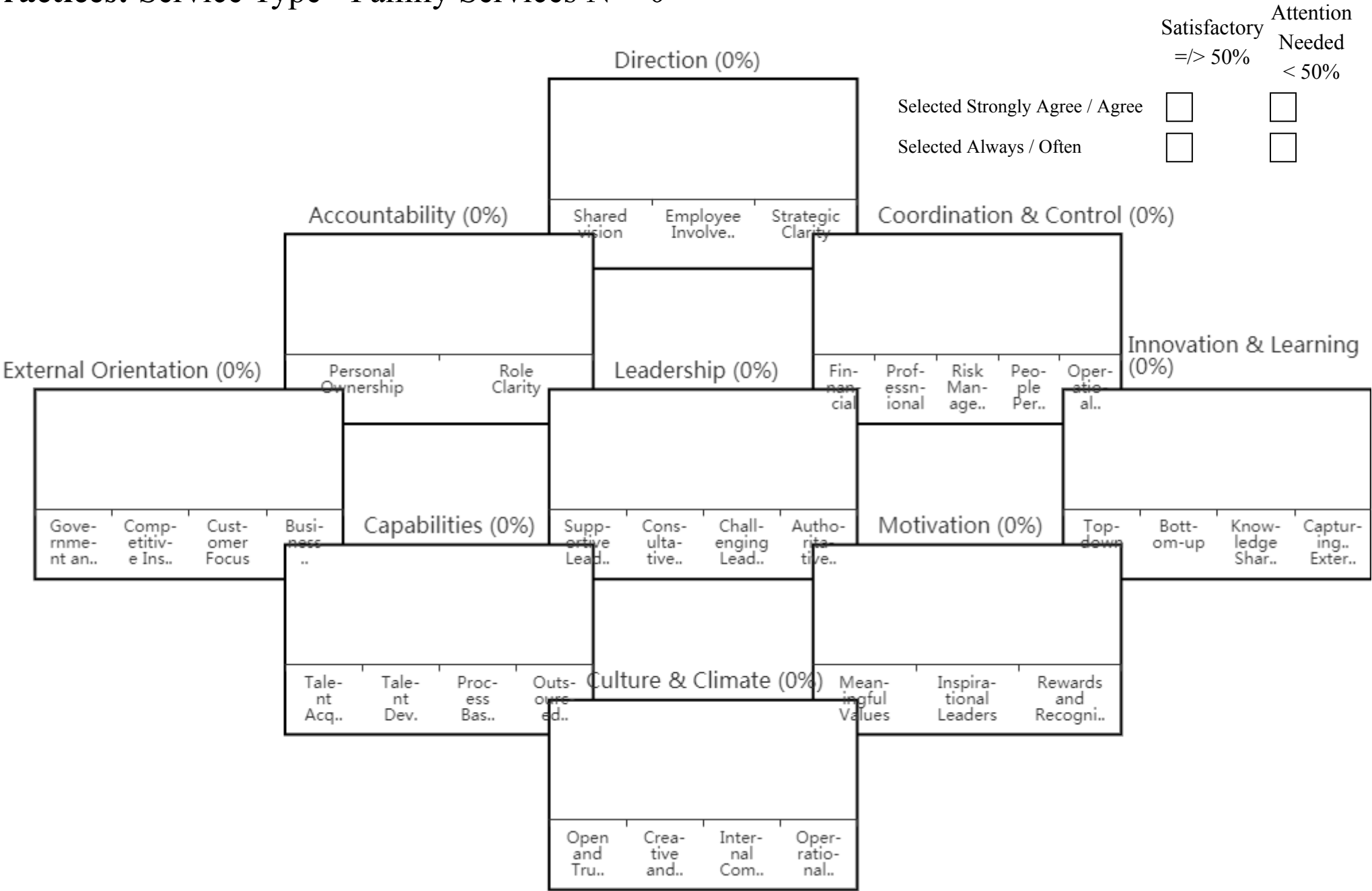
Practices: Service Type - Elderly Services N = 3

Number of Respondents



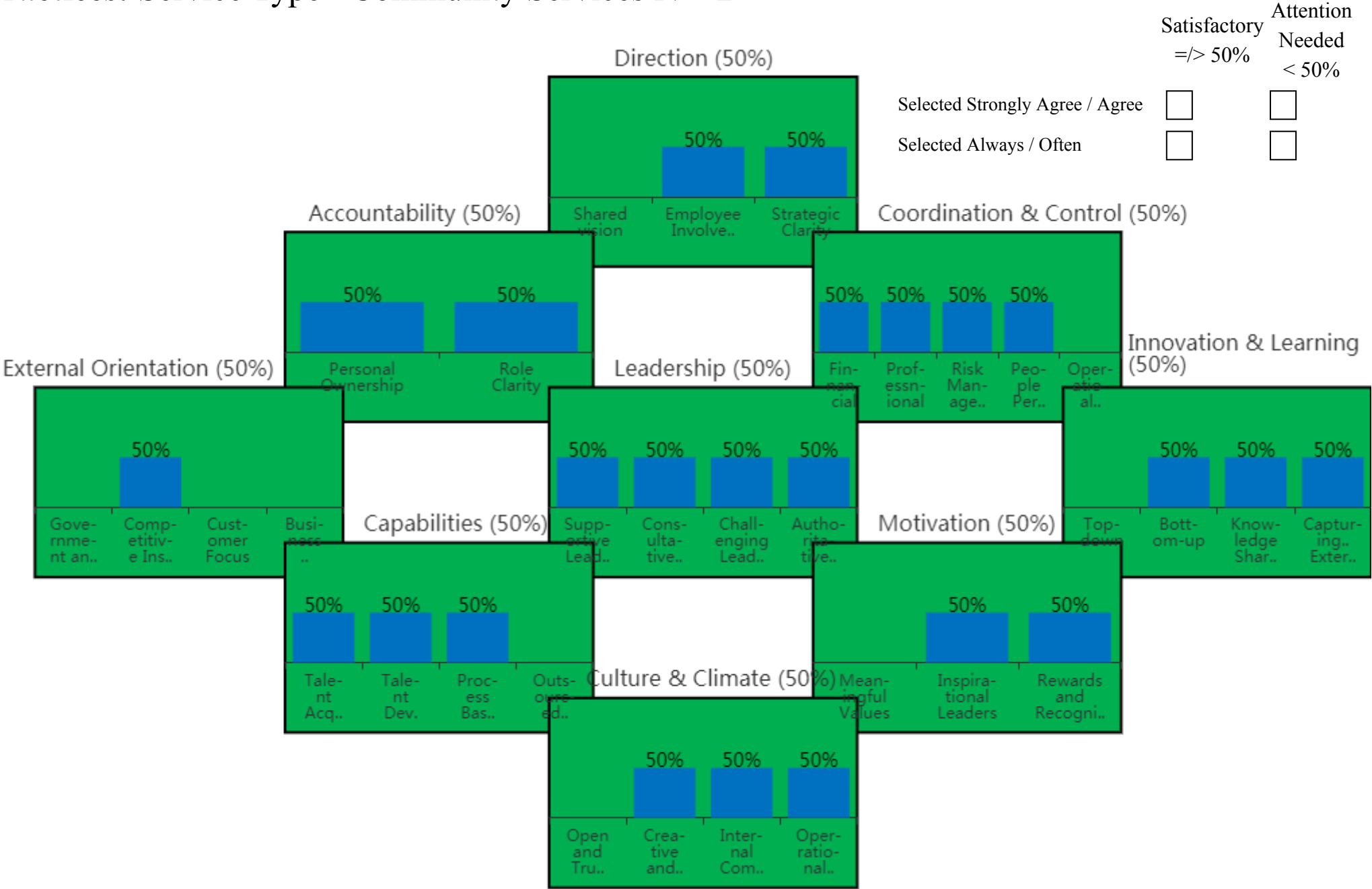
Practices: Service Type - Family Services N = 0

Number of Respondents



Practices: Service Type - Community Services N = 2

Number of Respondents



Practices: Service Type - Rehabilitation Services N = 2

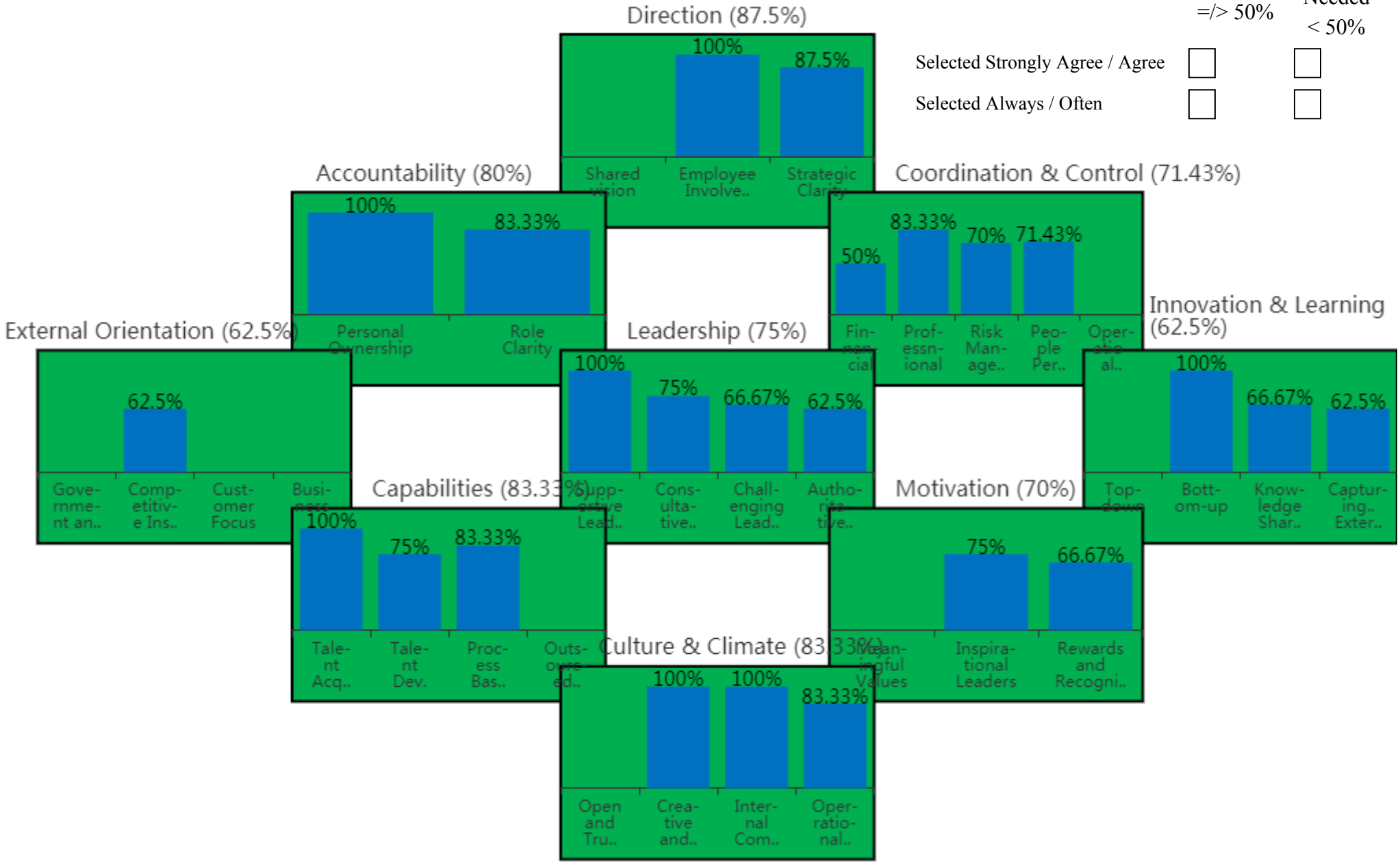
Number of Respondents

Satisfactory  
= /> 50%

Attention  
Needed  
< 50%

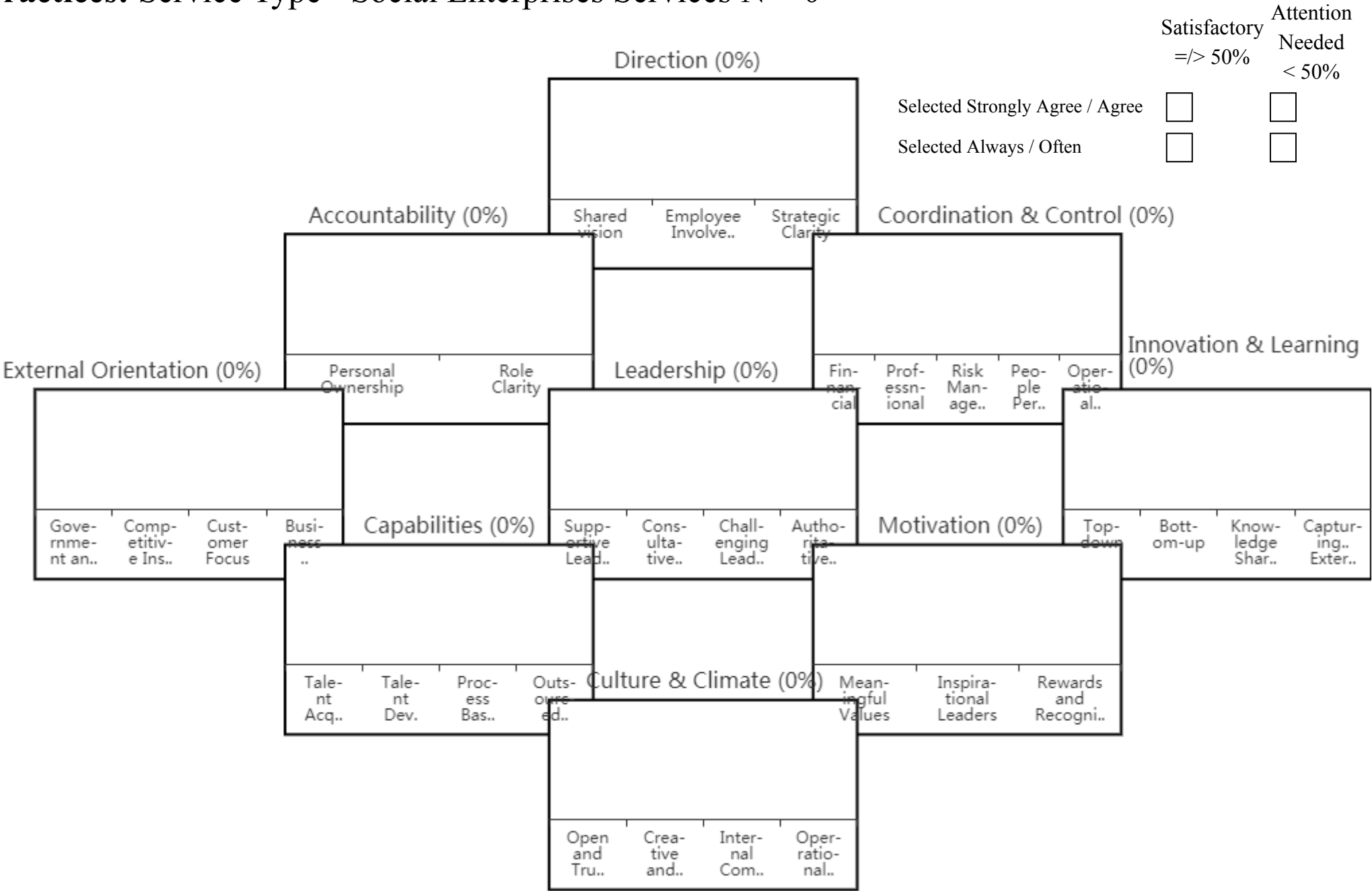
Selected Strongly Agree / Agree

Selected Always / Often



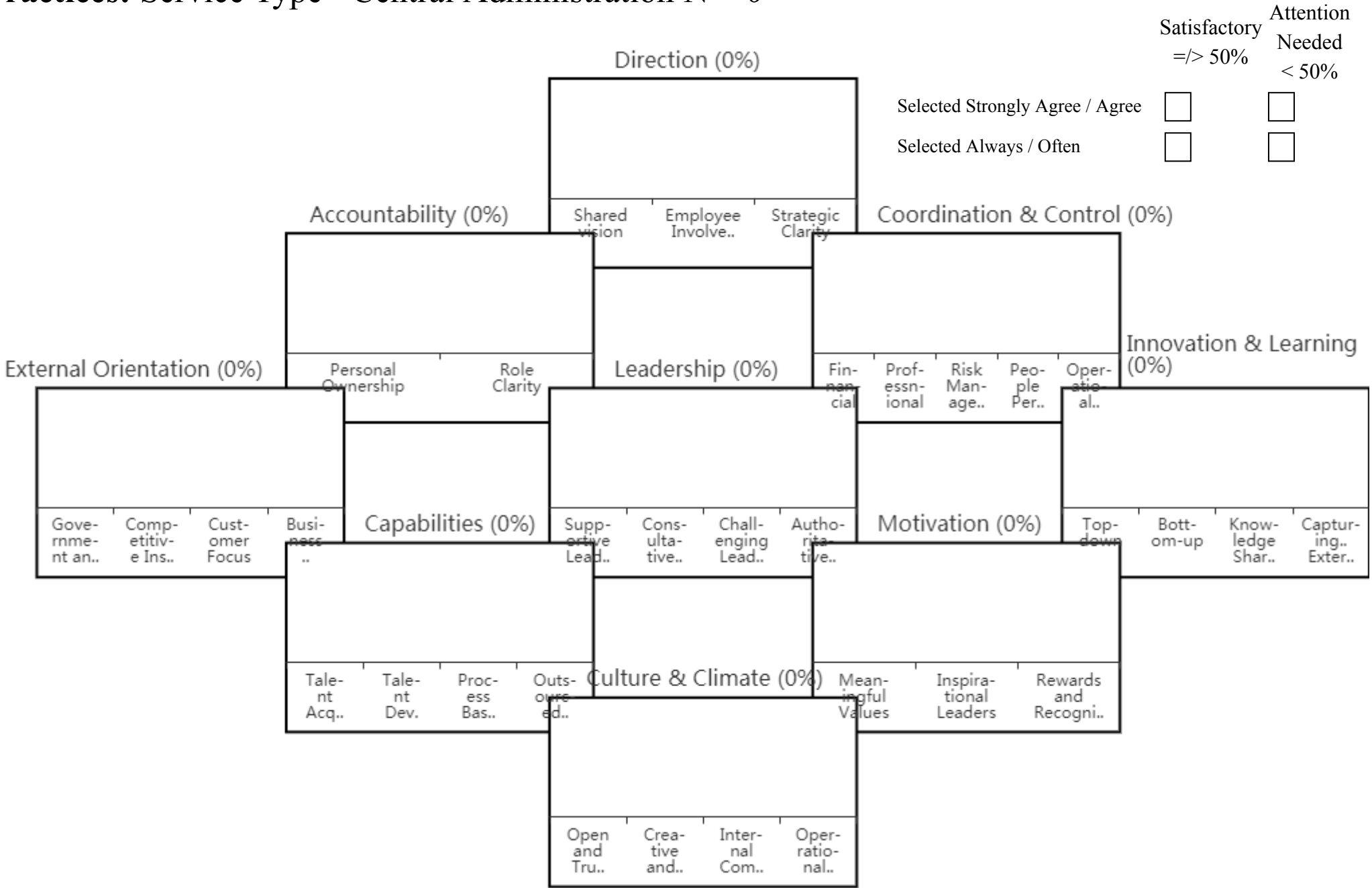
Practices: Service Type - Social Enterprises Services N = 0

Number of Respondents



Practices: Service Type - Central Administration N = 0

Number of Respondents





Direction (50%)

Accountability (50%)

Coordination & Control (50%)

Innovation & Learning (100%)

Motivation (80%)

Culture & Climate (100%)

Capabilities (100%)

Leadership (83.33%)

External Orientation (100%)

Legend:

- Selected Strongly Agree / Agree (Green)
- Selected Always / Often (Blue)

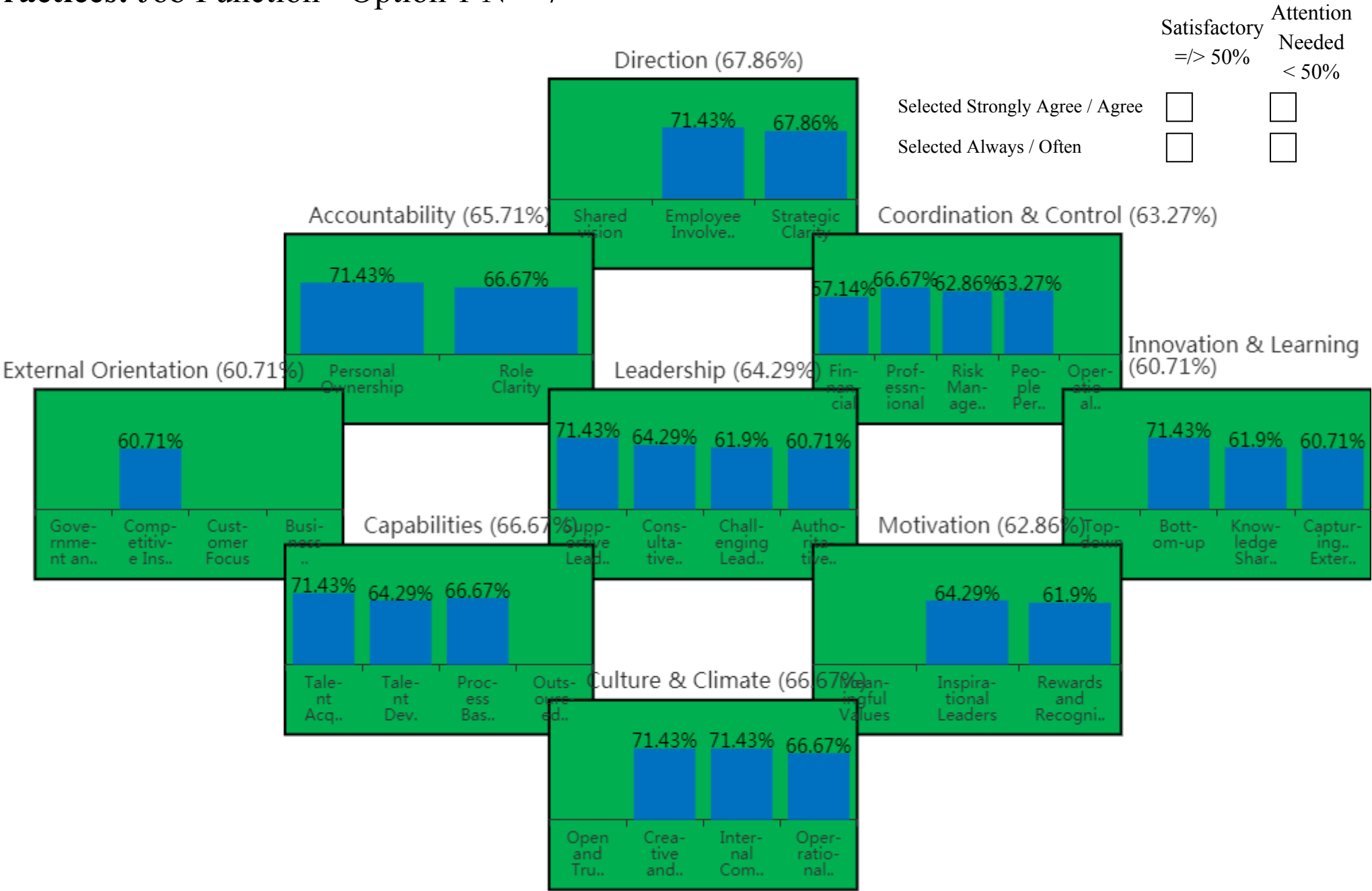
Percentages:  $\geq 50\%$  (Green),  $< 50\%$  (Blue)

Sub-capabilities and Percentages:

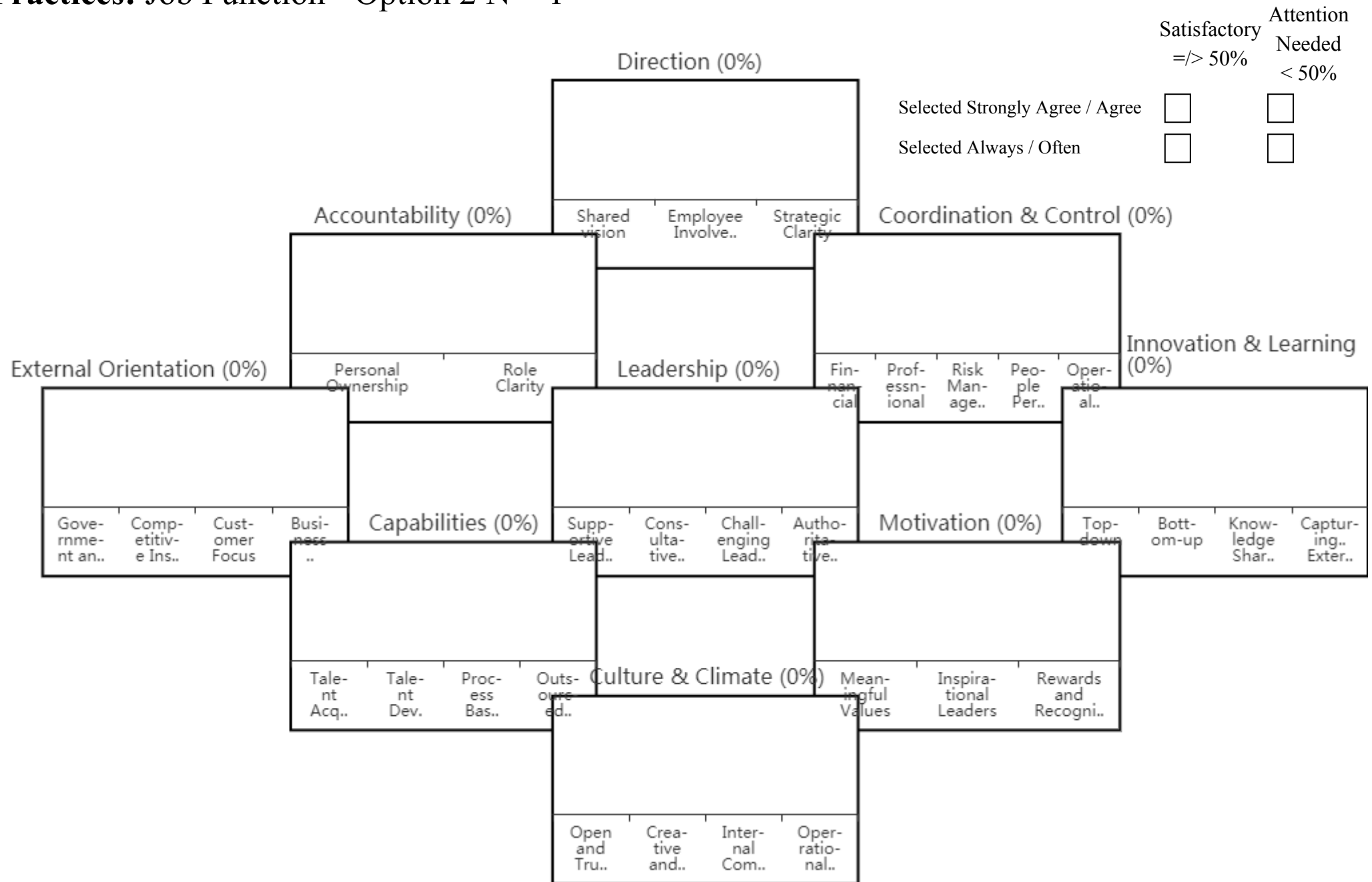
- Direction (50%):** Shared Vision (50%), Employee Involvement (50%), Strategic Clarity (50%)
- Accountability (50%):** Personal Ownership (50%), Role Clarity (50%)
- Coordination & Control (50%):** Financial (50%), Professional (50%), Risk Management (50%), People Performance (50%), Operational (50%)
- Innovation & Learning (100%):** Top-down (100%), Bottom-up (100%), Knowledge Sharing (100%), Capturing External (100%)
- Motivation (80%):** Meaningful Values (75%), Inspirational Leaders (66.67%), Rewards and Recognition (66.67%)
- Culture & Climate (100%):** Open and Trust (100%), Creative and Innovative (100%), Internal Communication (100%), Operational Excellence (100%)
- Capabilities (100%):** Talent Acquisition (100%), Talent Development (100%), Process Based (100%), Outsourced (100%)
- Leadership (83.33%):** Supportive Leadership (100%), Consultative (100%), Challenging Leadership (100%), Authoritative (87.5%)
- External Orientation (100%):** Government and Industry (100%), Competitive Intelligence (100%), Customer Focus (100%), Business Focus (100%)

Practices: Job Function - Option 1 N = 7

Number of Respondents

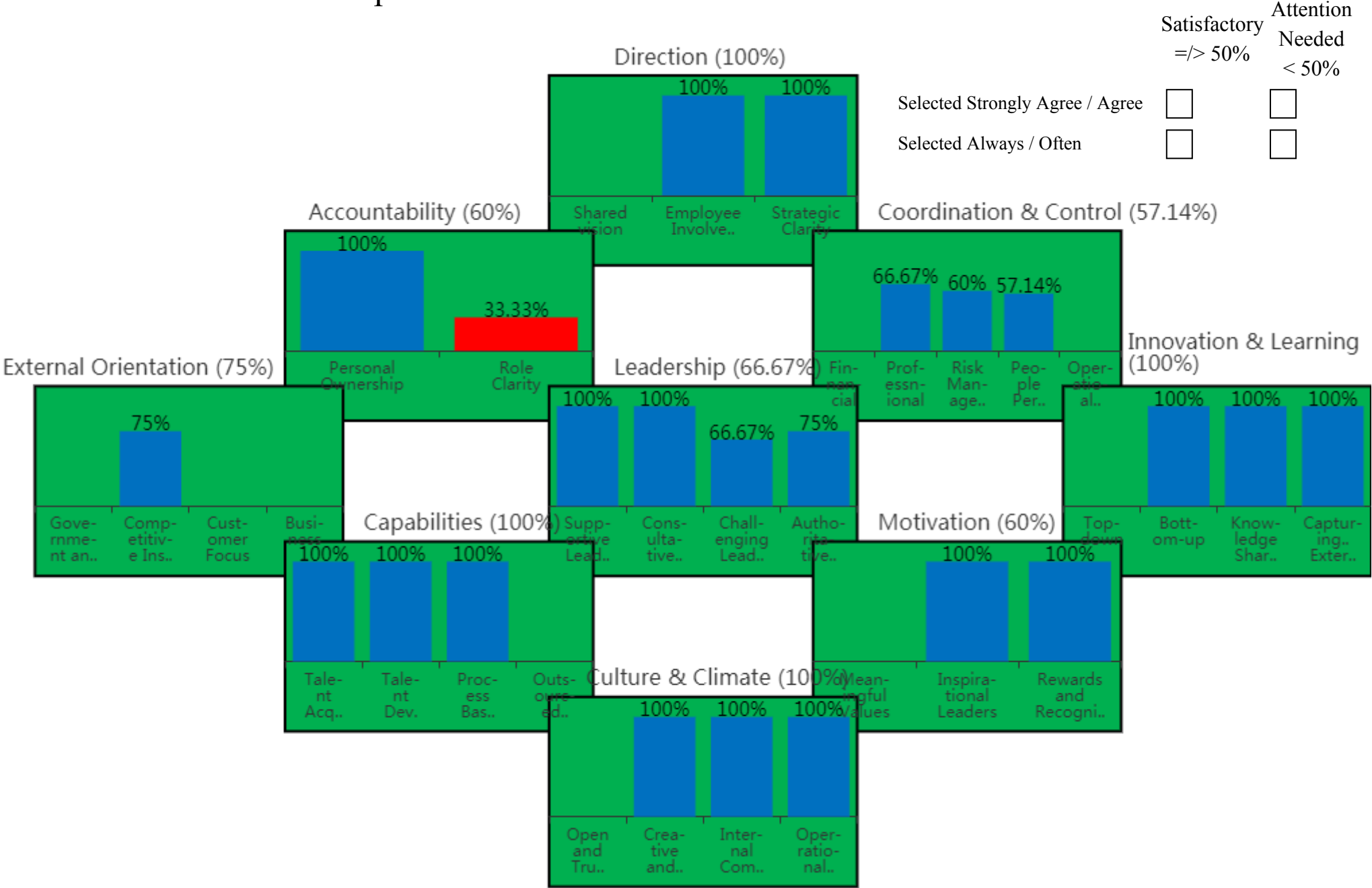


## Number of Respondents



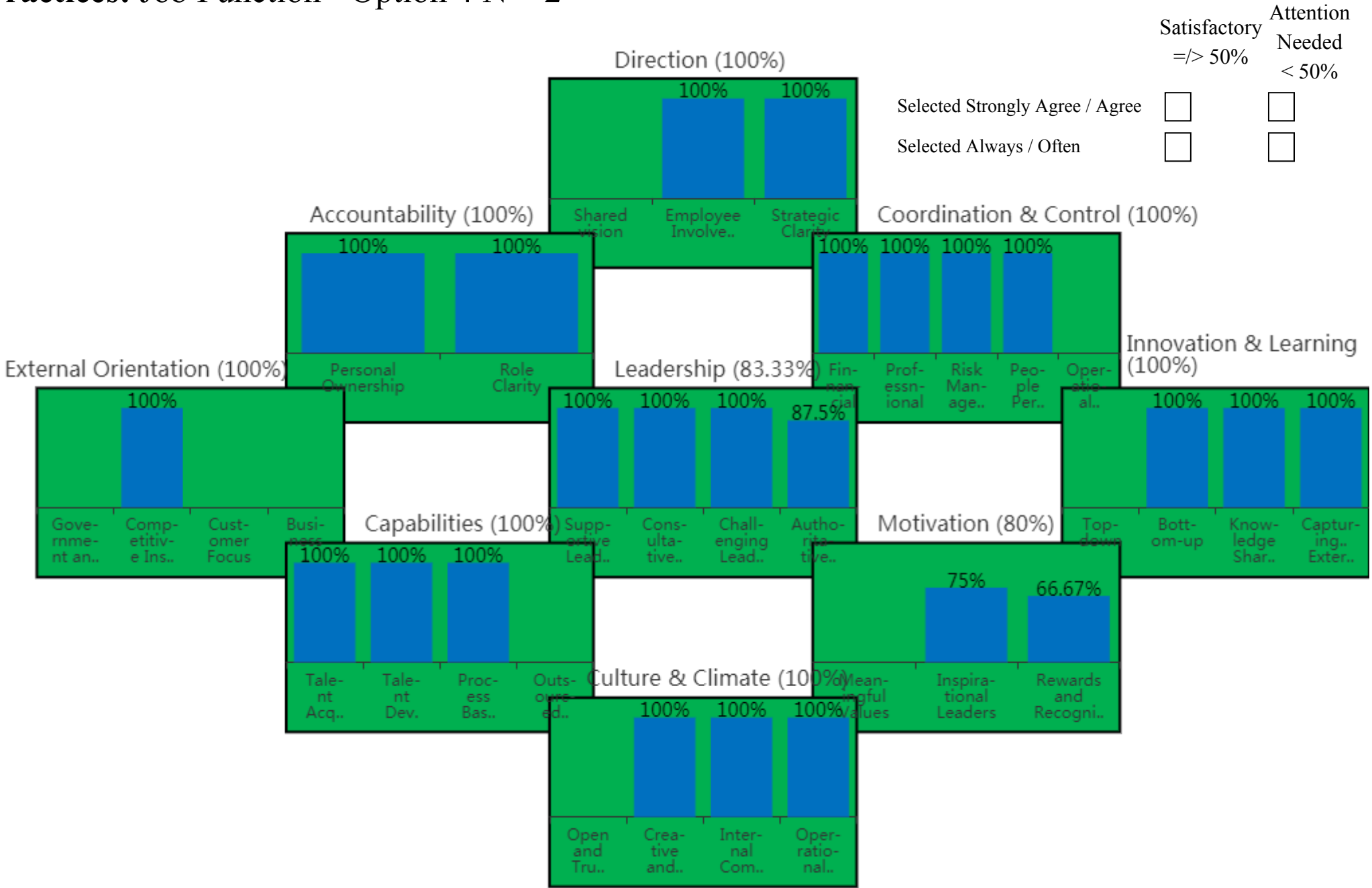
Practices: Job Function - Option 3 N = 1

Number of Respondents



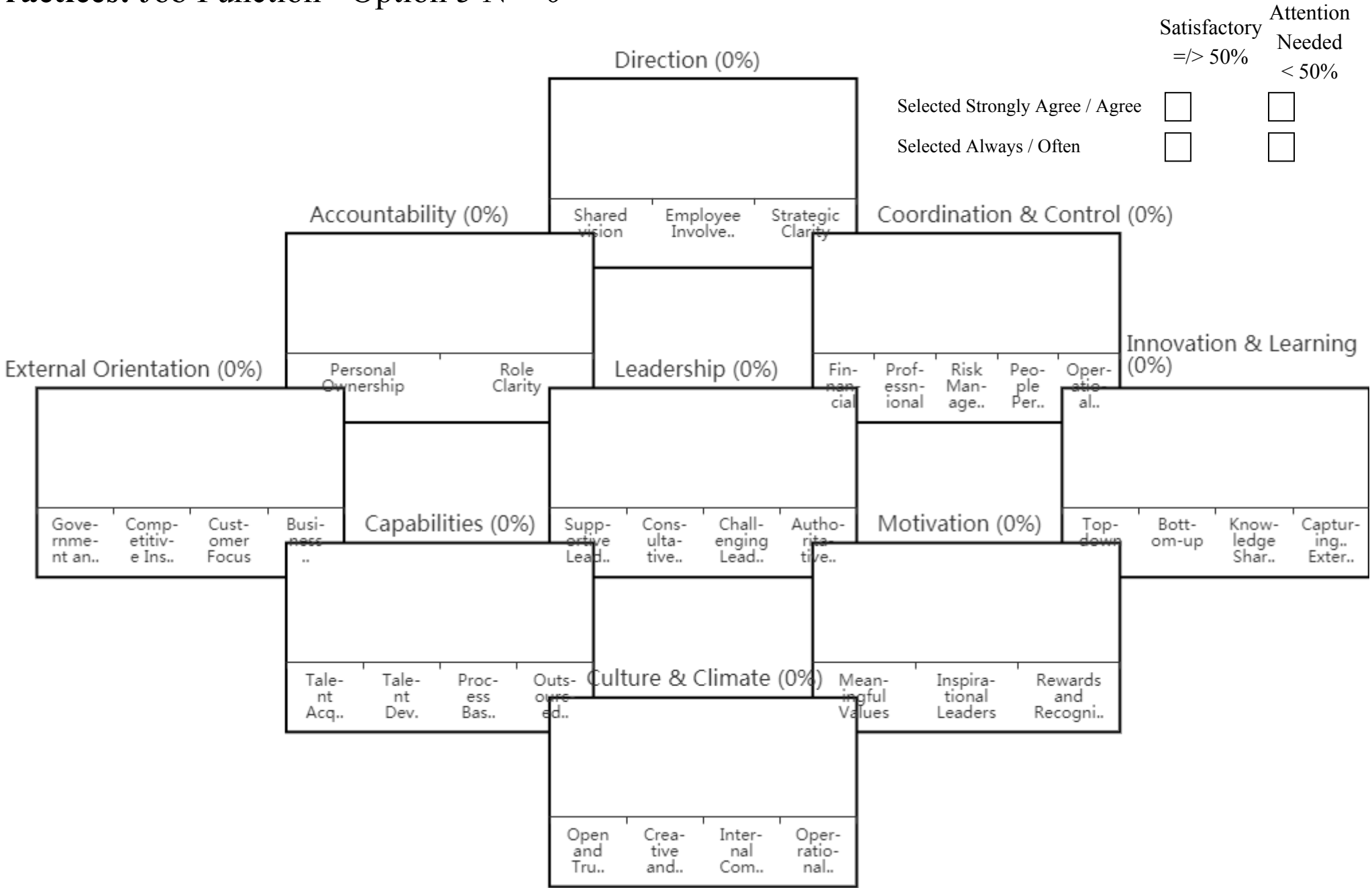
Practices: Job Function - Option 4 N = 2

Number of Respondents



Practices: Job Function - Option 5 N = 0

Number of Respondents





Practices: Age - 29 and below N = 3

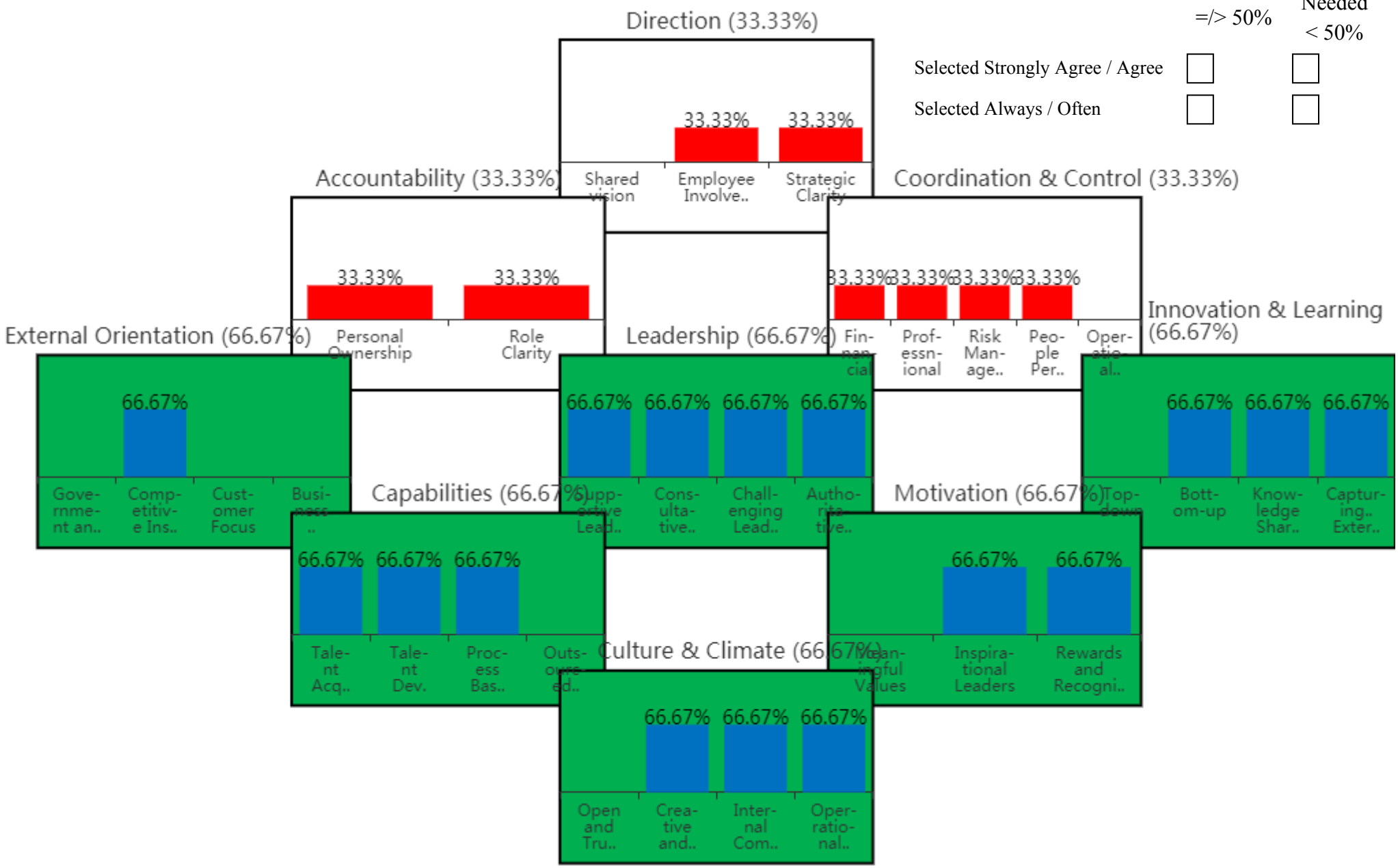
Number of Respondents

Satisfactory  
= / > 50%

Attention  
Needed  
< 50%

Selected Strongly Agree / Agree

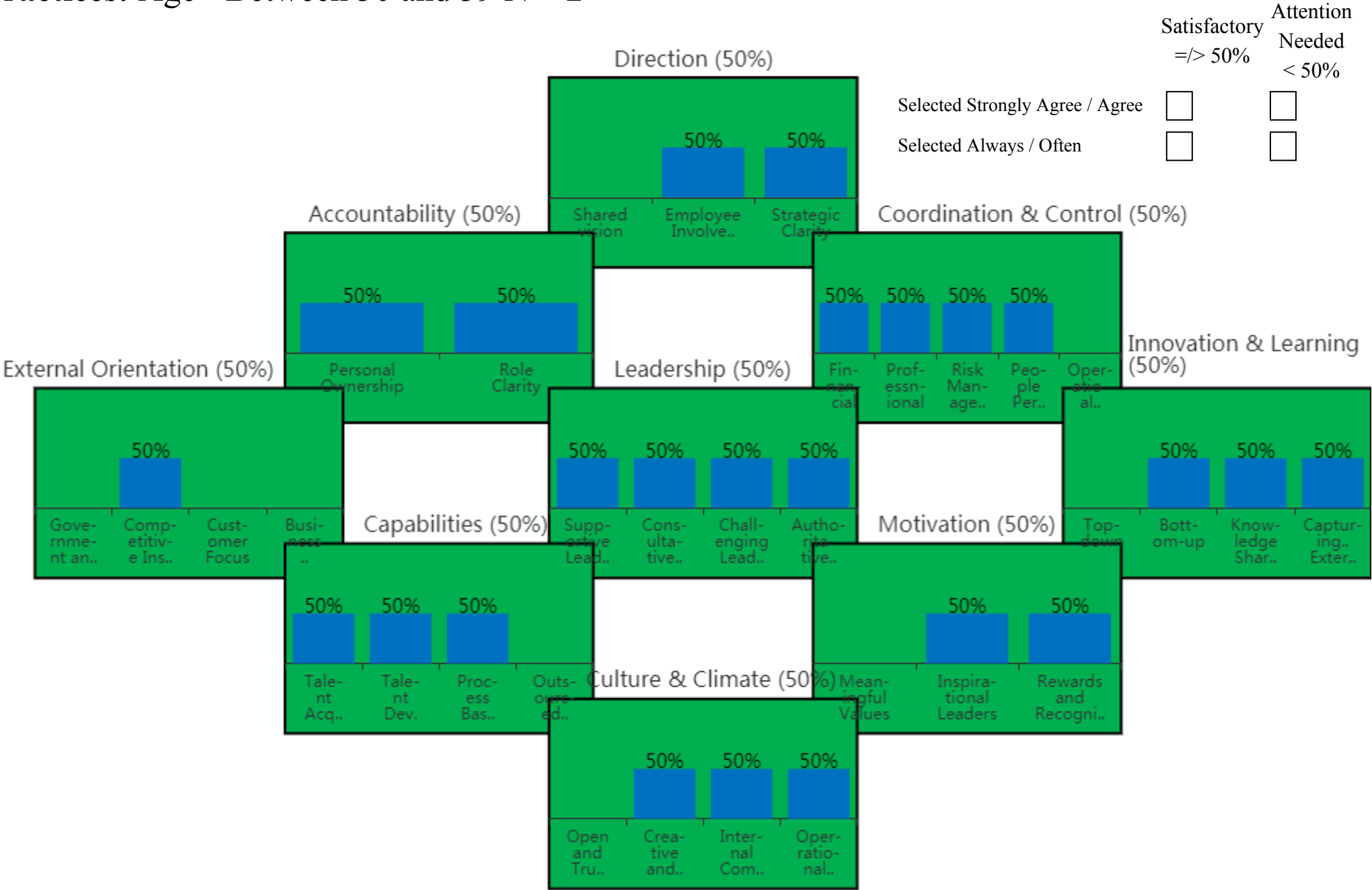
Selected Always / Often





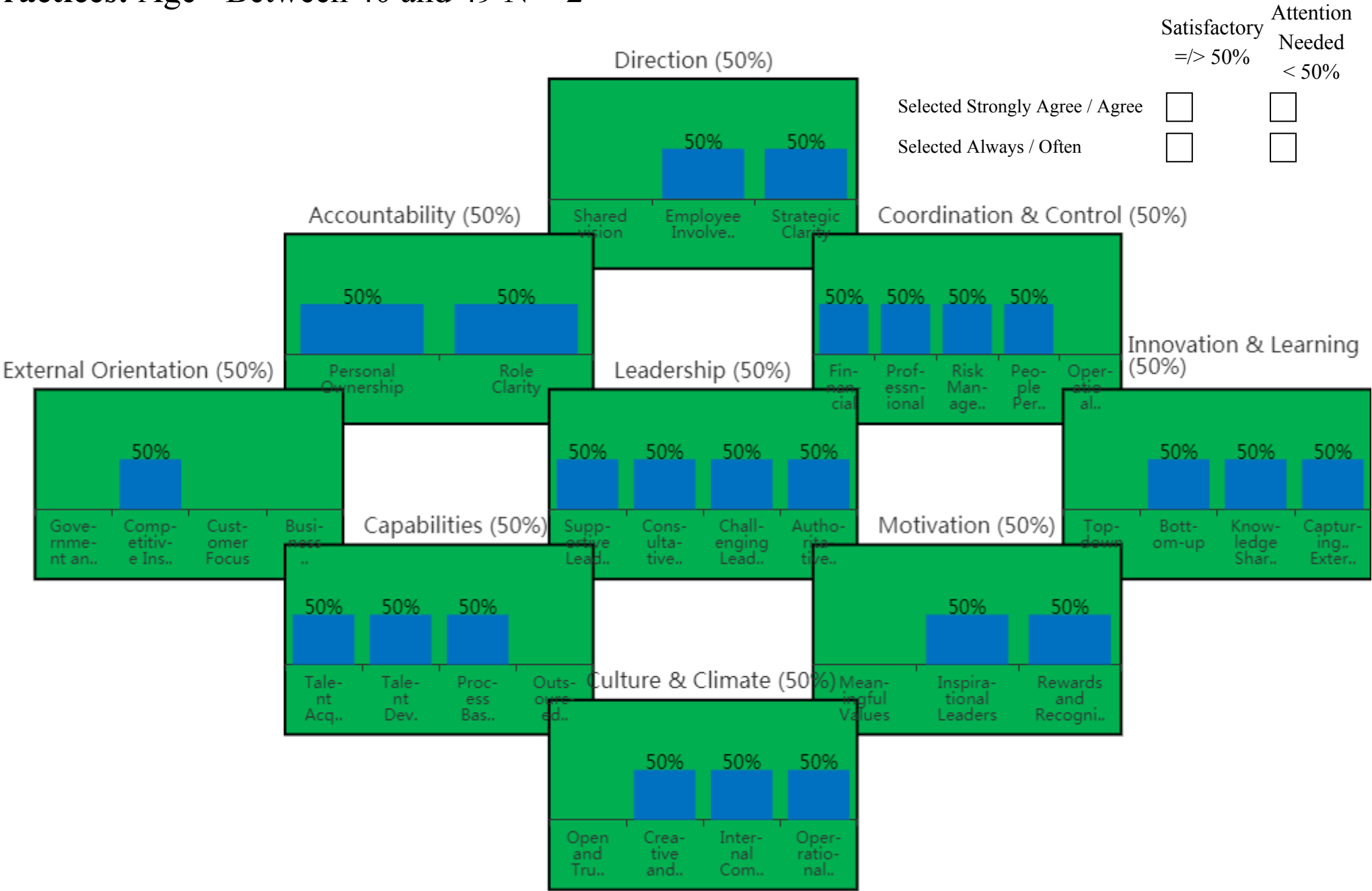
Practices: Age - Between 30 and 39 N = 2

Number of Respondents



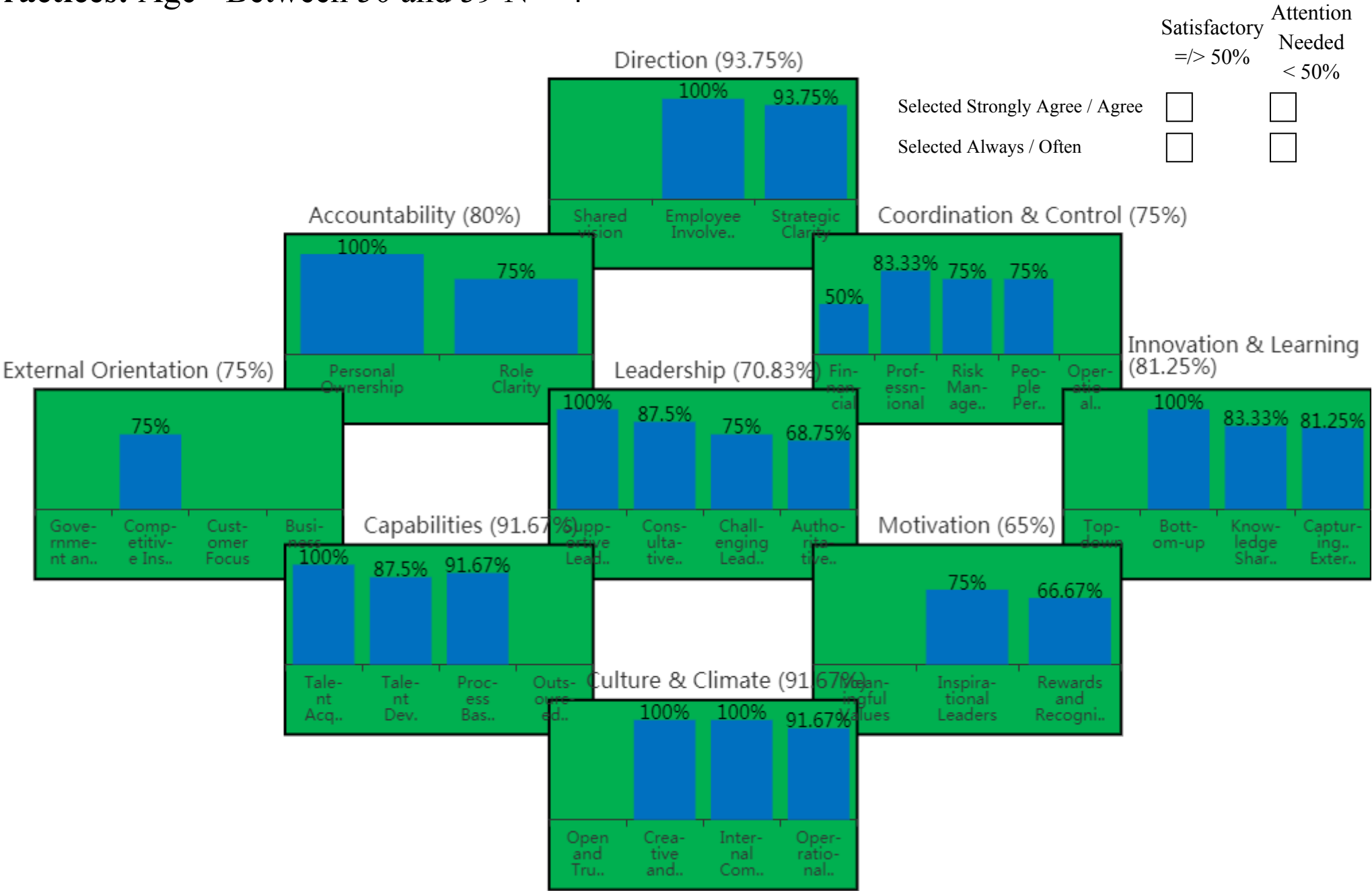
Practices: Age - Between 40 and 49 N = 2

Number of Respondents



Practices: Age - Between 50 and 59 N = 4

Number of Respondents



Practices: Age - 60 and above N = 1

Number of Respondents

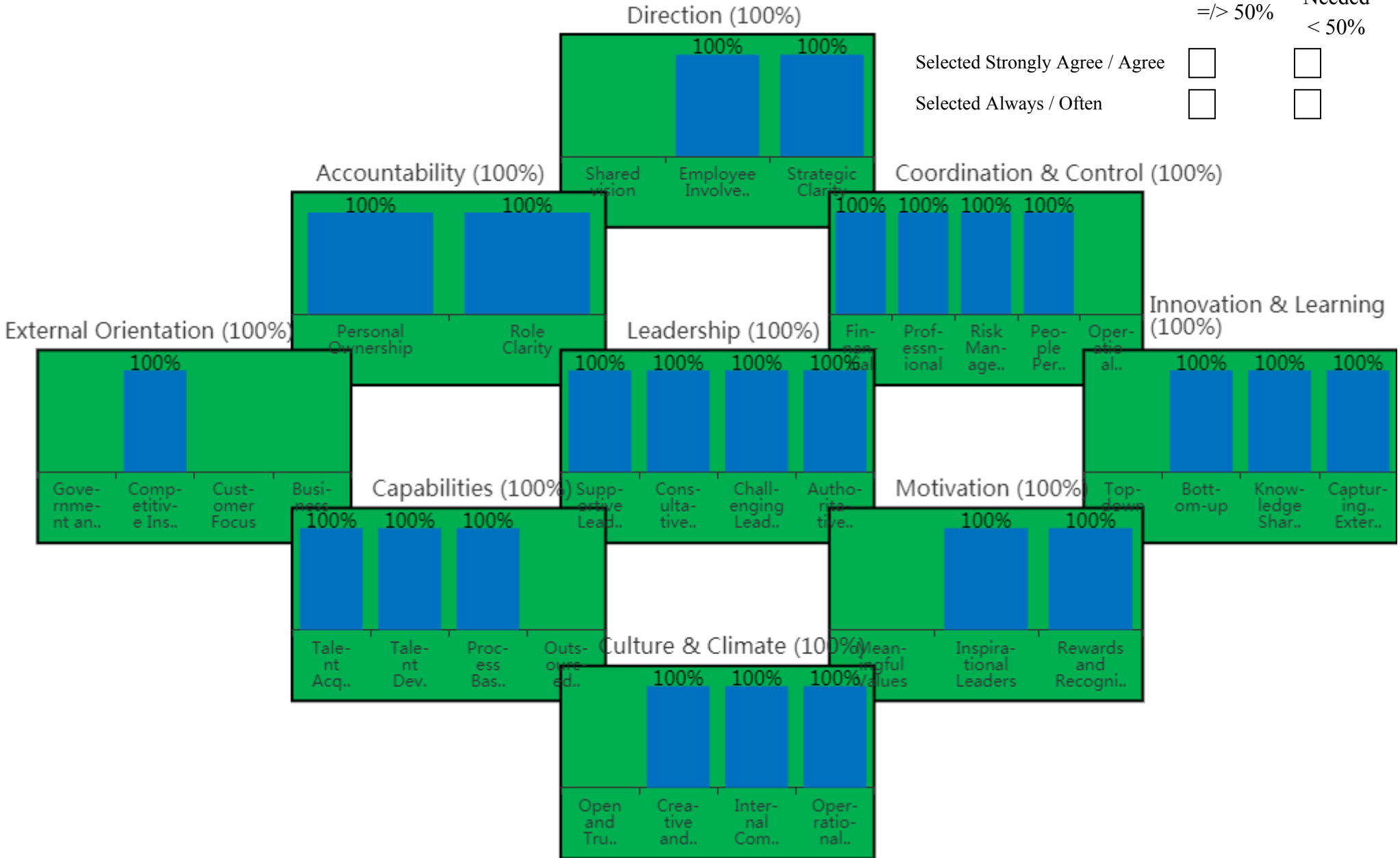
Satisfactory  
= /> 50%

Attention  
Needed  
< 50%

Selected Strongly Agree / Agree

☐☐

Selected Always / Often

☐☐

## Qualitative Comments:

**105. If you have any comments to the organization, please leave a comment below:**

 testing

 Nice working environment

 N/A

## **Qualitative Comments:**

**106. If you have any comments on the assessment, please leave a comment below:**

 Testing