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## **WORKING PAPER**

# **A Two-Level Competing Values Approach to Measure Nonprofit Organizational Effectiveness**

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## ABSTRACT

The construct of organizational effectiveness has been contested by theorists and researchers for many years. As the study of organizational effectiveness in profit organizations is complex and muddled, studying the construct in nonprofit organizations may be even more troublesome due to their distinctive nature. This study contributes to the literature by presenting a Two-level competing values approach to measure nonprofit organizational effectiveness. The framework is constituted of two levels of analysis, management and program, which are proposed in the model of Sowa and colleagues (2004). Moreover, the framework also captures the Competing Values Approach of Quinn and Rohrbaugh (1983). We apply our model to sports clubs and we discuss the practical implications of our framework.

## A TWO-LEVEL COMPETING VALUES APPROACH TO MEASURE NONPROFIT ORGANIZATIONAL EFFECTIVENESS

Organizational effectiveness is one of the basic constructs in management and organizational theory (Baruh & Ramalho, 2006; Goodmann & Pennings, 1980). Discovering distinguishing features between effective and ineffective organizations is the major challenge for organizational evaluation and the issue is as old as organizational research itself (Cameron, 1980; Kalliath, Bluedorn, & Gillespie, 1999; Shilbury & Moore, 2006). Goodman and Pennings (1977) argued that effectiveness is central in the study of organizational analysis and that a theory of organizations should include the study of the effectiveness construct. In spite of the extensive academic interest in the topic, there still remains confusion and controversy about what constitutes organizational effectiveness and how it should be measured. The lack of a universal definition sharpens this problem. The several alternatives to measure organizational effectiveness reflect that organizational effectiveness means different things to different people (Forbes, 1998; Shilbury & Moore, 2006). However, if effectiveness is problematic in organizational theory, the construct seems to be even more troublesome in the nonprofit literature due to the different nature of nonprofit organizations (NPOs) (Sowa, Selden, & Sandfort, 2004). After the call of academics arguing that the study of organizational effectiveness in NPOs has been given too little attention (Herman, 1990; Williams & Kindle, 1992), it has gained more interest in the nonprofit science in recent years (Forbes, 1998; Sowa et al., 2004).

The purpose of this paper is to present a methodological multidimensional platform to measure organizational effectiveness in NPOs. Our study contributes to the construct of nonprofit organizational effectiveness by providing a Two-level competing values approach to measure organizational effectiveness. The basic theoretical foundation of this study is the Competing Values Approach (CVA) of Quinn and Rohrbaugh (1981; 1983), which we

expanded with two prominent dimensions proposed by Sowa et al. (2004): program effectiveness and management effectiveness. This paper describes the framework and explores the effectiveness criteria of a nonprofit organization, more specifically, of a sports club, that emerge from the application of the Two-level competing values approach. First, we describe the most prominent models of organizational effectiveness. Second, we review the nonprofit effectiveness literature. Third, we briefly situate the organizational effectiveness literature in sports settings. Fourth, we describe the Two-level competing values approach and fifth, we apply the framework to the case of sports clubs.

### ORGANIZATIONAL EFFECTIVENESS

The theory of organizational effectiveness has a long and messy history. Various models and theoretical approaches have been developed to assess it. Herman & Renz (1997) stated that there are as many effectiveness models as there are models of organizations. Different models with their relating criteria reflect different values and preferences of schools of thought concerning effectiveness (Walton & Dawson, 2001). The best known models are the goal models (Etzioni, 1960; Price, 1972; Scott, 1977), the system resource model (Yuchtman & Seashore, 1967), the internal process approach (Pfeffer, 1977; Steers, 1977), the multiple constituency model (Connolly, Conlon, & Deutsch, 1980; Tsui, 1990; Zammuto, 1984) and the CVA (R.E. Quinn & Rohrbaugh, 1981, 1983).

The goal model is the oldest and one of the most widely applied models in the study of organizational effectiveness. There are several variations of the goal model but most researchers accept Etzioni's definition (1960) of effectiveness as the degree to which an organization realizes its goals. The closer the outputs meet the goals of the organization, the more effective the organisation is (Cameron, 1980). This model assumes that organizations have clear, identifiable goals and that goals are stable over time and measurable. However, these assumptions are often problematic (Cameron, 1980; Herman & Renz, 1999). Many

researchers questioned the solely economic approach of the goal model. The (open) system resource approach (Seashore & Yuchtman, 1967; Yuchtman & Seashore, 1967) was born as an alternative to overcome the limitations of the goal models. Several variations with specific emphasis of the system approach were developed (e.g. Georgopolous & Tannenbaum, 1957; Steers, 1975). In general, the system resource model of Yuchtman and Seashore (1967) is widely accepted as the leading approach of organizational effectiveness within the system models. Effectiveness is defined here as the firm's ability to exploit its environment in the acquisition of scarce and valued resources to sustain its functioning. Organizations are effective when they succeed in acquiring the needed resources from the external environment. Cameron (1980) stated that this model is useful when there is a clear connection between the resources and the outputs of the organization. The internal organizational processes model is the third effectiveness approach. Advocates of this model argue that the existing models of organizational effectiveness do not include the determinants of organizational health and success. The processes by which organizations articulate preferences, perceive demands and make decisions are seen as the criteria of effectiveness (Pfeffer, 1977). Organizational effectiveness is associated with the internal characteristics of the organization such as internal functioning, information flow, trust, integrated systems and smooth functioning. (Cameron, 1980; Shilbury & Moore, 2006). The internal processes model is appropriate when the internal processes and procedures are linked to the outputs (Cameron, 1980). The fourth model is the (strategic) multiple constituencies approach (Connolly et al., 1980) which found a growing sense of interest during the 1970s. Connolly et al. (1980) argued that the previous models, the goal approach and the different systems approaches, are inadequate because they only use a single set of evaluative criteria. The multiple constituency model conceives effectiveness not as a single statement but it recognizes that organizations have multiple constituents or stakeholders who evaluate effectiveness in different ways. The various

constituents define the criteria to evaluate effectiveness. Similar to the system approach, many approaches of the multiple constituency model are developed throughout literature (e.g. D'Aunno, 1992; Kanter & Brinkerhoff, 1981; Tsui, 1990; Zammuto, 1984). The core idea in all models is that multiple constituents define the criteria for assessing organizational effectiveness.

Although academics acknowledged the theoretical and research advantages of these models, each approach emphasizes a limited approach to organizational effectiveness. Cameron (1981) argued that a unilateral view ignores the complexity of organizational effectiveness and that effectiveness models should capture multiple dimensions. Today, there is a wide agreement that organizational effectiveness requires a multidimensional approach (Chelladurai, 1987; Forbes, 1998; Herman, 1990; Herman & Renz, 1999; Kalliath et al., 1999; Shilbury & Moore, 2006; Sowa et al., 2004). The most rigorous and influential multidimensional approach is the CVA of Quinn and Rohrbaugh (1981; 1983). The CVA was an attempt to identify the shared criteria that academics use to evaluate organizational effectiveness. In the first stage of their study, the purpose was to reduce Campbell's (1977) list of 30 effectiveness indices in order to remain singular non-overlapping constructs with the same level of analysis and pertaining to performance. Academic experts were asked to judge the effectiveness criteria on four decision rules. In the second stage, the panel members were asked to evaluate every possible pairing between the remaining 17 criteria. Multidimensional scaling was then used to identify the basic value dimensions that academics use to conceptualize organizational effectiveness. The results suggested that individuals evaluate organizational effectiveness based on three super ordinate value continua. The first dimension is organizational focus: an internal (micro focus on the development of people in the organization) versus an external focus (macro focus on the development of the organization itself). The second dimension is related to organizational structure: a concern for flexibility

versus a concern for control. The third dimension is related to organizational outcomes: a concern for means (important processes) versus a concern for ends (final outcomes). Each dimension represents values that influence criteria used in assessing effectiveness. Each criterion in the construct of organizational effectiveness reflects various combinations of these values. The combination of the first two value continua (or 'axes'), the organizational focus and the organizational structure produces four cells. (figure 1). The human relations model has an internal focus and flexible structure. The open system model has an external focus and an emphasis on flexibility. The rational goal model places an emphasis on control and has an external focus. The internal process model has an internal focus and places an emphasis on control and stability. The combination with the third axe, means and ends, reveals that eight cells represents four basic models of organizational effectiveness. Quinn and Rohrbaugh (1983) repeated the initial exploratory study with a larger and more diverse group of organizational theorists. The criteria showed only little alteration in their spatial position and the results confirmed a model with three axes. The overall conclusion is that organizational researchers share an implicit theoretical framework about organizational effectiveness composed of three value dimensions. Moreover, the four models express different and sometimes opposite value dimensions. However, this does not imply that they are mutually exclusive. The CVA highlights that opposing values exist in organizations and that organizations embrace each dimension to some degree.

\*\*\* Insert figure 1 about here \*\*\*

Quinn and Spreitzer (1991) assessed the psychometric properties of two CVA instruments using the multitrait-multimethod analysis and multidimensional scaling. Both techniques provided support for the validity of the framework. Kallaith et al. (1999) validated the CVA using structural equation modelling. The results also supported the viability of the theoretical framework. Although the CVA is originally designed to measure effectiveness, the

framework has been extensively used in many areas of organizational research such as organizational culture (e.g. Colyer, 2000; Muijen & al, 1999; R.E. Quinn & Spreitzer, 1991; van Muijen & Koopman, 1994), organizational climate (e.g. Patterson et al., 2005), leadership and organizational behaviour (e.g. Denison, Hooijberg, & Quinn, 1995), organizational transformations (Hooijberg & Petrock, 1993). A criticism on the CVA is that it reflects effectiveness value judgements of academics and organizational theorists. The CVA explores how academics think about the effectiveness construct. Although Quinn (1984) argued that managers use these dimensions when evaluation social action and although this claim receives empirically support from Rohrbaugh (1981), perceptions of effectiveness criteria among academics and managers may well diverge. Walton and Dawson (2001) explored the claim whether managers and academics share the same effectiveness construct. The results suggest that executives' perception of effectiveness differed strongly from those of academics. They shared one common dimension (internal versus external focus); however, they differed on the salience of that dimension, the number of underlying value dimensions and the relevance of ease of control.

#### NONPROFIT ORGANIZATIONAL EFFECTIVENESS

The construct of organizational effectiveness has gained interest in the nonprofit sector during the nineties (Rojas, 2000). Besides the growing academic interest in nonprofit organizations, nonprofit organizations realized that being critical at their performances is important to warrant the survival of their organizations (Rojas, 2000). In addition to the pressure of profit institutions to capture the previously considered domain of nonprofit organizations, funders of nonprofit institutions showed an increased interest in their effectiveness (Herman & Renz, 2004; Rojas, 2000). As a result, nonprofit organizations are urged to be accountable for their performances. If defining effectiveness in profit organizations is a thorny task, it might be even more difficult in nonprofit organizations which



often have ambiguous goals and offer intangible services (Herman, 1990; Schmid, 2002). Moreover, the distinction between profit and nonprofit organizations questions the use of the same effectiveness criteria. Baruh & Ramalho (2006, p. 43) argue that “the distinction between for-profit and NPOs is deceitfully simple. The primary purpose of the former – its *raison d’être* – is ‘profit’ while NPOs have other reasons to justify their permanence building on the organization’s mission, which is the bedrock of NPOs.” Although NPOs do have financial concerns, profit making is not the goal of NPOs. Notwithstanding, Casteuble (1997) argues that they are not-for-loss either. The multidimensionality of NPOs social goals exceeds the mere financial ones which must also not be overlooked. From the analysis of 149 scholarly publications that studied organizational effectiveness or organizational performance, Baruh & Ramalho (2006) concluded that business organizations focus mostly on economic and financial criteria whereas NPOs have a preference for human and societal outcomes and internal social issues. The distinction between profit and nonprofit organizations seems to reflect in the choice of effectiveness criteria. The results of studies measuring effectiveness on both types of organizations provide strong rationale to question the use of the same effectiveness criteria when evaluating organizational effectiveness of profit and nonprofit organizations.

Forbes (1998) reviewed empirical studies of nonprofit effectiveness. His conclusion is that the construct has been conceptualized in a variety of ways. Forbes also observed that recent effectiveness research has employed an emergent or social constructionist approach. Effectiveness is viewed as stakeholder judgments formed in processes of sense making. Although Herman & Renz (1999) state that little empirical work has been done to identify nonprofit effectiveness dimensions, theoretical and conceptual papers of organizational effectiveness may contribute to understand and shape the construct to the nature of NPOs. Drawn from the general effectiveness literature, Herman & Renz (1999) distilled six theses

about nonprofit effectiveness: First, NPO effectiveness is always a matter of comparison. Second, NPO effectiveness is multidimensional. Third, boards of directors make a difference in the NPO effectiveness. Fourth, more effective NPOs are more likely to use correct management practises. Fifth, NPO effectiveness is a social construction and sixth, program outcome indicators as measures of NPO effectiveness are limited and can be dangerous. Rojas (2000) reviewed the most important models of nonprofit organizational effectiveness. He concluded that the CVA is the most viable model for measuring organizational effectiveness among nonprofit and profit organizations. The CVA possesses instrument validity, reliability and breadth of empirical research to suggest a high degree of confidence in estimating measurements of organizational effectiveness across sectors. Recently, Sowa et al. (2004) introduced a multidimensional and integrated model of nonprofit organizational effectiveness (MIMNOE) which is founded on five principles. First, there are multiple effectiveness dimensions, with management and program effectiveness being main dimensions. Second, each primary dimension is composed of two subdimensions: capacity and outcomes. Third, researchers should collect both objective and perceptual measures of effectiveness. Fourth, the effectiveness model should allow for organizational and programmatic variations within a systematic structure. Fifth, the analytical tool should capture multiple levels of analysis and model interrelationships between the dimensions of organizational effectiveness.

Although there is no scholarly consensus about how to conceive and to measure nonprofit organizational effectiveness, some scholars (Herman, 1992; Herman & Renz, 1997) stated that organizational effectiveness is an important and meaningful construct that is worthwhile to study. There is a need for evidence to ground the widely accepted hypotheses such as the relation of management practices to effectiveness. Moreover, Herman & Renz (1999) stated that NPO effectiveness researchers should take the challenge to develop

conceptions and indicators that ground the distinctiveness of NPOs. Baruh & Ramalho (2006) argued that new approaches highlight new possible criteria for evaluation effectiveness.

#### ORGANIZATIONAL EFFECTIVENESS IN SPORTS SETTINGS

Organizational effectiveness has also been studied in sports settings, especially in National Sport Organizations (NSOs). Most researchers subscribed to a multidimensional construct of organizational effectiveness. Frisby (1986) studied the relationship between the goal and systems model in Canadian National Sport Governing Bodies. The moderate correlations between the goal and system models suggest that the two models measure separate aspects of effectiveness and that they could be combined in order to more adequately represent organizational effectiveness. Chelladurai (1987) presented the input-throughput-output cycle which was based on an open systems view of organizations. This framework integrated several models of effectiveness: the goal, system resources and process model which focus was respectively on the output, input and throughput sectors of an organization. The multiple constituencies approach represented the dependency on the various interest groups. Empirical studies supported the application of this framework (Chelladurai, Szyszlo, & Haggerty, 1987; Koski, 1995). Moreover, Chelladurai et al. (1987) found that both volunteer and professional administrators perceived effectiveness as a multidimensional construct. Some studies studied NSO effectiveness using the multiple constituencies approach as the theoretical focus (Chelladurai & Haggerty, 1991; Papadimitriou & Taylor, 2000). While the study of Chelladurai & Haggerty (1991) focused on process effectiveness between volunteer and professional NSO administrators, the goal of Papadimitriou & Taylor's study (2000) was to identify the dimensional structure of effectiveness criteria, applying the multiple constituency model. The five-factor structure - caliber of board and external liaisons, interest in athletes, internal procedures, long-term planning and sports science support - supported the multi-dimensional nature of the effectiveness construct. Karteroliotis &

Papadimitriou (2004) examined the factorial validity of the five-factor structure. Psychometric evidence suggested that the scale is valid. Although Chelladurai & Haggerty (1991) only found partial support that voluntary and professional administrative members may have different effectiveness perceptions, Papadimitriou & Taylor (2000) concluded that different constituent groups associated with Hellenic NSOs hold different perceptions of effectiveness. More recently, Shilbury & Moore (2006) addressed the issue in Australian NSOs using the CVA as theoretical framework. They operationalized the effectiveness dimensions of the CVA using semi-structured interviews and pilot testing by panel experts. The psychometric properties of the CVA scales were tested using separate principal components analyses, structural equation modeling and confirmatory factor analysis. The high correlations between the four quadrants of the CVA suggested a high degree of multicollinearity among the four latent variables. Therefore, a model with ten manifest factors loading on four latent variables was not supported. The data suggested a model with the ten manifest factors that loaded directly on and contributed to organizational effectiveness as a latent construct.

Our review of the effectiveness literature in sports settings reveals that research reporting the use of the CVA as theoretical framework is limited and that research focusing on developing and measuring effectiveness in sports clubs is scarce. Most studies employed the multiple constituency approach as theoretical framework (e.g. Chelladurai & Haggerty, 1991; Papadimitriou & Taylor, 2000; Weese, 1997) and developed an instrument to measure organizational effectiveness in NSOs (e.g. Chelladurai et al., 1987; Frisby, 1986; Shilbury & Moore, 2006). However, Shilbury & Moore (2006) stated that the multiple constituencies approach is the precursor to the CVA. Moreover, if we consider the research sample, we identified only one study that studied organizational effectiveness in sports clubs (Koski, 1995). Notwithstanding the majority of sports clubs are voluntary nonprofit organizations, Koski (1995) stated that they are often disregarded by organizational theorists. This

inattention seems groundless as voluntary nonprofit sports clubs also cannot evade the pressure for handling a professional approach in order to ensure accountability and effectiveness. Moreover, the voluntary nonprofit sports sector plays a significant economic role (Davies, 2004). Therefore, we apply our Two-level competing values approach on the case of sports clubs and we describe the development of a Two-level multidimensional measure of organizational effectiveness.

#### A TWO-LEVEL COMPETING VALUES APPROACH

The CVA originally was designed to measure organizational effectiveness in profit organizations. The CVA and its effectiveness criteria emerged from the judgments of organizational theorists and researchers about organizational effectiveness in profit organizations. If measurement criteria of organizational effectiveness in profit and nonprofit organizations are distinctive, copying the CVA and its criteria to the case of NPOs should be dealt with great caution. For example, it might be that the criteria that emerged from the judgments of organizational theorists and researchers about organizational effectiveness, would not emerge if nonprofit theorists would judge about the similarity of organizational effectiveness criteria in NPOs. The study of Shilbury & Moore (2006) suggest that this might be the case as the construction of a psychometrically sound scale based on the CVA and its effectiveness criteria for measuring the organizational effectiveness in NSOs showed some difficulties. Moreover, the results of Walton & Dawson's study (2001) also suggested that different kind of people look differently at the construct. Therefore, the application of the CVA and the effectiveness criteria defined by Quinn and Rohrbaugh (1983) to the case of NPOs should be used carefully. Notwithstanding, Baruh & Ramalho (2006) remark that business effectiveness and nonprofit organizational effectiveness are not so differentiated distinct constructs as both are organizations that might be conceived in an organizational continuum. Rather, the operational definition of the construct in both types of organizations is

distinctive. Campbell acknowledged this already in 1977 saying that “organizational effectiveness is as a construct that has no necessary and sufficient operational definition but that constitutes a model or theory of what organizational effectiveness is” (Campbell, 1977, p. 18). Applying this rationale, the CVA as a multidimensional construct of effectiveness that covers four prominent models in NPOs is valid. However, for all of the reasons above, the operationalisation of the CVA in profit organizations, which is reflected in the choice of effectiveness criteria within the four models, may not fully encompass the specific features of many nonprofit organizations. We take the distinctions between profit and nonprofit organizations and their distinctiveness in effectiveness criteria into consideration in two important ways: first, we extended the CVA conceptually with two levels of analysis, management and program, and second, we argue that effectiveness criteria should reflect the level of analysis, the model and the features of NPOs.

Sowa et al. (2004), who present their MIMNOE model to measure organizational effectiveness in NPOs, address that nonprofit organizational effectiveness should discern between levels and units of analysis in measuring organizational effectiveness. They argue that:

organizations have multiple levels that together form the whole that is the organization. With this framework, we argue that the primary levels encompassing organizations are their management core and the programs that they deliver, and , therefore, we posit that organizational effectiveness comprises two primary and distinct levels: management and program. (Sowa et al., 2004, p. 714)

We agree with the premise that nonprofit organizational effectiveness should distinguish between the effectiveness of management operations and the effectiveness of the programs that the organization delivers. Organizations that fail to deliver qualitative programs but are well managed are not completely effective, nor are organizations that have shaky management

operations but that deliver excellent programs. NPO effectiveness is more than only the outcomes of the programs or the functioning of management structures. The effectiveness of the full organization should be considered: from how well the organization operates to the effect on the end users. Therefore, our model adopts the two levels proposed by Sowa and colleagues (2004): management and program. Sowa et al (2004, p. 714) refer to management as “organizational and management characteristics – those characteristics that describe an organization and the actions of managers within it.” Because (volunteer) administrators are extremely important for the functioning of the nonprofit organization and for the translation of inputs into outputs, management effectiveness plays an essential role in a nonprofit organizational effectiveness framework. Sowa et al (2004, p. 714) refer to program as to “the specific service or intervention provided by the organization”. Although it seems evident that an organizational effectiveness framework in nonprofit organizations consists of a component that measures the effectiveness of the program outcomes or the services it provides, previous frameworks ignored to make a distinction between levels and units of analysis. We endorse the thesis that “an effective organization needs to operate effectively at both the management and program levels” (Sowa et al., 2004, p. 715). Therefore, we propose the CVA to measure effectiveness at management and program level (figure 2).

The Two-level competing values approach can be applied on different types of NPOs. Nonprofit organizations should make a distinction between management and program level and than apply the CVA at each level. Appropriate criteria should be generated on each level and within the four domains of the CVA. We will clarify our Two-level competing values approach on nonprofit sports clubs. We will identify appropriate effectiveness criteria on each level.

\*\*\* Insert figure 2 about here \*\*\*

THE TWO-LEVEL COMPETING VALUES APPROACH APPLIED TO SPORTS CLUBS

First, we carried out an extensive review of the sports effectiveness literature. We identified all relevant articles in sports management journals (Journal of Sport Management, European Sport Management Quarterly, International Journal of Sport Management, Sport Management Review) and articles on sport and effectiveness in general management. We identified effectiveness criteria that specified our frame of reference and that were applicable across a range of sports clubs. Criteria were generated on two levels of analysis, management and program, within the four domains of the CVA. Where no fitting criteria could be found in the literature, we identified an appropriate one. Second, the authors discussed the effectiveness criteria with four sports practitioners from different sports clubs. This was an iterative process and after a large number of meetings consensus was achieved about the suitable criteria. The goal was to identify the most appropriate effectiveness criteria. Therefore, we did not attempt to generate an equal number of criteria on each level and within each model. This procedure resulted in the identification of 13 management and 10 program criteria which could be classified within the four competing values models. Third, fourteen semi-structured interviews with sports administrators from various sports clubs were conducted to ensure that the selected criteria of effectiveness were perceived as best suited to measure organizational effectiveness in sports clubs and to identify deficiencies in the dimension pool. First, respondents were asked to define and explain effectiveness of their sports club. Second, respondents were asked to judge the Two-level competing values framework. The main questions addressed were ‘does the Two-level competing values approach adequately reflect the effectiveness construct in sports clubs and does the identified pool of criteria are suitable to measure organizational effectiveness in sports clubs?’ From the open interview section, analysis revealed that sports administrators judged the effectiveness of their sports club on two levels: on that is associated with the organizational features and one that is associated with the practice of sports. The semi-structured section revealed that all



respondents supported the Two-level competing values approach. Sport administrators acknowledged the management and program level and the four competing values models within each level. However, concerning the selected effectiveness criteria, the majority of the sports administrators doubted that flexibility was a suitable effectiveness criterion for sports clubs. Although the respondents acknowledged that being flexible and being ready for change might help to obtain the needed resources, it is not a necessary mean to be effective in acquiring resources. Because most respondents had doubts concerning flexibility as a criterion of effectiveness, we omitted this criterion from further analyses. The result is a Two-level competing values approach with 22 effectiveness criteria, 12 that are categorized on management level and 10 that are categorized on program level.

#### *Management level*

The management level refers to the characteristics that deals with organizational issues and management actions of the administrators and assistants (such as coaches) within the organization.

#### *Rational goal model*

The rational goal model on management level refers to the attainment of objectives or goals that are not related with the goals of the program level. The identified effectiveness criteria in this model are:

- Financial goal: the extent of financial security, the extent to which the revenues meet the expenditures
- Social/entertainment goal: the extent to which the organization provides entertainment activities
- Social/moral goal: refers to social and moral citizenship, the extent to which the organization attaches importance to social and moral citizenship of the administrators and assistants

### *Open systems model*

The open systems model on management level refers to the extent to which the organization acquires resources to warrant the working of the organization. The identified effectiveness criteria in this model are:

- Financial resources: the extent to which the organization obtains financial resources to warrant the working of the organization
- Human resources: the extent to which the organization acquires administrators and assistants to warrant the functioning of the organization
- Infrastructure: the extent to which the organization acquires sports infrastructure to warrant the practice of the sport.
- Sport equipment: the extent to which the organization acquires sports equipment to warrant the practice of the sport.

### *Human relations model*

The human relations model on management level refers to the extent to which the organization is concerned with the well-being and development of the administrators and assistants. The identified effectiveness criteria in this model are:

- Atmosphere: the extent of a healthy spirit within the organization
- Education: the extent to which the organization attaches importance to the education and development of administrators and assistants

### *Internal process model*

The internal process model on management level refers to the extent to which the internal processes such as stability, communication and information flow is organized within the organization. The identified effectiveness criteria in this model are:

- Stability: the extent to which the organization is capable to retain administrators and assistants.

- Communication flow: the extent of how well communication occurs between administrators and assistants
- Information flow: the extent of sharing of information between administrators and assistants

### *Program level*

The program level refers to the characteristics that deals with the services or programs provided by the organization.

#### *Rational goal model*

The rational goal model on program level refers to the attainment of objectives or goals that are related with the practice of sports. The identified effectiveness criteria in this model are:

- Performance on the field: the extent to which the team, athletes or sportsmen achieves success, the extent to which the team, athletes or sportsmen achieves the performance goals on the field
- Recreational goal: refers to the extent of pleasure, amusement associated with sport practice
- Social/moral goal: refers to social and moral citizenship exhibited by members of the team, athletes or sportsmen, the extent to which the organization attaches importance to social and moral citizenship of team members, athletes or sportsmen
- Safety: the extent to which the sport is practiced in a safe way

#### *Open systems model*

The open systems model on program level refers to the extent to which the organization acquires resources to warrant the practice of the sport. The identified effectiveness criteria in this model are:

- Human resources: the extent to which the organization acquires or keeps team members, athletes or sportsmen to warrant the practice of the sport

#### *Human relations model*

The human relations model on program level refers to the extent to which the organization is concerned with the well-being and development of the team members, athletes or sportsmen. The identified effectiveness criteria in this model are:

- Satisfaction: the extent to which team members, athletes or sportsmen are satisfied
- Atmosphere: the extent of a health spirit between team members, athletes or sportsmen
- Education: the extent to which the organization attaches importance to the sportive education of team members, athletes or sportsmen

#### *Internal process model*

The internal process model on program level refers to the extent to which the internal processes such as communication and information flow is organized within the team, between athletes or sportsmen. The identified effectiveness criteria in this model are:

- Communication flow: the extent of how well communication occurs between team members, athletes or sportsmen
- Information flow: the extent of sharing of information between team members, athletes or sportsmen

In this section, we described the process of identifying appropriate effectiveness criteria for sports clubs based on the Two-level competing values theoretical framework. The application offers promising perspectives to empirically test the model. However, the Two-level competing values approach is also applicable in a various set of nonprofit organizations. Although many of the criteria that we identified are sports club specific, especially those on

program level, the theoretical framework allows for identifying effectiveness criteria that reflect the nature of the nonprofit organizations under investigation.

## CONCLUSION

Researchers should select a theoretical framework that is appropriate for the kind of organization one studies. The voluntary nature of NPOs justifies a split between management and program level. Our framework offers another look to assess nonprofit organizational effectiveness. Although the CVA is a viable framework to assess organizational effectiveness in profit organizations, we believe that a Two-level approach of the CVA better captures the distinctiveness of NPOs.

We applied our Two-level competing values framework to the case of sports clubs and we presented effectiveness criteria on each level and within each model of the CVA. Different stakeholders have often very different perceptions of effectiveness. Sowa et al. (2004) suggested to separate stakeholder assessment of organizational effectiveness from an assessment of effectiveness based on the management and program operations of the organization. Therefore, we selected those criteria that were generally accepted in the literature, that were confirmed by voluntary sports administrators of sports clubs and that could be applied in all kind of sports clubs. By doing so, we believe that we were able to select the most relevant criteria on each level and within each model. Moreover, the framework allows for comparison within and across types of sports clubs.

The next step is the operationalization of the effectiveness criteria. Researchers should select the most appropriate type of measure, perceptual or objective or a combination of both, to capture the criterion and as a result, the construct. The kind of measure is often dependent on the access to data or persons. Choices should also be made concerning the sampling strategy of the program level. As most NPOs have several programs or services, researchers should clarify how many and which programs they will examine. Also an important issue are

the respondents for data collection. To avoid common method bias, bias that is attributed to the measurement method rather than the constructs of interest, data should be gathered from several respondents and from several sources.

This paper presented a Two-level competing values approach to measure organizational effectiveness in NPOs. We suggested that the CVA is a useful tool to measure effectiveness if a distinction is made between management and program level. We hope that this paper contributes to the more fundamental research of organizational effectiveness in NPOs, and that our perspective may enhance and help its complicated debate.

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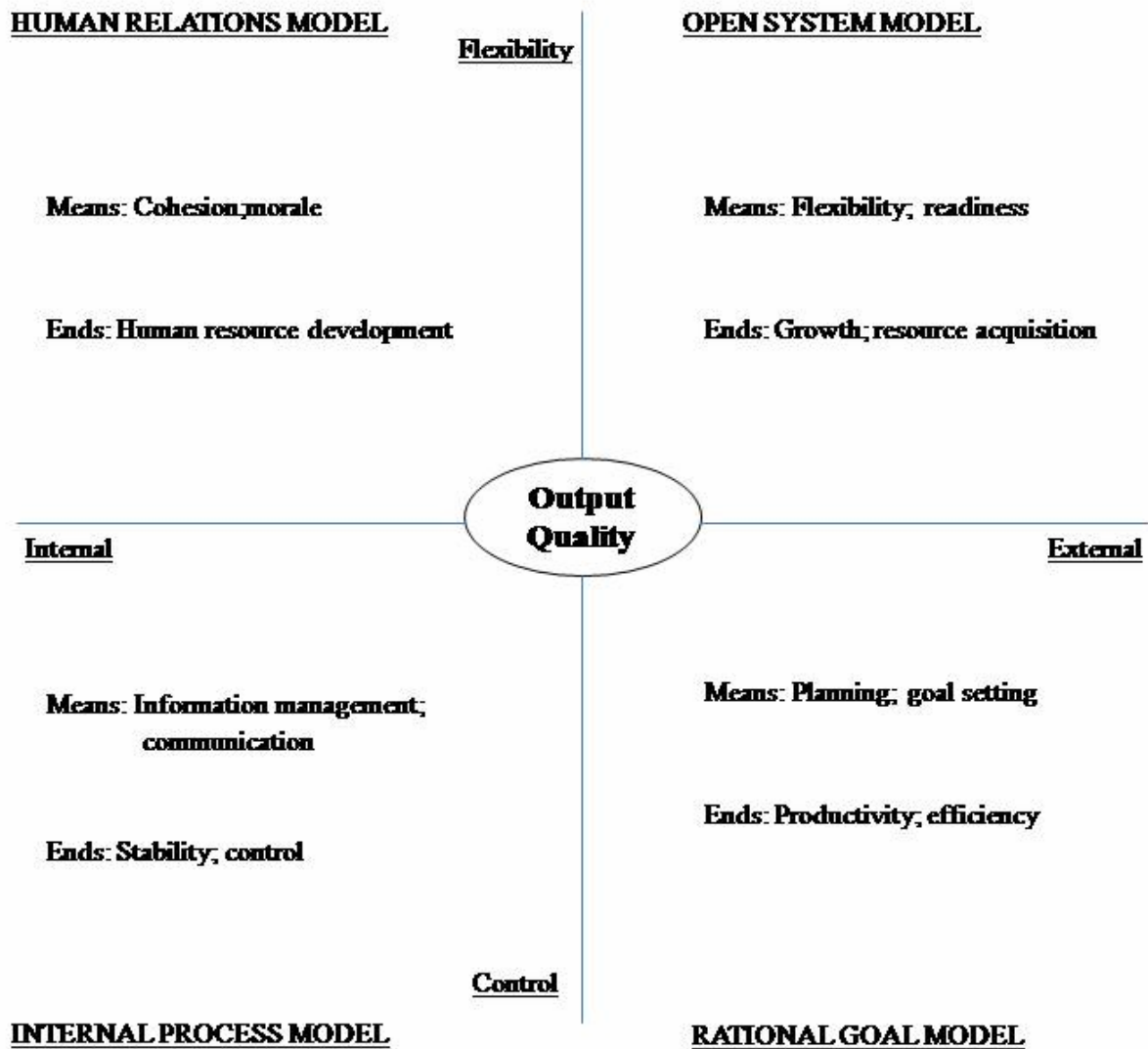


Figure 1: The Competing Values Approach

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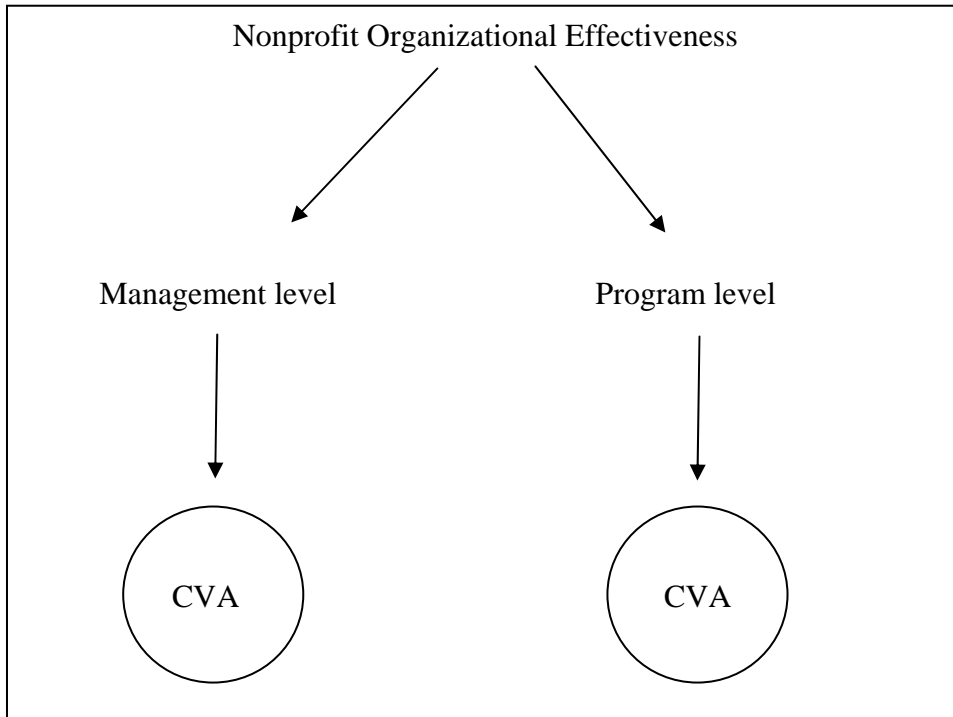


Figure 2. A Two-level competing values approach to measure nonprofit organizational effectiveness