CHAPTER 3

Understanding the Organization from a Systems Perspective

CHAPTER OUTLINE

- What Is a Systems Perspective?
- Understanding the External Environment
- Understanding the Internal Environment
- System Integrity and the Fit of Internal Environment to External Environment

CHAPTER OBJECTIVES

Upon completion of this chapter, the reader will be able to:

- Explain why managers need to understand the organization as a system of subsystems.
- List factors in an organization’s external or task environment and explain how they affect organizational functioning.
- List important organizational components and explain how they work together to achieve optimum organizational functioning.
- Write a mission statement for a human service organization.
- Explain how organizational mission and purpose serve as the standard for organizational consistency and integrity.

Assumptions

- That decisions and actions in one part of the organization affect many parts.
- That factors external to the organization affect the organization.
- That compatibility among organizational components is an important feature in well-run organizations.
- That the mission statement can serve as a goal or beacon to help guide decisions and actions.
What Is a Systems Perspective?

Elements or components of organizations do not act in isolation. What happens in one department or unit often affects, and is affected by, what happens in other parts of the organization. If, for example, an employee behaves inappropriately toward a client and the client brings a lawsuit against the agency, ultimately this single act may affect a number of personnel and programs within the agency. The executive would have to be notified and make arrangements to respond to the suit. The board of directors would be expected to take a position on the issue. The business manager may have to review insurance policies and finances. The employee’s supervisor would have to be involved in fact-finding. The other workers in the unit may have to be consulted about their perspectives on the alleged offense. The director of staff training and development may be expected to design a training session to deal with the problem. The public information officer may need to develop press releases and deal with public perceptions if the matter becomes a public issue. A variety of interests in the community may be affected in some way.

To address the issue appropriately, all efforts by affected personnel should be coordinated. That is to say, the components of the agency should function as a system. If the employee denies the charge and client advocacy groups threaten a boycott while the executive prepares an apology and the business manager pursues a settlement, activities will work at cross-purposes and the incident will inflict serious damage to the agency’s reputation, regardless of guilt or innocence.

These same coordinated efforts should apply not only to isolated incidents but also to day-to-day functioning. Very few things that happen in the day-to-day activities of an organization happen in isolation. When things are operating smoothly and efficiently, it is easy to forget the interrelationships. But when attempting to understand, assess the effectiveness of, or problem solve within an organization, recognizing the significance of these relationships is critical.

Take, for example, an agency that provides detoxification and rehabilitation services to drug and alcohol abusers. The executive is informed that one of the agency’s funding sources will not be contracting with the agency next year because it has not adequately demonstrated the effectiveness of its programs in helping clients to overcome their addictions. This action would most likely trigger the following, and perhaps more, actions on the part of persons involved with the agency:

- **Board**
  - A review of funding sources; assessment of financial stability of the agency. Assessment of impact of loss of a funding source.

- **Executive**
  - An examination of how effectiveness is defined, and how the agency’s programs are designed, in an attempt to determine why program objectives are not being achieved. Is there a good fit between services provided and outcomes expected?

- **Program Staff**
  - An examination of how client progress is defined and documented; what are they doing with clients to help them overcome their addictions? Is it possible that they are getting good results but not properly documenting them? Or have they failed to define what they mean by success? Where is the problem located?
Human Resources Director
An examination of staff competence to carry out the tasks and responsibilities specified in the job description. What knowledge and skills do employees need? Is the agency hiring people with the appropriate background education and experience?

Monitoring and Evaluation Personnel
An examination of data collection and aggregation practices. Are the data elements collected framed in a way that permits accurate assessment of effectiveness? Are staff providing accurate and complete data? Are reports aggregated in a way that allows for evaluation of effectiveness?

Supervisors
An examination of performance evaluation criteria. Do annual performance evaluations accurately assess and identify workers who excel in achieving expected outcomes with clients? Are these workers being properly rewarded? Are there incentives for high levels of performance? Do employees receive appropriate feedback on their performance?

Business Manager
An examination of the adequacy of funding for the support services needed in order to increase success with clients. What support services (such as day care and transportation) have caseworkers been requesting? Have these services been made available? If not, why not? Do we know that providing them would make a difference in terms of effectiveness with clients?

Another way to look at who and what are affected by this situation is as follows:

External Entities Affected
Funding sources
Clients and their families
Potential employees
Educational institutions
Other agencies

Internal Entities Affected
Board
Management and administration
Direct service staff
Human resources
Business management
Data management and reporting

These are just a few of the individuals, units, and components of the organization that would be affected by such an event as losing funding for nonperformance on a contract. An important starting point for understanding an organization is to understand the ways in which the organization functions internally as well as how it relates to significant elements in its environment. This knowledge is essential to moving the organization toward excellence in its overall achievements as well as its day-to-day management and level of functioning.

Understanding the External Environment

Without further refinement, an agency’s external environment refers to everything outside the boundaries of the agency or organization itself. Attempting to understand everything outside is not realistic, possible, or necessary. Fortunately, a number of authors have helped
us to understand what parts of the external environment are important to organizations. Thompson (1967) uses the term task environment to refer to elements outside an organization that enable it to operate and that set the basic context for these operations. Drawing on the work of Dill (1958), he includes four key components in the task environment: (1) customers (both distributors and users); (2) suppliers of materials, labor, capital, equipment, and work space; (3) competitors for both markets and resources; and (4) regulatory groups, including governmental agencies, unions, and interfirm associations.

Martin (1980), writing specifically about human service organizations, identifies a number of external elements that affect agencies, including (1) funding sources, (2) sources of noncash revenues, (3) clients and client sources, and (4) other constituents. Montana and Charnov (1993) describe the external environment in terms of economic, sociological, political, and technological domains. The text will attempt here to synthesize these three different ways of conceptualizing the external environment, using the categories of (1) economic factors, (2) sociological factors, (3) political/professional factors, and (4) technological factors as organizing themes. Figure 3.1 illustrates the four external domains.

**Economic Factors**

When exploring economic factors in the environment that have significance for the organization, five components drawn from a number of the foregoing frameworks include (1) funding sources, (2) noncash revenues, (3) clients or consumers, (4) suppliers, and (5) competitors.

Funding sources are an important part of the task environment. Social service funding is generally drawn from the following sources (Netting, Kettner, & McMurtry, 1998, p. 242):
Government Funds
- Direct government appropriation
- Government purchase-of-service contract funds
- Government grants
- Matching funds
- Tax benefits

Donated Funds
- Direct charitable contributions
- Indirect contributions (e.g., through United Way)
- Private grants
- Endowments

Fees for Service
- Direct payments from clients
- Payments from third parties (e.g., insurance)

Other Agency Income
- Investments
- Profit-making subsidiaries
- Funding-raising events and appeals

As funding resources are secured through grants, contracts, and other sources, each funding source becomes an important part of the agency’s relationship with the external environment. All funding should be coordinated and expectations understood. Funds should be carefully tracked to ensure that they are achieving their purpose.

Noncash revenues or resources may include volunteers, in-kind contributions (such as food, clothing, equipment, or facilities), and tax benefits. Achieving excellence in resource management requires a good working knowledge of current funding sources and noncash revenues. This includes the agency’s past history with each as well as each source’s likely dependability in the future. A list of potential, currently untapped resources both in terms of funding and noncash revenues may prove to be helpful in economic and fiscal planning.

The availability of and demand from customers, clients, or consumers have an economic impact on a human service agency and are critical components of the task environment. Human service organizations are built on the assumption or on the knowledge that there is a need, and that the need can be translated into a demand for services. As long as demand for service exists, the agency will continue. If client demand declines or stops altogether, the need for the organization ceases to exist.

One of the ways in which nonprofit organizations differ from the for-profits is that high demand from potential clients or consumers does not always translate into higher levels of income or revenue. In commercial enterprises, more customers are almost universally seen as a good thing. More customers bring in more income, which in turn allows for growth and development of the business. In nonprofit organizations, clients do not always pay the full cost of service. From the standpoint of fiscal analysis, an agency’s clients can be categorized in four different ways: (1) high pay or break even: those that pay the full cost or even more than the full cost of services through self-pay or insurance; (2) low pay: those that pay
on a sliding scale, but pay less than the full cost of services; (3) no pay: those who pay nothing; and (4) contract-eligible clients: those whose services are paid for through a contract awarded to the agency (Netting et al., 1998). A profile of the agency’s client population from this service reimbursement perspective can be informative in terms of attempting to understand the agency’s fiscal soundness.

In translating the concept of suppliers from a business context to a nonprofit context, we need to look at two different components of the task environment: referral sources for clients and the institutions that prepare workers for positions within the agency. Martin (1980) points out that an important external element for human service providers is the various sources of referrals such as government agencies, teachers and school administrators, physicians and medical personnel, and other such sources.

In addition, an assessment of the labor pool is important. What educational institutions in the community prepare the workers who will fill the various positions within the agency? What is the nature of the job market currently, and how has it changed over the years? What are the projections for the short term and long term for personnel needs and availability? These and other questions should be addressed in an attempt to better understand the task environment. Many agencies that employ child care workers, for example, experience more than 100 percent turnover during the course of the year. This represents an expense to the agency and argues for more analysis of the supply of and demand for these employees.

The final economic factor to be assessed is an analysis of competitors. Competition within the human services was relatively unknown prior to the introduction of purchase of service contracting in the 1970s (Kettner & Martin, 1987). As the concept of privatization has gained momentum over the last few decades, government entities have been less inclined to attempt to provide a full array of services and more likely to contract with either for-profit or nonprofit agencies to provide selected services. Day care, mental health services, drug and alcohol treatment, and residential treatment are examples of the kinds of services typically purchased from private for-profit and nonprofit agencies.

What this means for agencies, then, is that if they hope to keep a steady stream of clients coming through their doors, they must compete with other agencies that offer the same type of service. Increasingly, funds have come with strings attached requiring data collection about costs of service, quality of service, and client outcomes. Data are used to develop indicators about an agency’s success rates, which are then used in the subsequent round of contract awards. It is important that a manager understand not only who the competitors are, but also where the agencies stand in terms of reputation and past records of service costs, quality, and outcomes.

**Sociological Factors**

In exploring the sociological dimensions of the task environment, a manager should attempt to understand community demographics, both in terms of the client and community problem and need profile as well as in terms of the available labor pool. At issue here is the importance of understanding the socioeconomic, ethnic, gender, and age profiles of the community to be served. Community mapping, using census data, can help depict the community’s makeup in terms of income, education, ethnicity, gender, age, and other demographic factors. Identifying high concentrations and their location in relation to the agency can be helpful for planning purposes. These findings should lead to an exploration of the extent to which the
agency is meeting the diverse needs of all groups represented. Some review of census data together with past and current needs assessments and key informant interviews may be helpful in understanding the priorities and needs as seen by community members.

In addition to an examination of overall community demographics, it is also useful to look at the ethnic and gender makeup of the staff and to determine the extent to which it is reflective of the available pool of workers and the demographic profile of clients. This is not, of course, to imply that staff members cannot be effective working across ethnic and gender lines. However, any staff that is reflective of only one ethnic or gender perspective severely limits itself in terms of the richness that cross-cultural and cross-gender perspectives, including those of gays and lesbians, can bring to staff discussions and problem-solving efforts.

**Political/Professional Factors**

In examining the task environment of the nonprofit organization, there is some logic to combining both political and professional factors. Political factors include laws and regulations imposed from a federal, state, or local level as well as what might be described as a political climate. The term *climate* refers to values and attitudes of community and state leaders as well as those of the general public toward the services being provided and the consumers of those services.

Professional factors also involve a type of regulation, referred to as accreditation, as well as consideration of working relationships with any of the relevant professional organizations that may be represented within the community.

**Laws and Regulations**

Most human service agencies and programs operate within an environment in which there are a number of laws or regulations that govern service provision. Jansson (1994) notes that social services became more complex after funding changes from the 1960s through the 1980s. Public funding and purchase of service contracting transformed a relatively simple pattern of funding and regulation into a system in which social services were:

increasingly influenced by interorganizational relationships in their work; they had to ask which clients “belonged” to whom, which ones should be retained or referred elsewhere, and whether to develop collaborative services, such as joint programs. (p. 14)

Federal and local governments gave so much money to social services in the 1960s and 1970s that the nature of human services fundamentally changed and the role of private donors and federated fundraising diminished. Many nonprofit agencies received the bulk of their funds from public authorities, who saddled the agencies with rules and regulations about how to use their funds. (p. 15)

A worker in a residential treatment center once commented that the center received forty-four different site visits during the course of any given year. These visits included contract monitors from state departments of child welfare, juvenile corrections, developmental disabilities, and education, as well as from county health and other departments responsible for the health, hygiene, and safety of its citizens. Although forty-four site visits in one year seems rather excessive, given the amount of staff time that must be devoted to preparing for each visit, it does illustrate the kind of environment within which an agency operates when government funding and service to the public is involved. It is
important to be aware of what kinds of regulations govern service provision and the organizations to which the agency is accountable.

**Political Climate** There is also that elusive issue of political climate. If someone decides to open up a grocery store in a community, it is unlikely that the storekeeper needs to give a great deal of thought to how people feel about grocery stores in general. Politics and value considerations do not enter into such a decision. However, when dealing with the provision of social services, the attitudes of community leaders and citizens are important. Some who have attempted to open up halfway houses or transitional living centers for various populations (e.g., recovering alcoholics or homeless) have discovered the NIMBY factor (“not in my back yard”). Community value systems tend to be supportive of vulnerable groups such as abused and neglected children or women who are victims of family violence. Other populations raise concerns. This, of course, is not to suggest that people in need of services be abandoned if the community objects to providing services. It is simply one more variable within the task environment that a good manager needs to take into consideration in attempting to understand the dynamics of interaction between agency and community.

**Professional Considerations** In addition, human service agencies are increasingly becoming part of an accrediting network. Accreditation involves having a team of site visitors conduct a thorough study of the agency and make a determination as to whether the agency measures up to a set of standards. In some instances government contracting agencies require that their contractors be accredited. In other instances, agencies find that fund-raising is more successful if they can advertise their accredited status. In an era when there are so many fund-raising efforts and so many worthy causes, accreditation by a body qualified to evaluate agency performance and standards can provide a valuable edge.

Finally, there is the issue of relationship to professional organizations. The American Psychological Association (APA), the National Association of Social Workers (NASW), and other such organizations have divisions that license or certify professionals within their disciplines. They may also have procedures for sanctioning individuals or organizations that violate professional standards. Human service agencies should be aware of the licensing or certification standards and should promote good working relationships with these organizations.

**Technological Factors**

The final domain to be considered in the attempt to understand the task environment is that of technology. For human service agencies, technology can refer to the use of equipment, including computer hardware and software, as well as the development of new treatment approaches. The kinds of monitoring and evaluation responsibilities that are being imposed on social service agencies today require data-processing capability. It is likely that agencies are expected to report cost per unit of service, cost per successful outcome, successful outcomes per FTE staff, and other such indicators of performance (Martin & Kettner, 1996). It is important, therefore, that managers be knowledgeable about software that will track dollars as well as services provided and outcomes, so that the appropriate and necessary data and information can be generated.
In addition, a thorough analysis of the latest technology requires attention to the professional literature in order to ensure that innovations developed and proved effective in other settings can be tried and adopted if they prove to be successful. The provision of human services is a dynamic enterprise. Social, community, and individual problems change, needs change, and practice approaches must change to keep pace. For example, in dealing with violence in the schools, a peer counseling approach may be effective with some segments of the population, yet may not address the full range of problems and needs for all who have a potential for violence. Knowing what is working in other school districts within the area or around the country can add valuable information to the planning, delivery, and effectiveness of services provided.

In summary, then, understanding the organization from a systems perspective requires a knowledge of the important and relevant economic, sociological, political, professional, and technological factors in the environment.

Understanding the Internal Environment

Understanding agency operations requires an identification of the significant components of the organization, as well as an analysis of the extent to which they work in harmony with each other. As with examination of the external environment, we will begin our look at the internal environment by exploring some of the frameworks commonly used by leaders in the field of organizational analysis.

Miles (1975) describes the organization as a coming together of organizational variables and human variables. Successful organizations, he points out, are those in which managers are able to integrate these two sets of variables in a way that is internally consistent and responsive to organizational mission and goals (see Figure 2.6, p. 54).

According to Miles (1975), organizational variables include goals, technology, and structure. Human variables include capabilities, attitudes, values, needs, and demographic characteristics. The role of management is to design the organizational variables in a way that is internally consistent with a particular philosophy of management and then to blend human variables in a way that maximizes productivity.

Montana and Charnov (1993) use five factors as an organizing framework for understanding the internal environment: (1) financial resources, (2) physical resources, (3) human resources, (4) technological resources, and (5) corporate culture/ethics. Netting, Kettner, and McMurtry (1998), synthesizing from a number of sources and applying them specifically to human service organizations, identify the variables of (1) corporate authority and mission, (2) leadership style, (3) organizational and program structure, (4) programs and services, (5) personnel policies, and (6) technical resources. Again, in the interest of drawing the best from each list of organizational variables, an eclectic framework for organizational analysis is proposed, utilizing the following six components:

- Organizational purpose, mission, and philosophy
- Organizational planning
- Organizational operations
- Human resources
- Technological resources
- Financial resources
Of all the variables that make up the internal environment, organizational purpose, mission, and philosophy should be examined first because it is here that one gains an understanding of the mission and vision that is intended to provide the logic and the organizing theme for all the other variables. Brody (1993) describes a mission statement as follows:

A good mission statement should be lofty and inspiring, concise, capable of being easily understood and remembered, should reflect the organization’s fundamental purpose, and should indicate what the organization wants to accomplish in relation to the beneficiaries of its work. (pp. 46–47)

Mission statements should be stated in terms of the agency’s projected ideal outcomes for the populations served. For example, an adoption agency may state that its mission is that every child who comes for service will achieve his or her fullest potential in a loving and nurturing adoptive home. As an inspirational statement, the mission provides the basis for the shared vision that Peters and Waterman (1982) found to be a necessary ingredient for excellent organizations.

Organizations sometimes attempt to accomplish too much with a mission statement and incorporate program description as well. When a mission statement includes the term provide or some synonym, the statement goes beyond the definition of mission to program description.

The National Network for Social Work Managers (1994) presents what it calls the organization platform, depicted in Figure 3.2.

The National Network for Social Work Managers (1994) defines each of the terms as follows:

- **Beliefs:** Your credo, the philosophical underpinnings, values that motivate your organization to action.
- **Mission:** Historic, philosophical statement of your general, global purpose. What you hope to do for whom.
Vision: A specific, usually emotional, view of a preferred future; the primary goals or accomplishments of the organization.

Culture: Description of values and attitudes that describe how the organization will pursue and execute its vision.

Goals: The broad objectives that drive product line and strategic planning. (Long- and short-term plans, strategies, and tactics are designed to achieve goals.)

Products: The products and services offered to reach the vision. (p. 2)

This organizational platform offers a great deal of promise in clarifying, in a concise manner, what a human service agency believes in, what it hopes to achieve, and what services it plans to provide in order to achieve its mission, vision, and goals.

Organizational Planning

Montana and Charnov (1993) describe three levels of planning: strategic planning, long-range planning, and operational planning. Strategic planning takes the longest view and attempts to identify where the organization, ideally, would like to be in a time frame of five years or more.

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<th>CONSIDERATIONS</th>
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<tbody>
<tr>
<td><strong>For Strategic Planning</strong></td>
</tr>
<tr>
<td><strong>Basic Questions:</strong></td>
</tr>
<tr>
<td><strong>Time Frame:</strong></td>
</tr>
<tr>
<td><strong>Process:</strong></td>
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<tr>
<td><strong>Analysis:</strong></td>
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<tr>
<td><strong>Report:</strong></td>
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In summary, strategic planning attempts to use available data to project future needs and resources and to create a visioning process. Study and brainstorming among stakeholders become translated into a loosely defined set of agreements intended to keep the organization on course and relevant to changing problems and needs.
Long-range planning involves an examination of what actions are necessary to achieve the expectations specified in the strategic plan. The time frame for implementation and accomplishment is usually one to five years, and details for implementation should be spelled out as goals, objectives, and activities.

For Long-Range Planning

**Basic Questions:** On what programs and services must we concentrate our attention in order to achieve the expectations of the strategic plan? Will new programs and services be added?

**Time Frame:** One to five years.

**Process:** Representatives of top management who understand the strategic plan should be involved; program managers, supervisors, staff, and clients from affected programs should also be involved. Data and information on current status of programs and services should be examined as well as current and projected community problems and needs.

**Analysis:** The impact of increasing or shrinking the size and scope of programs and services should be carefully analyzed in terms of effects on clients, community, staff, and the organization.

**Report:** Written guidelines should cover at least the following areas:
1. A precise description of programs and services to be expanded or reduced.
2. Financial implications of the change; source(s) of new funding, if needed.
3. A description of the target population and potential referral sources.
4. Additional personnel and other resources needed.
5. Additional physical facilities needed.
6. A plan for monitoring and evaluating progress.

In long-range planning, goals express a broad intention of outcome expectations. For example, a long-range organizational goal in a women’s domestic violence shelter might be “to enable at least 50 percent more women who have been victims of domestic violence to achieve an independent and safe status over the next three years.” Objectives would then spell out shorter-term processes such as acquiring property, beginning construction, refining programs and services, and hiring staff. Activities then become the specific tasks that must be carried out, including the time frames, for achieving long-range objectives. Implementation of activities is closely monitored, as is the success in terms of achieving objectives. The relationship of goals, objectives, and activities is depicted in Figure 2.1 (p. 30). Not all human service organizations engage in both strategic and long-range planning. Elements of both types may be incorporated into one planning process focused on future directions.

Operational planning, translated into human service terms, is better described as program planning. Program planning involves an analysis of the social or community problem to be addressed and a detailed planning of all the elements of the program.
by Kettner, Moroney, and Martin (1999), program planning in human services includes the following components:

- Conducting problem analysis and needs assessment
- Selecting an appropriate intervention strategy
- Setting goals and objectives
- Designing programs
- Building a management information system
- Developing a budget
- Evaluating program effectiveness

In examining homelessness in Center City, for example, planners would want to know what types of problems and needs were present as well as how many people were experiencing each type of need. How many homeless are there? How many have drug and alcohol problems? How many have problems with mental illness? How many need job skills training? Based on the findings, planners would then develop a working hypothesis about planned interventions and expected results. Working from this hypothesis, a plan is developed that includes goals, objectives, and activities; program design; data collection and aggregation; a budget; program monitoring and evaluation; and feedback of findings into the next generation of service provision. The process is depicted in the flowchart in Figure 3.3.

![Flowchart of the Program Planning Process](image-url)
The three levels of strategic, long-range, and program planning are not separate, stand-alone processes. Their interrelationships are depicted in Figure 3.4.

Organizational Operations

The third internal variable, organizational operations, requires regular review and examination of the programs and services offered as well as all support functions. Expectations for productivity, efficiency, effectiveness, and quality are established for each unit within the organization. Indicators are used to monitor each unit, division, or department to ensure that
overall organizational performance is measuring up to expectations. This examination differs from program planning, discussed previously, in that it involves a monitoring of past and current activities rather than planning for the future. Program planning focuses on designing new or revising existing interventions. A review of program operations may examine such factors as program achievements in relation to program objectives, the adequacy of the data collection, reporting and evaluation systems, or efficient use of support staff.

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A sample outline for a program review report is included as Figure 3.5.

**Human Resources**

The term *human resources* has replaced the term *personnel* over the years and refers to the many functions that are involved in the supervision and management of the organization’s employees and volunteers. Sound planning for the recruitment, hiring, and retention of staff requires a working knowledge of human resources law. Agency employees responsible for supervision, management, and administration must at least understand the general parameters of laws governing affirmative action and equal employment opportunity to ensure that agency policies, procedures, and practices operate in compliance with the law. For a more detailed and current understanding of day-to-day changes in the law, in policy, or in legal precedent, it is advisable to retain a consulting attorney who specializes in human resources law. Agency policies and practices should be reviewed periodically by an expert in human resources law in order to ensure that they are responsive to the ever-changing legal requirements.

The human resources planning process begins at the point of examining organizational operations and determining what job functions are needed to accomplish long-range and program goals and objectives. This analysis enables the manager to determine what types
of staff with what types of education and experiences are needed to meet expectations. The human resources planning process then continues by having a job analysis (a document that requires specification of responsibilities and tasks, knowledge and skills required, and results expected) prepared for each position. Working from the job analysis, job descriptions are written. Policies and procedures are then prepared for the recruitment, selection, and hiring of employees and volunteers; for supervision, training, and development of employees and volunteers; for performance appraisal, promotion, retention; and, if necessary, termination. Each of these elements of the human resources planning process will be discussed in detail in later chapters in this book.

### CONSIDERATIONS

**For Reviewing Human Services Planning**

**Basic Questions:**

- What job functions are necessary to achieve organizational and program goals and objectives? Are positions filled with people qualified to carry out these functions? Are personnel policies and procedures in compliance with the law? Does staff reflect ethnic, gender, and age diversity?
Technological resources include the equipment and expertise needed to carry out the professional and technical work of the organization. In the field of human services professional work generally includes all of the therapeutic interventions used within the agency. Technological resources can include support and consulting services, computer resources, financial management expertise, marketing and public relations expertise, and other technologies that may be used to support the work of the organization. Because of the wide variety of disciplines often represented, it is advisable to involve staff in identifying and planning for the use of technology. Professional staff, for example, should be expected to keep up with all the changes in scaling devices for measuring client progress. They should also be current on research in the field as published in professional journals and made available on the Internet. Staff responsible for program evaluation should be aware of software available that can be used to aggregate and analyze data.

A successful manager will keep a current inventory of technological resources needed and compare it to those on hand. Facilities and equipment should be monitored in terms of their age and condition. Purchase or lease of new facilities and equipment should be a regular part of the budget planning process. Staff development and training may also be considered a part of the process of updating technological resources. It is also useful to follow up after new equipment has been purchased or leased, or training has been completed, to determine whether it is being used and meets expectations. Where possible, technological resources should be evaluated in terms of their impact on the workload and achievement of program goals and objectives.
CONSIDERATIONS

For Assessing Technological Resources

Basic Questions: Is the agency using state-of-the-art technology? Does it need state-of-the-art technology? Does the use of outdated technology impact the productivity, efficiency, effectiveness, or quality of services provided? Can the agency afford new technology? Will it be used?

Time Frame: This process should be ongoing, with a running log or tally of existing technological equipment and other resources available to compare to newly emerging technologies.

Process: The business manager or other designated person should regularly survey all levels of staff to determine what problems, if any, are created by outdated equipment and what new equipment is recommended.

Analysis: The business manager and other management staff should evaluate how new equipment will be used to improve the productivity, efficiency, effectiveness, or quality of services.

Report: Requests for new equipment determined by management staff to be needed should be submitted to the executive for consideration, along with all the necessary specifications and costs associated with its purchase and use.

Financial Resources

An assessment of financial resources requires a careful examination of budget documents to determine where the funding is coming from and what obligations the agency assumes in accepting funding from each of the various sources. Budget documents produced by the business manager will regularly report the status of income and expenditures so that the executive, the board, and agency managers are current on available financial resources. It is useful to know, for example, for each line item, what proportion of the budget has been spent as compared to the proportion of the fiscal year that has elapsed.

It is also important to utilize details of program performance, such as the number of units of service provided, the number of clients who completed the program, and the number of clients who achieved outcome objectives. These factors can be tied into program cost dollars and used to calculate costs per unit of service and other useful cost-efficiency and cost-effectiveness factors. A variety of indicators have been developed over the years that help to measure efficiency, effectiveness, and productivity, and regular monitoring throughout the year can provide early warning indicators that problems may be emerging. These measures will be discussed in detail in a later chapter on budgeting.

CONSIDERATIONS

For Examining Financial Resources

Basic Questions: What are the sources of financial support for the agency? What untapped sources exist? To what extent are resources being used in cost-efficient and cost-effective ways?

Time Frame: Financial resources should be monitored on a regular basis by the business or financial manager.
Figure 3.6 illustrates the components of the internal environment and the ways in which they interact with each other.

### System Integrity and the Fit of Internal Environment to External Environment

The value and importance to managers of understanding these systems cannot be overstated. For a newly appointed manager, understanding where the agency stands in relation to all the components discussed is similar in some ways to a wilderness guide getting his or her bearings before taking a group of tourists into the wild. In both instances decisions
are complex and should be based on knowledge and information. In both instances people
are dependent on their leader to provide informed guidance. And in both instances, a suc-
cessful journey will require a team effort and full participation under the guidance of a
trusted and knowledgeable leader or guide.

Knowledge about external and internal environments of an organization is basic to
good management. An understanding of the external environment, including the economic,
sociological, political, and technological domains, will enable a manager to work skillfully
with funders, clients, referral sources, community representatives and decision makers,
and those with technical expertise to put the agency in the best possible position to
succeed. Understanding the internal components, including organizational purpose, plan-
ning, operations, human resources, technological resources, and financial resources, will
put a manager in the best position to make informed decisions that will strengthen agency
performance.

Once these systems are understood, the next challenge is to ensure that they are all
operating in a way that is, first, consistent within the organization and, second, consistent
in interactions between the organization and its environment. Internally, the agency’s mis-
sion and purpose are the organizing theme. All internal systems should reflect the agency’s
commitment to its mission and purpose.

A family counseling agency, for example, may have as its mission “To strengthen fam-
ilies in a way that family members individually are able to achieve their potential in their
physical, intellectual, emotional, and social growth and development, and that the family
as a whole behaves in a way that is mutually supportive.” If the agency is to maintain an
internal consistency, then its strategic plan will focus on ways to strengthen individuals and
families. Current programs will be designed to enhance individual functioning as well as
to promote the family as a nurturing resource. The human resource system will focus on
recruiting, selecting, hiring, rewarding, and promoting those staff members who perform
at the highest levels in a way that is consistent with the mission. The technological and
financial resources will be allocated in a way that reflects a commitment to the mission. If
all of these subsystems are working in harmony, then the agency will have taken its first
step toward the achievement of excellence.

The second step will involve ensuring that the organization is well synchronized with
its external environment. Ongoing assessments of community needs and client satisfaction
will help the agency to determine whether its services continue to be relevant to individ-
ual and family needs. A thorough examination of priorities for funding sources and polit-
cical decision-making bodies will help the agency to understand the fit of its mission,
purpose, and goals to what community leaders say they need and expect. Staying on the
cutting edge of developing technology and professional expertise will keep the agency in
a leadership position in the provision of services.

The focus of these efforts for the manager is consistency, or what might be called sys-
tem integrity. The work of human service agencies is so important and so physically and
intellectually demanding that they cannot afford to expend energy and resources working
at cross-purposes.

Funding and community support can fluctuate greatly over time. Someone within the
organization needs to be designated to keep a finger on the pulse of local, state, and fed-
eral agendas to determine what the program and funding priorities will be over the next
three to five years. Agency priorities and plans need to be reviewed to ensure that the agency’s plans are consistent with community needs. All systems must be examined for consistency with the external environment.

It should also be noted, however, that setting policy, program, and funding priorities is not a one-way street. Staff of social service agencies who work with clients are well positioned to observe the needs and problems of clients and community members. When programs and services are poorly designed, when there are critical gaps in a continuum of services, or when services have a detrimental effect on clients, decision makers will not necessarily be aware of these factors if there is no advocacy from human service agencies. Jansson (1994) argues that advocating for vulnerable populations not only offers a more relevant and realistic approach to the resolution of certain types of problems, but it is also a moral obligation for professionals, for the following reasons:

First, all professionals are morally obligated to advance clients’ beneficence. Second, they cannot do so without policy-sensitive and policy-related practice. Third, we can make moral judgments about all professionals’ work on the basis of acts of commission (such as lying to a client) and omission (such as not using policy-sensitive and policy-related practice). (p. 38)

A forum for systematic feedback from all levels of staff, combined with training in policy practice and organizing community-wide task forces around issues, can help to ensure that appropriate advocacy is taking place and important feedback destined for community, state, or federal-level decision makers is not being ignored.

Internally, all components of the organization need to be constantly reevaluated for their internal consistency among planning, programs, services, human resources, and support services. In an ideal organizational world, frontline staff will be in harmony with supervisors on the design and functioning of all these components. Supervisors, in turn, will be in harmony with managers, executives, and board. There will be shared vision, commitment to resolution of the problems faced by the target populations served, and support for high levels of productivity, efficiency, effectiveness, and quality. If that harmony does not exist within and among these subsystems, points of conflict need to be addressed. If it does exist, the organization has at least the fundamental qualities necessary for achieving excellence. Finding ways to promote internal consistency and integrity will be the subject of the remaining chapters of this book.

**SUMMARY**

1. **What Is a Systems Perspective?** A single action can affect many parts of the organization. Awareness and anticipation of potential impact of actions are important.

2. **Understanding the External Environment.** Factors in an organization’s immediate or task environment should be assessed.
   - **Economic Factors.** Funding sources, noncash revenues, clients and consumers, supplies, and competitors should all be assessed.
Sociological Factors. Community demographics, community problems and needs, and the available labor pool should all be assessed.

Political/Professional Factors. Regulations, political climate, and professional expectations should all be assessed.

Technological Factors. New technology and new practice models should be explored.

3. Understanding the Internal Environment. A number of internal components need to be understood, as well as their fit with other components and their impact on each other and the whole organization.

Organizational Purpose, Mission, and Philosophy. Well-run organizations should have a mission and philosophy that permeate all aspects of the organization.

Organizational Planning. Strategic, long-range, and program planning overlap and interact.

Organizational Operations. The functioning of each department, program, and unit should be periodically reviewed.

Human Resources. Human resources functions should be summarized and reported on annually and assessed for their internal consistency.

Technological Resources. All departments, programs, and units within the organization should stay on top of and incorporate the latest technology.

Financial Resources. Financial data should be compiled and used to create performance indicators.

4. System Integrity and the Fit of Internal Environment to External Environment. All systems should be designed to fit well with each other and with the external environment.

EXERCISES

Please complete the following sections of your manual based on the content covered in Chapter 3.

Section 3: Organizational Systems and Subsystems

3.1 Mission Statement. Write a mission statement for your organization.

3.2 Internal Consistency. Write a statement of philosophy about the organization’s commitment to internal consistency and compatibility of its systems and subsystems. Include a statement about the use of the mission statement as the standard by which consistency will be determined.

3.3 The External (Task) Environment. Identify those elements of the task environment that the agency will track in some way in order for the agency to be able to monitor current developments and issues.

3.4 Internal Components. Identify the major internal components of the agency and specify the ways in which compatibility will be ensured in their interactions.
REFERENCES


