

Paper Number: PN022122

Paper Title: Assessing Philanthropy in the Aftermath of Sept.11

Author(s):

Dr. Kathy Steinberg, Indiana University Center on Philanthropy, Indianapolis, IN, USA

Description

The tragic events of September 11 had tremendous impact on the world of philanthropy in the United States. For example, a number of organizations and funds, such as the September 11 Fund, were established to assist the victims and heroes of the events, and a many foundations and corporations contributed to the relief efforts. In addition, many households contributed money and time to assist the relief efforts. The operating environment was changed for many of the organizations located in or near the sites of the terrorist attacks. These events have raised a number of questions and opportunities for researchers: Who donated to the relief efforts and how much did they donate? What factors determined who gave and who volunteered, and how much they gave or volunteered? What was the nature of the impact on organizations in or near the tragedy sites? What historical precedents can be seen in philanthropic behavior in times of national crisis? Are the impacts of the terrorist attacks primarily short-term in nature, or will there be long-term implications?

The proposed panel would consist of four research papers. One paper describes a national, random survey of household giving and volunteering in the first three months following the tragedy. This survey was conducted as part of another study that was ongoing at the time of the attacks. The second paper describes this broader survey of household giving and volunteering that was being conducted when the attacks occurred. A third paper provides an historical look at total giving to charities in times of national crisis. The fourth paper assesses the impact of the September 11 events on specific organizations in the New York City area. These four papers will provide a starting point from which we can assess the overall impact of the September 11 events on the world of philanthropy.

Paper Number: PN022122.1

Paper Title: America Gives: A Survey of Americans' Generosity after Sept. 11

Author(s):

Dr. Kathryn S. Steinberg, Center on Philanthropy at Indiana University, Indianapolis, IN, USA

Dr. Patrick M. Rooney, Center on Philanthropy at Indiana University, Indianapolis, IN, USA

Summary of Research

This paper describes a telephone survey (called America Gives) which asked 1,304 randomly-selected adults about their philanthropic behavior (giving of time and treasure) after the events of September 11, 2001. The questions were part of a larger national study on giving and volunteering that was being conducted at the time of the September 11 attacks. The researchers were provided a rare and unique opportunity to assess giving and volunteering both before and after a national crisis.

Description

This paper describes a telephone survey (called America Gives) which asked 1,304 randomly-selected adults about their philanthropic behavior (giving of time and treasure) after the events of September 11, 2001. The questions were part of a larger national study on giving and volunteering that was being conducted at the time of the September 11 attacks. Several other organizations conducted national surveys of the philanthropic response of American households to the September 11 events (e.g., National Opinion Research Center, 2001; Independent Sector, 2001; USA Today/CNN/Gallup, 2001). However, none of these studies attempted to measure the amounts of giving and volunteering Americans contributed after the tragedy. In addition, because the America Gives survey was in the field at the time of the tragedy, the researchers were provided a rare and unique opportunity to assess giving and volunteering both before and after a national crisis.

The paper details descriptive results from the survey, as well as providing univariate and multivariate analyses of the determinants of giving and volunteering in this unique situation. We also provide a brief description of the study that was being conducted at the time of the terrorist attacks, the methodological considerations resulting from the immediate philanthropic response to the September 11 events, and steps that were taken to adapt the study to the changing national conditions. Finally, we provide some caveats for researchers and others who may want to assess household giving and volunteering in the wake of other crises and tragic events.

References:

National Opinion Research Center (2001). America Rebounds: A National Study of Public Response to the September 11th Terrorist Attacks.

Independent Sector (2001). A Survey of Charitable Giving After September 11th, 2001.

Nasser, H. (2001). Poll: Charities should offer support, not just cash. USA Today, December 19, 2001.

Paper Number: PN022122.2

Paper Title: Giving During Crisis: An Historical Analysis

Author(s):

Ms. Melissa Brown, IUPUI, Indianapolis, IN, USA

Dr. Patrick M. Rooney, Center on Philanthropy at Indiana University, Indianapolis, IN, USA

Summary of Research

September 11, 2001 provide a case for comparison with historical records of charitable donations. We have used the Giving USA series, supplemented with additional information obtained from the IRS for corporate and individual giving, in order to examine charitable giving in years in which major national crises occurred. We also correlate foundation giving with crisis events and stock market values, and corporate giving's correlation with crisis events and corporate pretax income.

Description

Few studies systematically examine global or national events and the impact of such events on charitable behavior. One researcher (Hirshleifer, 1987) challenges earlier work positing that disaster leads to an increase in community feeling (Kunreuther and Dacy, 1969). Hirshleifer considers how alliance theory might apply to sudden changes in which society's health is threatened and hypothesizes that the alliance will collapse when the threat is removed.

The charitable response to events September 11, 2001 provide a case for comparison with historical records of individual (household), foundation, and corporate donors. It is generally agreed that the \$1.5 billion raised as of the end of 2001 in the wake of September 11 is an unprecedented charitable response after a disaster. According to newspaper reports, other disasters generated philanthropic giving, for example more than \$36 was contributed to the Red Cross and other agencies after Hurricane Mitch in 1998 and more than \$40 million after the bombing of the Murrah Federal Building in Oklahoma City. About 40 percent of the giving from the September 11 events is from individuals (Foundation Center, 2002).

The time series of itemized tax deductions by individual tax payers maintained by the IRS and used by Giving USA in its annual estimates presents an opportunity to examine national altruistic response in times of crisis. The series allows some tests of Kunreuther-Dacy thesis that altruistic giving increases in times of urgent need. Over time, it may also permit consideration of the Hirshleifer hypothesis that the behavior called forth by the threat (charitable giving) returns to pre-threat levels when the threat is removed.

METHODOLOGY

Giving USA, a publication of the AAFRC Trust for Philanthropy, has maintained the only known time series in the U.S. of estimated totals for charitable contributions from all four sources: individuals, corporations, and bequests from 1940 to the present plus foundation giving from 1956 to the present. The Center on Philanthropy has used the Giving USA series, supplemented with additional information obtained from the IRS for corporate and individual giving, in order to examine charitable giving in years in which major events that might be thought to pose threats and therefore affect giving (war, terrorism, natural disasters, political crises, and economic crises).

The Center performed the study in two stages, a simple review of rates of change (AAFRC Trust for Philanthropy, 2001) followed by use of statistical techniques to determine relationships between the various factors known and hypothesized to affect giving.

Findings to date support prior research showing that itemized personal giving is closely linked to personal income and assets (as represented by the stock market values) (Havens and Schervish, 2001) with significant change found in years of disaster. The study will also consider foundation giving and its correlations with crisis events and stock market values and corporate giving's correlation with crisis events and corporate pretax income.

AAFRC Trust for Philanthropy (2001), What Do Crises Mean For Giving?
After September 11 Events, AAFRC Trust For Philanthropy And The Center On Philanthropy At Indiana University Examine Historical Precedents And Look At Factors Specific To 2001 That May Affect Giving, available at www.aafrc.org
Foundation Center (2002), Giving in the Aftermath of 9-11. Report available at www.fdncenter.org.

J. Havens and P. Schervish (2001), "Wealth and Commonwealth: New Findings on Wherewithal and Philanthropy," in *Nonprofit and Voluntary Sector Quarterly*, Vol. 30, No. 1, pp. 5-25.

J. Hirshleifer (1987), "Disaster Behavior: Altruism or Alliance?" in *Economic Behavior in Adversity*. (Chicago: The University of Chicago Press) pp. 134-141.

H. Kunreuther and D. Dacy, "The Peculiar Economics of Disaster," in D. Dacy and H. Kunreuther, *The Economics of Natural Disasters: Implications for Federal Policy* (New York, 1969).

Paper Number: PN022122.3

Paper Title: Withstanding Shock? Black & Latino Organizations in New York City in the Aftermath of September 11th

Author(s):

Dr. Rikki Abzug, New School University, New York, NY, USA

Summary of Research

This paper details results from research on black and latino organizations directly affected by the terrorist attack on the World Trade Center. 145 surveys, comparable but updated from an earlier study, were faxed to black and Latino organizations. The follow-up surveys allowed the authors to ask questions about the immediate versus intermediate impact of the World Trade Center tragedy on organizations that serve vulnerable populations.

Description

September 11th and its aftermath immediately changed the operating environment for nonprofit organizations in New York City and beyond (Derryck and Abzug, 2001a, 2001b). While initial studies showed the impact to be relatively widespread (80% of organizations responding to an immediate survey said that they were impacted), more recent studies have suggested that (over time) the impact has been differentially internalized, responded to, and reverberated (Abzug and Dennis, Forthcoming). It is to the question of how those differences were felt, and continue to be felt, that we turn in this study. While the first phase of the study had two main purposes: 1) provide a systematically collected voice of the small and medium sized neighborhood nonprofit organization sector (with particular emphasis on those serving underrepresented populations) for relief, recovery, and rebuilding efforts, 2) help the umbrella groups to provide the most effective assistance to member agencies and agency networks; this second phase brings into sharper focus the differential impact on organizations serving primarily black and Latino constituencies. With the help of the Twenty-First Century Foundation, 145 surveys, comparable but updated from the original study, were faxed to black and Latino organizations.

The follow-up surveys allow the authors to ask questions about the immediate versus intermediate impact of the World Trade Center tragedy on organizations that serve vulnerable populations. Specifically, the survey asks when (if yet) stabilization of client populations was achieved and what were pressing problems before and after September 11th. This survey also allows for a comparison of the impact of the September 11th tragedy on staff, clients, operations, and community of black and Latino organizations with the impact on a broader, diverse, sample of organizations. Finally, the survey will speak to a broader concern of (differential) nonprofit organization effectiveness in the aftermath of environmental shocks and crisis (Abzug, Derryck, Rodriguez, and Srinivas, Forthcoming) References

Abzug, Rikki and Derryck, Dennis. Forthcoming (2002). "Lessons from New York City Nonprofit Organizations Post- 9/11." *Nonprofit Quarterly*.

Abzug, Rikki, Derryck, Dennis, Rodriguez, Aida, and Srinivas, Nidhi. Forthcoming (2002). "Effectiveness During Crisis New York City Nonprofit Organizations in the Aftermath of September 11th . Paper to be Presented at "Nonprofit Organizational Effectiveness & Performance: Challenges and Advances in Theory and Practice" Conference, April 18-19, 2002. Kansas City, Missouri.

Derryck, Dennis and Abzug, Rikki. 2001a. "Not-For-Profits and Crisis: New York City Organizations After the WTC Tragedy" *Nor-For Profit CEO Monthly Newsletter* Vol. 9, No. 2, December.

Derryck, Dennis and Abzug, Rikki. 2001b. "The WTC Ripple Effect Devastates Neighborhood Nonprofits" <http://www.newschool.edu/milano>

Paper Number: PN022122.4

Paper Title: America Gives: Using National Surveys to Measure Giving and Volunteering

Author(s):

Dr. Patrick Rooney, IUPUI, Indianapolis, IN, USA

Dr. Kathryn S. Steinberg, Center on Philanthropy at Indiana University, Indianapolis, IN, USA

Mr. William Chin, Indiana Univ-Purdue Univ at Indianapolis, Indianapolis, IN, USA

Summary of Research

In the past few years researchers have examined methodological issues related to measurement of household giving and volunteering. One of the key findings is that respondents are more likely to recall making donations of time and treasure, and report higher average donations, when surveys with longer, more detailed queries are used. However, these results were produced using a small sample within the state of Indiana. In this paper we present an expansion of this research in which we conducted a national telephone survey of approximately 4200 households. We present findings about methodology and the correlates of giving and volunteering.

Description

In the past few years a number of researchers have been examining methodological issues related to measurement of household giving and volunteering. The Center on Philanthropy at Indiana University hosted a conference in November 2000, in which some of the leading researchers in the field presented papers on their research. This resulted in a special issue of *Nonprofit and Voluntary Sector Quarterly*, devoted to this topic.

One of the key findings in this effort has been that respondents are more likely to recall making donations of time and treasure, and report higher average levels of giving, when surveys with longer, more detailed queries are used (Rooney, Steinberg & Schervish, 2000; Steinberg, Rooney, & Chin, 2001). However, these results were produced using a small sample within the state of Indiana. In the current paper we present an expansion of this research in which we conducted a telephone survey of approximately 4200 households, randomly selected from across the entire United States. In this study we compare outcomes from different combinations of survey techniques. We present an assessment of how differences in survey methodology—such as in the wording, order and number of prompts—produce different findings in regards to giving and volunteering behavior. In addition, we examine correlates of giving and volunteering, such as age, income, race, gender, educational attainment, and geographic region.

References:

Rooney, P.R., Steinberg, K.S. & Schervish, P.G. (2001). A Methodological Comparison of Giving Surveys: Indiana as a Test Case. *Nonprofit and Voluntary Sector Quarterly*, 30 (3), 551-568.

Steinberg, K.S., Rooney, P.M., & Chin, W. (2001). Measurement of Volunteering: A Methodological Study Using Indiana as a Test Case. Paper submitted for publication, *Nonprofit and Voluntary Sector Quarterly*.

Paper Number: PN022123

Paper Title: Social Accounting: A Value Added Framework for Nonprofits and Co-operatives

Author(s):

Professor Jack Quarter, University of Toronto, Toronto, CANADA

Description

This panel is made up of four papers that argue for and demonstrate the importance of social accounting for nonprofits and co-operatives. Greater attention is being paid by researchers such as Lester Salamon about the contributions that nonprofits make to national economies. This panel expands on these trends, argues for the integration of social and economic indicators, and presents practical models for assessing the value added by organizations with a social purpose.

Paper Number: PN022123.1

Paper Title: Locating Social Accounting Within a Social Economy Framework

Author(s):

Professor Jack Quarter, University of Toronto, Toronto, CANADA

Summary of Research

The paper will also introduce the notion of applying the value added statement to voluntary organizations. This was the focus of the aforementioned International Year of the Volunteer project. In that project, the value added was adapted to voluntary organizations and a method is presented for including non-monetized outcomes within a value added (An Expanded Value Added Statement). This method will be discussed in detail by two of the presenters in this panel - B.J. Richmond and Laurie Mook. However, this paper will introduce the basic approach.

Description

This paper establishes a context for the panel on social accounting for voluntary organizations, of which it is a part. This paper is based on the research for an International Year of the Volunteer project, funded by the Canadian Centre for Philanthropy and just completed, and the research for a book, What Counts: Social Accounting for Nonprofits and Co-operatives (Prentice Hall, 2002, with B.J. Richmond and Laurie Mook). It examines the evolution of social accounting, traces its roots to the environmental movement, and locates social accounting within the concept of the social economy. The paper also differentiates between social accounting and social auditing. It also situates social accounting in relation to the social indicator research and social investment. Essentially, the paper argues that in many domains there is a merging of the social and the economic.

Social accounting can be viewed as a first cousin to social auditing. Whereas social auditing is normally a supplement to the formal accounting statements, social accounting is one form of statement. Both approaches share the perspective that accounting should take into consideration the many stakeholders that contribute value to an organization rather than an exclusive emphasis on shareholders, as is found in profit and loss statements used by business firms.

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One of the issues to be discussed in the paper is that of establishing comparative economic value. It will be argued that this is complex matter that has placed constraints on social accounting. It is important that people working in this general field develop templates that they can share with each other.

Paper Number: PN022123.2

Paper Title: Accounting for Volunteer Impact: Data Collection in Community-based Organizations

Author(s):

Dr. Betty Jane Richmond, University of Toronto, Toronto, Ontar, CAN

Summary of Research

This paper describes the Volunteer Value Added project which used social accounting methods to assess the value added by volunteers to the bottom line of four nonprofits. In this project, researchers worked as partners with four community-based organizations to produce a value added statement for each organization. The paper briefly introduces the concept of value added and discusses how data on volunteers was collected to assess it. It provides a brief overview of the findings, and focuses on the challenges for researchers and for nonprofits in collecting data on volunteers and on other social indicators.

Description

To greater and lesser degrees, organizations in the voluntary sector rely on volunteers to operate effectively - to manage the organization as the Board of Directors, to raise funds, as well as to provide core services, administrative support, marketing, and educational services. However, nonprofit financial statements and annual reports do not capture nor do justice to the value that volunteers contribute to the organization and the community. As well, they do not account for the value of the volunteer experience to volunteers themselves.

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The paper also presents information on a handbook that explains how nonprofits can produce statements assessing the value added by volunteers.

Paper Number: PN022123.3

Paper Title: Accounting for Volunteer Impact: The Expanded Value Added Statement

Author(s):

Ms. Laurie Mook, Ontario Institute for Studies in Education, Toronto, Ontario, CAN

Summary of Research

This paper presents a model of a Value Added Statement called the Expanded Value Added Statement (EVAS), that identifies and reports the financial value added of an organization, as well as the social value added due to volunteer contributions. It was derived from a research study of five non-profit organizations. The model synthesizes social and financial variables, and considers both the value added contributed by volunteers and the value added received by volunteers from their volunteer activities. The paper will also report the findings of the research in aggregate form.

Description

Value added is a measure of wealth than an organization creates by 'adding value' to the raw materials, products and services through the use of labour and capital. This 'wealth' is in contrast to profit created only for owners or shareholders in the private sector; rather it represents the 'wealth' created for and by a larger group of stakeholders, primarily volunteers, employees, society, investors and the organization itself. Value added is reported in a two-part value added statement: the first calculates the value added created, and the second, how it was distributed. The value added framework is especially appropriate for non-profit organizations, as they are uniquely different from profit organizations in that they have multiple stakeholders (for example, volunteers, funders, regulators, clients, and community), and have both economic and social goals.

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Paper Number: PN022123.4

Paper Title: Accounting for social change: The social benefits of a tenant-managed non-profit co-operative

Author(s):

Mr. Jorge Sousa, University of Toronto, Toronto, Ontario, CAN

Summary of Research

This paper will present findings from an ongoing study examining the challenges faced by a resident-run board of directors. Specifically, this paper will reframe the notion of cost effectiveness to include the social value added to the community as well as to the other stakeholders. Using a social accounting framework, the preliminary findings will demonstrate a potential template, which can be used to measure the social benefits received by public housing resident by converting into a co-operative.

Description

The increase of partnerships between government and non-profit organizations has benefited many recipients of the different services. The partnership model is meant to encourage efficiency and cost effectiveness for both the government and for the non-profit organizations. However, defining cost effectiveness does not always include the voluntary nature of those organizations. One sector where the partnership model has flourished has been the social housing system. Within the social housing system the government normally funds non-profit organizations or non-profit co-operative organizations to provide affordable housing to low-income individuals and families. A system of governance is established in the form of a volunteer board of directors, which can contain a combination of residents and outside individuals. In the case of the non-profit co-operative organizations the voluntary board of directors is entirely composed of residents.

In Toronto, Ontario, a community will become the first public housing project to adopt the partnership model as they convert into a tenant managed non-profit co-operative. The residents have cited the need to have a say in the management of their community as the prime motive behind converting into a non-profit co-operative. Like other co-operatives, a voluntary board of directors will manage the community; however, the board of directors has struggled with the responsibilities that they have not had to be concerned with in the past; for example, meeting the government's criteria that the model must be cost effective. In its haste to prove the cost effectiveness of the model, the community has relied on economic measures of effectiveness. However, the social benefits such as having the residents manage the community are not accounted for because there have not been methods by which to assess those benefits.

This paper will present findings from an ongoing study examining the challenges faced by a resident-run board of directors. Specifically, this paper will reframe the notion of cost effectiveness to include the social value added to the community as well as to the other stakeholders. This approach emphasizes the social benefits received by the organization and for the volunteers. Using a social accounting framework, the preliminary findings will demonstrate a potential template, which can be used to measure the social benefits received by public housing resident by converting into a co-operative. The findings illustrate that the key outputs from a social accounting perspective are personal growth and recognition of the volunteer contribution. Additionally, I will describe some of the struggles that the resident-run board have faced as they enter into a partnership with the government.

Paper Number: PN022127

Paper Title: Accountability in Political and Inter-Organizational Context

Author(s):

Dr. Alnoor Ebrahim, Virginia Tech, Blacksburg, VA, USA

Description

The papers on this panel locate accountability within complex political and inter-organizational environments. In doing so, they demonstrate the necessity for developing contextualized understandings of and mechanisms for organizational accountability

Paper Number: PN022127.1

Paper Title: Reflections on Nonprofit Accountability, 1968-2002,

Author(s):

Robert O. Bothwell, National Committee on Responsive Philanthropy, Washington, DC, USA

Summary of Research

This paper examines shifts in nonprofit accountability in the United States from the 1960s onwards, from the perspective of a practitioner.

Description

In the 1960s, the War on Poverty was conceived by President John F. Kennedy and initiated by President Lyndon B. Johnson, placing primary leadership for local antipoverty efforts not in the hands of government, nor existing nonprofit organizations, but on newly created nonprofit agencies (Community Action Agencies). In 1968, the War on Poverty experienced two serious blows in the form of (1) Johnson's increasing support for the Vietnam War at the expense of his domestic program, and (2) a Congressional action that limited the independence of the nonprofit Community Action Agencies. Colleges, universities and governments were reeling from the widespread Vietnam War protests and their eventual success in knocking Johnson out of the 1968 presidential race. The next year, a Tax Reform Act was passed that many in foundation community thought would be the death knell for foundations. In 1970, the United Way of America was launched as a juggernaut integrated system of workplace fund raising federations. John D. Rockefeller III subsequently organized the Commission on Private Philanthropy and Public Needs (the Filer Commission) which provided more research about nonprofits and philanthropy in three years than had probably been conducted in two centuries. Against this backdrop of major new governmental recognition and support for nonprofit organizations, their increasing influence on key national matters, and the substantial difficulties they encountered, the nonprofit community grew by leaps and bounds. Add the advent of major revenue from direct mail, the Reagan Revolution (downsizing government), and computers and the Internet, and whatever accountability processes and standards were acceptable prior to the 1960s, they have had to be reviewed, rethought, and many new ones conceived. Today the institutions to encourage or demand public accountability of nonprofit organizations are few and far between, with inadequate funding for the tasks. Self-regulation by exterior bodies, by and large, is a joke. Self-regulation by nonprofit organizations boards of directors often is too. Demands for accountability are mainly the province of larger donors. The one great hope on the scene is the increasing legal requirements and Internet encouragements for transparency.

Paper Number: PN022127.2

Paper Title: Non-Profit Organizations and The Social Construction of Accountability

Author(s):

Dr. Max Stephenson, Virginia Tech, Blacksburg, VA, USA

Summary of Research

This paper examines current debates on accountability as being the products of competing value claims that are embedded within a broader political context.

Description

This paper reviews the current controversy about the forms of accountability that should govern non-profit and non-governmental organization activities. In particular, it charts the implications of the debate between advocates of increased corporatization to secure greater accountability and those who abjure such claims in favor of a more traditionalist understanding of the aims of these organizations. The paper suggests that this dispute must be understood in the context of its broader dynamic political context; that is, that its boundaries are the product of a characteristic set of competing values claims that each reveal an identifiable understanding of what constitutes organizational accountability. Taken together, these suggest a context of shifting and competing claims/forms of accountability with characteristically disparate implications for non-profit organization missions and operations. The paper describes a share of these while arguing that for many nonprofits, especially those engaged in human service delivery, it may now be appropriate to consider accountability within the context of the implementation structures of which these organizations are a part. The paper concludes by suggesting the ways in which the lessons of policy implementation theory may be useful in developing a more robust analysis of non-profit organization accountability.

Paper Number: PN022127.3

Paper Title: Mutual Accountability and Development NGOs:

Author(s):

Professor L. David Brown, Harvard University, Cambridge, MA, USA

Summary of Research

This paper outlines the shortfalls in current theories of organizational accountability which are premised on hierarchical models of organization. The author develops a new concept of "mutual accountability," which involves multiple parties committed to joint responsibility for outcomes.

Description

Most theories of organizational accountability have roots in hierarchical models of organization, such as principal-agent theory. Accountability systems are often focused on constraining agent abuse of the principal's resources, but they may also act to create the very problems they are created to constrain. For civil society actors engaged in fostering social transformation, like some development NGOs, standard models of accountability have several drawbacks. They focus on two-party rather than multi-party systems; they assume superior-subordinate relationships rather than a variety of power relations; and they emphasize accountability to predefined plans rather than flexible adaptation to emerging, hard-to-predict development challenges. More importantly they tend to reproduce relations of dependency and subordination, rather than empowerment and interdependence.

This paper will focus on exploring the implications of the emerging concept of "mutual accountability," which involves multiple parties committed to joint responsibility for generally defined outcomes and mutual influence in an evolving development process. It will explore the implications of a focus on mutual accountability in several contexts, including transnational coalitions to shape international policies as well as alliances among development donors, international NGOs, and Southern NGOs. It will seek to develop initial propositions for building systems of mutual accountability in the service of sustainable development outcomes.

Paper Number: PN022127.4

Paper Title: Accountability and Organizational Learning in NGOs

Author(s):

Alnoor Ebrahim, Virginia Tech, Blacksburg, VA, USA

Summary of Research

This paper argues that long-term accountability is achieved not merely by conventional means of assessing performance, but by building NGO capacity to conduct self-evaluations, and by encouraging the analysis of failure as a means of learning.

Description

□The purpose of this paper is to provide a framework for thinking about organizational learning as a mechanism of “accountability” in nonprofit organizations, with particular reference to development-oriented nongovernmental organizations (NGOs) in the global “South.” As NGOs have grown in numbers and visibility in many parts of the world over the past two decades, they have become increasingly influential in development planning, not only at the level of individual project implementation, but also at the level of state and regional policymaking. The growth of NGOs has been fueled by a belief among donors that they are more cost-effective than governments in providing basic social services, are better able to reach the poor, and are key players in democratization processes — despite a lack of sufficient empirical evidence to support these counts. In some cases, NGOs are themselves responsible for exaggerating their claims of success, which are based more on belief in value-driven organizations than on actual monitoring and assessment of their accomplishments.

□This exaggeration of NGO successes, combined with numerous public scandals among nonprofit organizations in both the North and the South, are now leading to greater calls for “accountability” among NGOs and their donors. As a result, many NGOs are now turning to impact assessment and evaluation as tools for monitoring progress and for demonstrating accountability.

□My goals in this paper are threefold. First, I distinguish between impact assessment, evaluation, and organizational learning as mechanisms of accountability. Second, I demonstrate that evaluations, for the most part, serve as donor control mechanisms which reward success while punishing failure (e.g., through revocation of funds or additional conditions on funding). Thus, while they may serve to improve accountability in the short-run, they are unlikely to engender longer-term learning since they encourage NGOs to exaggerate successes while discouraging them from revealing and closely scrutinizing their mistakes. Third, I argue that longer-term accountability is achieved not merely by assessing performance, but by building NGO capacity to conduct self-evaluations, and by encouraging the analysis of failure as a means of learning.

□This longer-term perspective on accountability and learning is essential if development planning is to have a lasting impact on global problems of poverty and social inequity.

Sample References

Ebrahim, Alnoor. 2002. Making Sense of Accountability: Theoretical Perspectives and Practical Mechanisms for NGOs. Working Paper No. 2002-1, Global Accountabilities: Center for Social Monitoring Analysis, Virginia Tech.

Edwards, Michael A. 1997. Becoming a Learning Organisation, or, the Search for the Holy Grail? In *Strategies of Public Engagement: Shaping A Canadian Agenda for International Co-operation*, ed. D. Gillies, Montreal and Kingston, Canada: McGill-Queen's University Press.

Edwards, Michael, and David Hulme, eds. 1996. *Beyond the Magic Bullet: NGO Performance and Accountability in the Post-Cold War World*. West Hartford, Connecticut: Kumarian Press.

Najam, Adil. 1996. NGO Accountability: A Conceptual Framework. *Development Policy Review* 14:339-353.

Riddel, Roger C. 1999. Evaluating NGO Development Interventions. In *International Perspectives on Voluntary Action: Reshaping the Third Sector*, ed. D. Lewis, 222-241. London: Earthscan.

Paper Number: PN022140

Paper Title: Social Capital, Civil Society and the Transition from Socialism

Author(s):

Sarah Busse, University of Chicago, Chicago, IL, USA

Description

This panel combines three papers which all address the role of the third sector in some aspect of the transition from socialism. The first paper addresses the greater efficacy of environmental nongovernmental organizations in building participatory democracy in Eastern Europe. The second paper explores the connection between social capital and the development of civil society in the Russian Federation. The third paper, also focusing on Russia, examines the interaction between economic reforms and grassroots associations.

Paper Number: PN022140.1

Paper Title: Nongovernmental Organizations and Public Participation in Local Environmental Decision-Making in the Czech Republic

Author(s):

Ms. JoAnn Carmin, Virginia Polytechnic Institute and State University, Blacksburg, VA, USA

Summary of Research

The public participation of civil society actors has been attributed to the presence of different types of NGOs including socio-cultural associations and social movement organizations. Interviews conducted in the Czech Republic from 1992 to 1996 suggest that in a postcommunist context, socio-cultural associations had no relationship with public participation. In contrast, higher levels of institutional participation were more likely in communities where environmental organizations were active. This study suggests that NGOs that have gained legitimacy within specific issue arenas may be instrumental in the advancement of civil society development in local communities in transition states.

Description

Nongovernmental Organizations and Public Participation in Local Environmental Decision-Making in the Czech Republic

JoAnn Carmin
Department of Urban Affairs and Planning
Virginia Tech, 105 Architecture Annex, Blacksburg, VA 24061-0113

The character of local environmental policy and politics is shaped by the regime in power and by local political institutions. In democratic nations, it is also influenced by the actions and initiatives of civil society actors ranging from individuals to informal associations to formalized nongovernmental organizations (NGO). In communist Czechoslovakia, individuals had opportunities to participate in the political process, but these forums were controlled by the state and dedicated to the achievement of communist party goals. Since the fall of the regime in 1989, efforts have been made to promote democratic practice by redefining institutional opportunities for participation and establishing a basis for the development of a visible, independently organized, and engaged citizenry. The behaviors of civil society actors, ranging from participation in institutional politics to protest, have been attributed to the presence and influence of different types of NGOs including socio-cultural associations and social movement organizations. At the national level, inquiries into civil society actors have examined mobilization and the role of the NGOs in political decision-making in the Czech Republic. Because studies have not investigated local civil society development or the influence of NGOs in this context, a number of questions about environmental policy and decision-making in the Czech transition and early consolidation period remain unanswered.

After the fall of the communist regime, to what extent did local governments in the Czech Republic create access to decision-making processes and implement new legislative provisions? Did residents take advantage of these opportunities to participate and, if so, through what means? What role did NGOs play in shaping local mobilization and participation in these new institutional forums? Finally, what do these activities suggest about the breadth and depth of civil society development in the Czech Republic in particular and in transitional states in general? To address these questions, in-person, structured interviews were conducted with the mayors of 237 communities where landfills, incinerators, highways, and development in an adjoining protected area were proposed between 1992 and 1996. To gain greater insight into local political institutions and processes, community participation, and NGO activities, semi-structured interviews were conducted with local elected and appointed officials, activists, and organizational representatives in an additional ten communities in Moravia and Silesia.

In many nations throughout the world, socio-cultural associations have been linked to public participation and civil society development though the forms of interaction and the organizational basis for action that they provide. However, the results of this study indicated that in a postcommunist context, these

associations had no relationship with action. At the same time, higher levels of institutional participation as well as expressive behaviors were more likely to emerge in communities where environmental organizations were active. The general patterns revealed in this study suggest that NGOs that have gained legitimacy within specific issue arenas may be instrumental in the advancement of political participation and civil society development in local communities in transitional states.

Paper Number: PN022140.2

Paper Title: Civil Society in Russia: Is there a Change in the Age of Globalization?

Author(s):

Olga Kniazeva, University of Pittsburgh, Belmont, MA, USA

Summary of Research

This paper discusses four motivations for donors to invest social capital for public use, including reciprocity and obligations, bounded solidarity, social integration and consummatory norms internalization. In Russia, the structure of social networks has changed in response to globalization. As individuals find common interests, they begin to generate social capital for the public good. With the development of these networks, donors begin to invest in social capital according to more advanced motives of social integration and consummatory civic norms. Through the practice of new behaviors by some network members, new norms gain legitimacy.

Description

Civil Society in Russia: Is There a Change in the Age of Globalization?

Olga Kniazeva

olgakn@hotmail.com

Graduate School of Public and International Affairs, University of Pittsburgh

Although Russia is visibly weak in traditional forms of social capital and does not seem to have cultural norms underpinning civil society formation, some part of the population behaves in a way which assumes norms consistent with civic culture, and this group of people is widening. The paper attempts to answer why this is happening.

Seeking the answer to this question, the paper discusses some issues of civil society and social capital debate. Starting with traditional western notions of civic culture and preconditions for civil society development, but evaluating deeper generalized meaning of societal resources, it argues that conditions for effective civil society are generally accessible social capital and motivations for the donors to invest in it. It discusses four different levels of motivations for the donors to invest social capital for society use, starting with more instrumental and ranking them towards based on consummatory norms: reciprocity and obligations, bounded solidarity, social integration and consummatory norms internalization.

Converging social capital and social network analysis theories, the paper attempts to describe and assess social capital resources in Russia. Traditionally composed of closed and atomized cliques, the society nevertheless had certain recourses that could be translated in social capital. However, Russians' behavior was instrumental, and if donors invested social capital it was mainly in return to more or less direct yields.

The structure of societal networks had changed in response to globalization factors, such as openness to international community, the fall of communism and spread of liberalism on post-soviet territories. First of all, individuals change their attitude towards others - finding common interests and similar cultural reserve, they begin to believe that together they can generate social capital for the benefit of all. New wide 'weak ties,' single-stranded networks, are formed based on this belief. With the development of these networks, donors begin to invest social capital according to more advanced motives of social integration and consummatory civic norms. Through the practice of the new behavior by some of the community members within these networks the new norms are gaining legitimacy. By way of practice and utilization the norms are reinforced and exported further. These changes in the dynamics of societal relations in response to globalization provide resources for civil society development.

Paper Number: PN022140.3

Paper Title: Nongovernmental Organizations and Russia's Market Transition

Author(s):

Sarah Busse, University of Chicago, Chicago, IL, USA

Summary of Research

This paper looks at how nongovernmental organizations in Russia are affected by market reforms and how these organizations influence economic conditions. Case studies of grassroots associations come from qualitative research conducted in Novosibirsk, Russia. NGOs in this context are affected by the increasing poverty of potential staff or volunteers and by constraints on other resources. Western funding allows local NGOs to influence effects of market reforms by supporting local businesses and contributing to the growth of the nascent middle class. By encouraging a stable economy, NGOs indirectly support the stability of future democracy in Russia.

Description

Nongovernmental Organizations and Russia's Market Transition

Sarah Busse

Department of Sociology, University of Chicago, sbusse@uchicago.edu

□ Since de Tocqueville, voluntary associations such as nongovernmental organizations have been considered good for democracy (Edwards et al. 2001). Most studies of NGOs in new democracies focus on their political context, exploring how they shape path-dependent outcomes or are shaped by local or national legacies of socialism. For countries emerging from socialism, however, the transition to democracy is only part of the story. Countries of the former Soviet Union and Central and Eastern Europe are simultaneously moving toward democracy and to more market-like economic conditions. Although economic conditions affect the stability of democratic regimes, economic reforms are very seldom included in research on nongovernmental organizations.

□ On the other hand, market transition theory (Cao & Nee 2000) and other research on economic reforms overlooks the growth of the third sector, considering it to contain only insignificant economic actors. A central debate of transition literature is whether elite positions are staffed by returning members of the former communist-era elite (in Russian nomenklatura) or whether market forces determine positions in the social, economic and political hierarchy. What such research on Russia ignores are the market contributions of third sector organizations.

□ This paper looks at NGOs in the Russian Federation in the light of a joint transition toward capitalism and democracy, examining how the fates of nongovernmental organizations are affected by market reforms directly and indirectly, and how these organizations in turn influence economic conditions and their consequences. Case study examples of grassroots associations are taken from qualitative research conducted in Novosibirsk, Russia in 2000.

□ NGOs in this context are affected by economic reforms through the increasing poverty of potential staff or volunteers. Those who might want to volunteer are too busy making a living, while others seek NGO staff positions solely for the wages, as alternatives to state-sector employment. NGOs are also affected by constraints on other resources, such as office space that is scarce or too expensive to rent, or modern office equipment sold for high free market prices. When local third sector organizations secure Western funding, they are able to pay staff, rent office space, and purchase equipment, thus improving their efficacy and chances of survival.

□ The same Western funding which allows local NGOs to overcome some effects of market reforms also influences the outcomes of local stratification processes induced by these reforms. NGOs with funding for staff pay higher salaries than the state sector or local business enterprises, on a par with Western business firms in the same city. These higher salaries expand the pool of 'elite' positions and help create a stable middle class. Rents and equipment purchases help support local businesses, improving the local economy overall.

□ While not all NGOs in Russia contribute directly to greater participatory democracy and civil society, when they can secure outside (foreign) funding, they contribute an infusion of resources into the

economy. This changes the market transition from a zero-sum game with the recirculation of the same elites by introducing a genuine third sector, creating new employment opportunities and encouraging the growth of the middle class, always the strongest supporter of democracy. Therefore when studying market transition NGOs must not be overlooked, and when examining nongovernmental organizations it is crucial to examine their economic as well as their political contributions.

Paper Number: PN022143

Paper Title: Beyond the Best Place Debate: Getting Down to Fundamentals of Nonprofit

Author(s):

Dr. Roseanne M. Mirabella, Seton Hall University, South Orange, NJ, USA

Description

Since the initial conference on nonprofit management education in 1986, a variety of perspectives on the "best place" to educate nonprofit managers within university-based programs have been proposed and debated. Over 95 colleges and universities now offer a concentration in the management of nonprofit organizations. There are a growing number of researchers examining the pedagogical approaches of these programs, with a particular focus on outcomes. This panel focuses on the most up-to-date research in the field of nonprofit management education. What have we learned since the initial conference?

Paper Number: PN022143.1

Paper Title: An Outcome Study of Graduate Degree Programs

Author(s):

Ms. Kathleen Fletcher, San Anselmo, CA, USA

Summary of Research

This paper reports on the results of a survey sent to approximately 600 graduates of programs at three universities offering a specialized master's degree in nonprofit management. The survey contains questions regarding the impact of the degree on the graduates' professional lives. This study adds to the limited literature on nonprofit management education, as well as taking an important step towards defining the outcomes that nonprofit management education programs should provide for their graduates.

Description

In graduate professional programs such as those in nonprofit management, it is useful for program developers, faculty, and potential students to know what the outcomes of a particular educational program have been for students who have already graduated from that program. Outcomes are defined as the end results of a program for the people it was intended to serve. Finding the outcomes of a graduate professional program involves measuring the impact the program had on its graduates, including how the program may have affected their professional lives.

Nonprofit management is a relatively new field of graduate professional education, and there are no published studies of the direct impact of nonprofit management education on graduates. Knowledge of the results of degree programs for nonprofit management graduates is important for three reasons:

1. □ The need for professionally trained managers in the nonprofit sector is growing constantly as the number of nonprofit organizations grows, and it is important to know whether current programs are producing the kind of results desired for students.
2. □ The number of nonprofit management programs at colleges and universities is growing rapidly. Baseline data collected by Wish in 1990 on universities and colleges offering graduate courses in nonprofit management revealed only 17 universities offering a graduate concentration (three or more courses) in nonprofit management (Wish & Mirabella, 1998). Ten years later, the number of institutions offering a graduate degree with a concentration in nonprofit management had grown to 97 (Mirabella & Wish, 2001). As institutions seek to better serve their communities and find new markets, more undoubtedly will consider developing programs in nonprofit management education.
3. There is a lack of research on the outcomes of university-based, graduate nonprofit management programs. Only two studies related to the topic could be found in the literature, the first of which sought to determine the success of nonprofit management degree programs through a survey of program faculty and directors rather than graduates of the programs (Crowder & Hodgkinson, 1992). The second study, the only published attempt to obtain the views of graduates of nonprofit management programs on the outcome of their studies, was part of research conducted by Wish and Mirabella (1999) in which they measured the programs' indirect impact, defined as the effect of the programs on the nonprofit organizations in which graduates were employed (but not on the graduates themselves).

It was this identified research gap, coupled with my background as an instructor in the Master of Nonprofit Administration program at the University of San Francisco, that prompted me to choose as my dissertation topic (Ed.D. program, School of Education, University of San Francisco--expected completion 9/02) an outcome study of graduate degree programs in the field of nonprofit management education. There being no definitive list of outcomes that nonprofit management education should provide for its graduates, my first task was to identify those outcomes and use them to create a survey instrument for distribution to graduates of nonprofit management programs. The paper I presented at

the 2001 ARNOVA conference focused on defining those desired outcomes for nonprofit management education, based on literature in several areas: generic educational outcomes desired by educators in traditional professional schools, adult learning theory, the gap between theory and practice, impact studies of management education in other fields, and outcomes for nonprofit management education desired by nonprofit sector leaders.

□ In early 2002, I sent the survey to approximately 600 graduates of programs at three universities offering a specialized master's degree in nonprofit management. I chose to focus my research in this specialized area because it would provide important baseline data and could be used in the future to compare the impact of a master's degree devoted to nonprofit management with the impact of a different degree (such as MPA or MBA) which offered a concentration in nonprofit management. By the end of June 2002, I will have analyzed all the data and will be ready to report the results. The paper I propose for the 2002 ARNOVA conference, therefore, is one that will convey those results to the field.

Survey responses are currently (3/02) being entered into the database, and analysis will begin in April. The survey contains 47 questions regarding the impact of the degree on the graduates' professional lives; these will be combined into seven subscales during data analysis. In order to profile the sample and determine differences in impact based on various categories, demographic information and information on the respondent's career is included in the survey. An open-ended question regarding the respondent's satisfaction with the effect of the degree on his or her professional life is providing important qualitative data to increase understanding of the outcomes of the degree programs.

The significance of the study is twofold. First, it will add to the limited literature on nonprofit management education. A review of the contents of *Nonprofit and Voluntary Sector Quarterly* and *Nonprofit Management and Leadership* since 1988 shows that fewer than 10 of the hundreds of articles relate directly to the education of nonprofit managers. Two edited books of papers presented at a 1986 and a 1996 conference on nonprofit management education (O'Neill & Fletcher, 1998; O'Neill & Young, 1988) have been the primary resources on the topic. Second, there have been few prior attempts to define what outcomes nonprofit management education programs should provide for their graduates. As the number of such programs grows, the identification and measurement of outcomes will become increasingly important for curriculum development, student recruitment, and accountability.

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Paper Number: PN022143.2

Paper Title: Building a Comprehensive Curriculum for Nonprofit Leaders at the Mandel Center for Nonprofit Organizations

Author(s):

Dr. David Hammack, Case Western Reserve University, Cleveland, OH, USA

Summary of Research

The author reports on the efforts of the Educational Programs Committee of the Mandel Center to develop a comprehensive curriculum for nonprofit managers. From defining the audience to articulating programmatic goals, this historical account will prove instructive to those seeking to understand curriculum initiatives to date, as well as those seeking to develop or revise existing programs.

Description

The Mandel Center for Nonprofit Organizations at Case Western Reserve University has developed comprehensive approach to educating leaders and managers for nonprofit, nongovernment organizations and civil society based on our understanding of the best current research on the nonprofit sector. Our 60-hour "Masters of Nonprofit Organizations" degree program reflects our collective understanding of recent and current studies of civil society as it addresses the nonprofit field in a comprehensive way. It includes substantial course work on the development of the sector in the United States, on the US legal framework for the sector, on government policy and advocacy for nonprofit organizations, and we are adding a course on international and comparative questions in the study of nongovernment organizations. We built much of our program on a recognition that US nonprofits derive about half of their income from the sale of services, about a third from government payments of many kinds, about a sixth from private giving; hence we include substantial course work on economic analysis, quantitative analysis, management information systems, marketing, accounting, financial management. We offer specific courses on nonprofit enterprise, on philanthropic fundraising, and on the many sources of government funds. Nonprofits focus on fields in which many service providers are professionals, and they also use volunteers, so we have developed special courses in human resource management, leadership, and trusteeship. Because nonprofit organizations are independent but are also influenced by many stake holders, we think it is also very important to emphasize teamwork, strategic planning, and leadership as key aspects of our program. Finally, because the nonprofit field is very diverse, and because students come to our program with a wide variety of experiences and look forward to divergent careers, we leave a good deal of room in our students' programs for choice and elective courses, so that an individual student can develop some expertise in a nonprofit subfield (health care, education, social services, the arts, advocacy, association management, . . .) or in a particular aspect of management (strategic planning, human resource management, financial management . . .).

Paper Number: PN022143.3

Paper Title: The Worst Place: An Exploration of Weaknesses

Author(s):

Dr. Renee Irvin, University of Oregon, Eugene, OR, USA

Summary of Research

Using a list of over 100 graduate-level programs available in the U.S., this paper reviewed the nonprofit management education courses that were clearly relevant to nonprofit management and philanthropy, noted when classes were offered during the academic year, and analyzed credentials of faculty teaching the nonprofit courses. The results provide a rich picture of variation among programs, as well as providing an introductory list of problems - perhaps stemming from rapid growth of the field - which should be overcome this decade.

Description

A review of U.S. graduate-level nonprofit management and philanthropy education reveals a significant range among universities of the quality of instruction and value of the degree program. Other studies have explored the subject matter of the nonprofit classes offered in masters degree programs and nonprofit concentrations, and have elucidated the features that nonprofit management programs are most likely to offer, depending on their respective academic department home. In this presentation, we concentrate on faculty quality indicators within graduate programs focusing on nonprofit topics. The rapid expansion in graduate nonprofit education nationwide appears, from the results in this study, to be experiencing growing pains as some universities struggle with inadequate resources to produce the programs that they advertise.

Using a list of over 100 graduate-level programs available in the U.S., we reviewed the classes that were clearly relevant to nonprofit management and philanthropy, noted when classes were offered during the academic year, and analyzed credentials of faculty teaching the nonprofit courses. Results provided a rich picture of variation among programs. Full nonprofit masters programs had, of course, more nonprofit classes available and more instructors teaching those classes, yet also had significant range in the qualifications of the instructors. Some universities with full nonprofit masters degrees, for example, have few or no on-site faculty, and most classes are taught by adjuncts. Students completing a thesis or capstone project, for example, might have difficulty getting adequate mentoring in a university program staffed solely with part-time instructors. Universities with nonprofit concentrations within masters degrees also vary widely in resources offered to students. Many have no nonprofit academic specialist within the departmental home, and many purport to offer a "nonprofit concentration", yet offered no specific nonprofit courses during the 2001-02 study year.

The results of the study provide an introductory list of problems - perhaps stemming from rapid growth of the field - which should be overcome this decade. As student numbers continue to increase, universities should have more financial resources to recruit and hire faculty with strong qualifications, offer more nonprofit management courses to round out the curriculum, and provide opportunities for academic advising and mentoring. However, if some universities persist beyond the "growing pain era" in marketing their program without offering adequate resources for students to fulfill nonprofit concentration and degree requirements, a coordinated effort to promote quality standards among nonprofit management education programs is suggested.

Paper Number: PN022143.4

Paper Title: Alumni Assessment of Nonprofit Management Programs

Author(s):

Dr. R. Sam Larson, Applied Research, East Lansing, MI, USA

Dr. Mark Wilson, Michigan State University, East Lansing, MI, USA

Summary of Research

This paper represents the second stage of a two-phase project that examined the experience of nonprofit management students in six programs in the United States. Stage one, reported at ARNOVA 2001, covered how students decided to undertake further education, and their experience with their programs. Our report on stage two revisits the same students and asks how they would assess their programs after returning to the field.

Description

The decision to continue education or return to school is a major step for many nonprofit managers and students. What influences a nonprofit manager or leader to continue their education? How do they decide which program to attend? How satisfied are they with their choice? And, as alumni, what benefits did these students derive from their educational experience? This paper represents the second stage of a two-phase project that examined the experience of nonprofit management students in six programs in the United States. Stage one, reported at ARNOVA 2001, covered how students decided to undertake further education, and their experience with their programs. Our report on stage two revisits the same students and asks how they would assess their programs after returning to the field.

Survey results and analysis focus on skills alumni have gained and how their professional lives have changed as a result of their nonprofit management education. An important element of the survey was alumni evaluation of the importance of selected course topics to their work in the sector. Perhaps the most important finding in the study is the ample evidence that alumni have garnered new skills and are thinking and acting differently because of these skills. Alumni are better able to contribute to their organizations, are more confident in their management abilities, and are better able to apply theory to practice. Alumni tended to talk about new or improved skills in strategic planning, human resources, and several financial domains (fundraising, budgeting, proposal writing). And alumni use these skills frequently - nearly half apply them on a daily basis and about one-quarter do so once or twice a week. Finally, alumni are thinking anew about their career options and most like what they see.

Paper Number: PA021189

Paper Title: Benchmarking Charity Costs: A New U.K. Initiative

Author(s):

Professor Adrian Sargeant, Henley Management College, Henley-On-Thames, Oxon, UK
Professor Paul Palmer, South Bank University, London, UK

Summary of Research

The paper discusses the U.K government's recent call for greater openness and accountability in relation to charity performance. In response to this call a new initiative sponsored by the Institution of Charity Fundraising Managers and supported by bodies such as NCVO and the Charities Aid Foundation was commissioned in March 2002 to provide greater information for donors and the media in respect of charity performance and in particular charity fundraising costs. This paper will review the new methodology (not relying on published accounts) that was adopted and introduce the preliminary findings of this work.

Description

Fundraising costs are reported in the popular press as being of increasing concern to prospective donors (DSC 2002), many of whom now want the total sum of their gift to be applied directly to benefit the cause. Since the funding of fundraising activity is essential to the future survival of an organization, this is clearly unrealistic, but it is important to note such concerns and to take account of them in the subsequent design of strategy. There can be little doubt, for example, that donors are becoming altogether more sophisticated in the manner in which they select charities for support. Increasing amounts of press attention directed towards fundraising and administration costs, and the particularly bad publicity attracting recently to a small number of organizations have all helped to focus the minds of potential supporters on suitable bases for comparison between competing organizations (Sargeant and Kaehler 1998). Inevitably simple financial ratios are often used for this purpose, because they are so easy to calculate.

Of course, it is not entirely legitimate the use ratios to draw direct comparisons between one organization and another. Variations in accounting practices, funding structures and sizeable one-off donations/grants can all have a considerable impact on the figures each charity might produce. As Pharoah (1997) notes, accounting practices can vary substantially from one organization to another and what may be classified as fundraising expenditure for one organization may be classified as charitable expenditure by another. This is a particular difficulty in the U.K. where the accounting SORP (Statement of Recommended Practice) is currently felt to provide insufficient guidance to charities in respect of the classification of cost (Palmer 2002).

Putting aside these issues for a moment, intense levels of public concern and interest make it essential that charities at least give some consideration to the cost structures of their individual organization. There may be difficulties in comparing one charity with another, for all the reasons alluded to above, but an increasing number of organizations are now providing such data so at the very least charity managers should understand the reasons for their own performance and either capitalize on this performance or be prepared to defend themselves against the unenviable criticism that could be forthcoming.

In the U.K. individual donors may now obtain broad performance data on charities from a variety of sources including the Directory of Social Change (DSC) and a web based service which compares the fundraising performance of the Top 200 charities using simple accounting ratios. The DSC study employs a three year rolling average of these figures to smooth out annual variations, but still fails to adequately explain performance taking into account the factors alluded to above. Indeed it raises many more questions than it answers (Etherington 2002).

In response to increasing press interest in fundraising cost, the emergence of new 'information' providers

and speculation that the UK government's Performance and Innovation Unit will shortly recommend the need for greater regulation of fundraising activity a new initiative sponsored by the Institution of Charity Fundraising Managers and supported by other key sector umbrella bodies, such as the Charities Aid Foundation, National Council for Voluntary Organisations and the Charity Finance Directors Group has been launched.

The aim of the initiative is to create a new public source of performance information in respect of UK charities that will provide a more legitimate basis for comparison between such organizations.

In this paper we will review the extent literature in respect of the management of performance, detail the methodology adopted by the new study and provide primary data in respect of the fundraising performance of the U.K's Top 500 charities.

Paper Number: PA021315

Paper Title: Evaluating Governance and Organizational Effectiveness

Author(s):

Mr. Mel Gill, Institute on Governance, Ottawa, CANADA

Dr. Elke Reissing, University of Ottawa, Ottawa, Ontario, CAN

Summary of Research

This paper reviews the rationale for development of a board self-evaluation tool that provides a comprehensive framework designed to assist directors in understanding governance structures, responsibilities, practices, board culture, the interrelationship between these and their relationship to effective organizational performance. It describes the methodology for design of the Governance Self-Assessment Checklist, the essential components of the GSAC, the methodology used for assessing its capacity to measure governance effectiveness, gauge organizational performance and assess its usefulness to boards in developing a plan for strengthening the performance of the board and organization.

Description

Background

Public trust in non-profit boards depends on transparent governance structures and processes and clear accountability to stakeholders. Assessment of board performance and organizational effectiveness is essential to demonstrating accountability and generating public trust.

A review of board assessment tools concluded that most focused on either board responsibilities, board processes or somewhat more abstract concepts. None that we discovered provided a comprehensive framework that allowed a board to examine the major components of governance: structures, functions, processes and organizational culture and draw links between these interrelated components as well as with organizational effectiveness.

The Governance Self-Assessment Checklist (GSAC) was developed to provide, as much as possible, a comprehensive framework of governance structures, responsibilities and practices important to effective governance. It was designed as both a self-diagnostic and an educational tool covering the essentials of good governance that board members ought to know about their organization, their responsibilities as board members and effective governance processes. The structure of the GSAC was intended to be transparent and directly related to the structures of non-profits and the responsibilities of their boards. The terminology was intended to be easily comprehended.

Methodology

The content and structure of the GSAC evolved through several developmental stages:

1. □ An initial instrument was developed with:
 - a) □ Fifteen items suggested by research as having some positive correlation with organizational effectiveness;
 - b) □ Twenty-five additional items considered in the normative literature on governance to be 'generally accepted principles of good governance'.
2. □ This was tested in a pilot phase with two non-profit organizations. Additional items were then added as they were drawn from a review of several other board evaluation instruments and surveys.
3. □ The revised instrument with some 150 items was then applied in a series of in-depth 'case study' reviews of the governance of 15 non-profit organizations in Canada. The board chair and executive director in two-thirds of these organizations also completed the Board Self-Assessment Questionnaire (BSAQ) to provide some parallel reference with a more established instrument that has some research support for its validity and reliability in measuring organizational effectiveness.
4. □ The GSAC was then subjected to further rigorous scrutiny by an independent focus group of board

members and executive directors and by researchers who had no prior exposure to the instrument. It was again refined to incorporate advice from this process.

5. □ Non-profit organizations across Canada, in the autumn of 2001, were invited to participate in a further stage of research through a broadly disseminated solicitation. They were required to commit their executive director and at least 75% of their board members to completion of the GSAC either online or on paper versions to be optically scanned into an SSPS database. Technological and research support for this was provided by the Centre for Research on Community Services, University of Ottawa. Board members and executive directors from thirty-five organizations submitted responses and received Excel generated reports comparing their responses to the database norms.

6. □ The effectiveness of these organizations will be gauged by certain marker items within the questionnaire (not the GSAC proper) and by brief structured interviews with two persons independent of the organization; representatives from a funder and a collateral agency.

7. □ Various statistical tests will be employed to assess the correlation between the GSAC items and organizational effectiveness as well the statistical significance of any correlations.

8. □ The GSAC will then be further refined/revised to ensure that it is as concise as possible while maintaining the original intent.

GSAC Design

The GSAC contains items identified as factors in the performance of a non-profit board of directors that are perceived to contribute to the effectiveness of the organization that they govern. The items are organized into areas of Board Structure (how the board is constructed and the parameters it establishes for its operation), Board Responsibilities (the 'what' of governance), Board Processes ('how' governance functions are exercised) and Board Culture (board dynamics/organizational context).

The Board Effectiveness 'Quick Check' (the 15 items in the first subscale of the GSAC) contains a number of items that have been identified as correlating most significantly with successful governance.

Note: This has been designed to be completed and interpreted either as a stand-alone governance effectiveness 'snapshot' or as part of the comprehensive GSAC in recognition that the many non-profits with limited staff resources will be more likely to use a much simpler form of self-evaluation.

Board Structure consists of the legislative framework that creates the organization, the bylaws and policies or procedures developed under their authority.

Board Responsibilities include establishing a mission and direction; financial and human resources stewardship; performance monitoring and accountability; risk management; community representation and advocacy; and, management of critical events.

Board Processes and Organizational Dynamics include board development, management and decision-making processes.

Board Culture examines organizational values/dynamics, communication styles, trust, etc.

Questionnaire Design

The questionnaire, in addition to the GSAC items, contained questions designed to gauge the level of confidence of board members about their knowledge on items tested in the 12 key subscales and the overall instrument. It also contained marker questions intended to approximate measures of organizational effectiveness.

Report(s)

· □ An overall 'governance quotient'

· □ Separate scores for the 12 sections in the GSAC and summary for the six 'Board Responsibilities' sections and the three 'Board Development and Management' sections

· □ A comparison of the ED responses with the average of responses from board members

· □ Comparison of responses of a senior management group to those of the Board and ED

· □ Summary of the respondents' perceptions of the organization's strengths and challenges

· □ Minimum and maximum range of board responses to key items

· □ A comparison of board/CEO responses to those contained in the normative database

Preliminary Conclusions

The detailed 'case study' reviews strongly supported the reliability of the GSAC scores and interpretation guide. GSAC scores showed rough comparability with the scores on the BSAQ.

Organizations that have used the GSAC report that it has been a very useful basis for self-study of key aspects of governance. A few typical comments: "It's more directly relevant to how boards are actually structured and operate than other instruments we've reviewed." "The differences in scoring between the Executive Director and board accurately reflect our internal struggle." "The GSAC stimulated much discussion about the board's roles and responsibilities, what it needs to know and the format for reporting this information." "I was very impressed with the depth of the questions and the territory they cover."

Statistical analysis of the correlation between the GSAC (its subscales and individual items) and organizational effectiveness will be conducted as part of the final stage of research to be completed by September 2002.

Paper Number: PA021562

Paper Title: Boards of Directors of Nonprofits: Accountability and the Public Trust - Examples from Canada

Author(s):

Dr. David C Este, The University of Calgary, Calgary, Alberta, CANADA

Dr. Jane Matheson, Wood's Homes, Calgary, Alberta, Canada

Summary of Research

A qualitative study involving nonprofit human services organizations in Ontario and a primary funder was conducted to explore the relationship between the two parties. One dimension on which the study focused was the role boards of directors play in assisting their respective agencies in demonstrating accountability.

The paper will also include a case study of a nonprofit organization in the province of Alberta.

Description

In recent years, nonprofit social service organizations have faced increasing pressure to account for and defend their expenditures and, at the same time, are expected to provide evidence of how their programs impact their client groups. Martin (2000) comments on this trend:

Social welfare administration in the future will become increasingly concerned with demonstrating the performance (outputs, quality, and outcomes) of social welfare programs, including a primary focus on the achievement of client outcomes. The continued push for greater accountability will come from a variety of sources, including government . . . and private foundations (p. 61).

Within the literature, several definitions of accountability exist. Writing in 1983, Gelman stated:

Accountability implies responsibilities - an assurance that resources and services are all allocated in a responsible manner. It demands that one be able to explain or demonstrate the relationship between activities and desired or required outcomes (p. 83).

Ideally, a system of accountability should help ensure that social programs remain responsive to community needs and open to the public scrutiny.

□

In the prescriptive literature dealing with boards of directors of nonprofit organizations, there is a clear expectation that boards of directors are responsible for the governance of these entities. Some writers assert that as a result of this governance function, boards are responsible for the entire organization (Carver, 1990 and Kramer, 1985). In the Canadian context, there is limited research that explores the roles that boards of directors play in assisting nonprofit organizations in demonstrating their accountability. A qualitative study involving six nonprofit human services organizations and a primary funder of each (the Ministry of Community of Social Services in the province of Ontario) was conducted to explore the relationship between these two parties. One dimension on which the study focused was the role(s) boards of directors played in assisting their respective agencies in demonstrating their accountability. This paper will present the results of this dimension of the study that focused on the following questions:

1. In what areas are agency boards of directors accountable to a major funding body such as the Ministry of Community and Social Services in Ontario?
2. What mechanisms are used by boards of directors to establish this accountability?

Interviews with executive directors, boards chairpersons, and representatives from MCSS (Ontario only) constituted the major data collection technique used to conduct this investigation. A range of different types of documents was also reviewed in the effort to gain an understanding of how boards of directors of nonprofit human service organizations demonstrate their accountability.

The inductive data analysis was used in this study. Patton (1980) describes the process as "inductive analysis means that patterns, themes, and categories of analysis come from the data." They emerge out of the data rather than being imposed on them prior to data collection.

The paper will also include a case study of a nonprofit organization in the province of Alberta that utilized the two primary research questions previously presented. The same data collection techniques were used in this specific case study. The combination of these two pieces will contribute to the existing Canadian literature dealing with accountability and public trust of nonprofit organizations.

□

Paper Number: PA021566

Paper Title: Performance Measurement in Nonprofits: Impacts on Management and Funding

Author(s):

Dr. Bonnie W. Stevens, Clemson University, Clemson, SC, USA

Dr. Jo An M. Zimmermann, Clemson University, Clemson, SC, USA

Summary of Research

Performance measurement is touted by nonprofits as the newest method of ensuring accountability. Knowing the value of the process while having an appreciation for the down-side in regards to volume of work can help organizations make more educated decisions regarding how deeply they want to get involved with performance or outcome measurement. This paper presents background information on performance measurement and examples of how it is being used in nonprofit organizations. Next, it will present methods of a study conducted in South Carolina. Finally, a discussion of results will focus on the effect of outcome measurement on management and funding.

Description

Overview

Following the lead of government, performance measurement is being touted by nonprofits as the newest method of ensuring accountability to constituents, board members and funders. Across the country, nonprofit organizations are learning how to conduct performance (or outcome) assessments of their programs and services. Two questions frequently asked are- 1) have these new measurements resulted in more and/or better services being provided? and 2) Are nonprofit organizations getting more money as a result of documenting the outcomes of their programs and services? The answers to these questions will provide insight into the value of outcome measurement as it relates to day-to-day operations in nonprofit organizations.

This paper will present background on performance measurement and examples of how it is being used in nonprofit organizations. Next, it will present methods of a study conducted in South Carolina looking at the use of outcome measurement and trends in funding sources for the past five years. Finally, a discussion of results will focus on the effect of outcome measurement on management and funding.

Background

The origins of performance measurement “dates back to the 50’s and 60’s when the RAND Corporation of Santa Monica, California, introduced what it called systems analysis into its work for the Department of Defense” (Hatry, 1999, p. xiii). This early work led to the development of the Planning-Programming-Budgeting Systems (PPBS) first used in the military and later “introduced into non-defense federal agency planning by President Lyndon Johnson in the late 1960s”(Hatry, 1999, p. xiii). What made these analytical tools unique is that rather than looking only at outputs such as number of arrests or number of miles paved, they looked at outcomes such as quality and differences that had occurred due to the specific program being evaluated.

The 1980s brought the publication of *In Search of Excellence* and terms such as “managing for results” became the buzzwords of businesses around the country. This movement created a greater attention to customers and their satisfaction. The concern for public accountability became so strong in the 80’s and 90’s that the federal government passed the Government Performance and Results Act in 1993. This Act requires all federal agencies to document the outcomes and benefits of their services to the public. It has spawned considerable efforts to make government more accountable.

Performance measurement “involves the selection, definition, and application of performance indicators, which quantify the efficiency and effectiveness of service-delivery methods”(Fine & Snyder, 1999, p. 24). It is “measurement on a regular basis of the results (outcomes) and efficiency of services or programs”(Hatry, 1999, p. 3). Outcomes are defined as “the events, occurrences, or changes in conditions, behavior, or attitudes that indicate progress toward achievement of the mission and objectives of the program” (Hatry, 1999, p. 15). Performance measurement helps guide decision-making because it should be based on the mission, goals and objectives of the organization.

Ammons (1996) defines performance measures through the development of specific measurement categories: workload, efficiency, effectiveness, and productivity. Workload measures (also called outputs) are a way of describing the amount of work performed or services received. Efficiency measures (also called inputs) "reflect the relationship between work performed and the resources required to perform it" (Ammons, 1999, p.12). These measures are often used to reflect the resources required to provide a service. Effectiveness measures (also called outcome measures) describe the degree to which performance objectives are being met or otherwise reflect the quality or the performance of a service. Participant satisfaction is one form of an effectiveness measure. Other measures of specific outcomes may relate to attitude or behavioral change in participants. Productivity measures (also called throughput measures) combine the dimensions of efficiency and effectiveness into a single indicator. An example of a productivity measure is the cost per participant to achieve a very satisfied rating from 75% of users. In developing performance (or outcome) measures every effort must be made to ensure that the measures are valid, reliable, understandable, timely, resistant to perverse behavior, comprehensive, nonredundant, sensitive to data collection cost and focus on controllable facets of performance.

The effort of accountability in the public sector has crossed over into the non-profit sector. Many national organizations have established elaborate plans for documenting the impact of their services. Most notable are the efforts of Big Brothers Big Sisters of America, Girls Scouts of America, the Child Welfare League of America and United Way of America (Plantz, Greenway and Hendricks, 1997). These organizations have well documented program effectiveness measures that provide them strong support and endorsement by their constituents.

Within the past several years, funders have begun to require more detailed documentation of outcomes from agencies seeking their support. One example of this change is The United Way, which requires all organizations to complete comprehensive training and reports in order to continue receiving dollars. This has placed heavy demands on some nonprofits who need the funding but lack the staff time to develop and maintain comprehensive outcome measurement programs. Many small organizations report being overwhelmed by the volume of paperwork now needed in order to receive continuous and in many cases shrinking funding.

Survey of South Carolina Nonprofits

□ The study currently underway is designed to assess the extent to which outcome measures are being used by nonprofits. The pool of agencies included in the data collection came from two sources: participants from previous training programs held by the Nonprofit Education Initiative and members of the South Carolina Association of Nonprofit Organizations. The survey was mailed with a cover letter and return addressed stamped envelope.

Questions in the survey included basic organizational demographics including number of people served, size of budget and number of staff and/or volunteers. They were asked whether or not the organization used performance or outcome measures on a regular basis. If yes, we asked what motivated the agency to establish them and how long they had been in place. Other questions included – had the utilization of outcome measures changed the manner in which they conducted programs or services? If yes, in what way? Would they recommend that other organizations implement an outcome measurement plan? Finally, we asked about funding sources. In general terms they were asked the sources of their operating funds and if any of them required outcome based reporting. We also asked if there were any sources of funding they had previously used, but would not be using in the future? If yes, what was the reason for the change? Did they anticipate any new sources of funding in the immediate future? If yes, from where?

Discussion

The results of the survey are not yet complete, but there is evidence that the use of performance or outcome measures is impacting operations in nonprofits. Many have indicated that the need for outcome measurement has added to their work-load and that they struggle with finding ways to get meaningful measures without getting buried in paperwork. Several smaller agencies have indicated that they will not seek United Way money in the future because of too much paperwork and effort given the amount of money they receive. On a positive note, utilizing outcome measurement has increased their understanding of the value of a strong mission statement. The development of measurement programs has required organizations to evaluate not only what they do, but why they do it. Finally, many

organizations report being interested in and actively looking for partners from other agencies to help assess their effectiveness.

What we are learning from this study is that there are both good and not so good effects that can be attributed to the process of developing an outcome measurement plan for a nonprofit organization. Knowing the value of the process while having an appreciation for the down-side in regards to volume of work can help organizations make more educated decisions regarding how deeply they want to get involved with outcome measurement.

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Paper Number: PA021446

Paper Title: Failing Westphalia? Conceptualizing the Impacts and Implications of International NGOs

Author(s):

Mr. Robert K. Christensen, Indiana University - Bloomington, Bloomington, IN, USA

Summary of Research

This piece focuses on the impacts and significance of INGOs. By discussing the effect INGOs have in the creation, promotion, and enforcement of soft law, this piece illuminates for the nonprofit audience a new perspective on the influence of INGOs on local, national, and international policy processes. This discussion suggests that INGOs may also be having an effect beyond policy processes to the point of impacting our traditional worldview. This article offers a conceptual model to gauge and organize the various impacts of INGO activities. The model also serves to direct further scholarship and practice in this area.

Description

Recent focus on societal globalization has spurred an outpouring of literature across many disciplines considering international nongovernmental organizations (INGOs). Treatment of INGOs has generally been organization-centric, focusing on the effects of global dynamics upon the INGO. This phenomenon is apparent in recent scholarship within the field of nonprofit studies.

Coupling this literature with scholarship from the field of jurisprudence, this article uses a conceptual approach to analyze the influence of INGOs. By discussing the effect INGOs have in the creation, promotion, and enforcement of soft law, this piece hopes to illuminate for the nonprofit audience a new perspective on the influence of INGOs on local, national, and international policy processes. This discussion suggests that INGOs may also be having an effect beyond policy processes to the point of impacting our traditional worldview. The Westphalian model, or the sole recognition of the sovereign nation-states as legitimate global actors, may be transformed to a model where global actors are more broadly defined. One such model is the global society model. Under that model lawmaking is more decentralized and occurs as the result of many, including non-state, actors.

This piece concludes by discussing the implications of this influence and shift in worldviews and offers a conceptual model to gauge and organize the various impacts of INGO activities. The model also serves to direct further scholarship and practice in this area.

Keywords

international nongovernmental organization (INGO), Westphalia, soft law, global society

Paper Number: PA021482

Paper Title: The History of CIEE: Council on International Education Exchange & Its Role in International Education

Author(s):

Ms. Liudmila K. Mikhailova, University of Minnesota, Fort Myers Beach, FL, USA

Summary of Research

This paper is a case study on CIEE and its implications for international educational development. The study explores the role of the third sector in the academic community focusing on CIEE leadership in promoting exchanges and international partnerships. Based on CIEE "best practices" the Multi-Attribute Performance Evaluation Model is designed to measure effectiveness of international educational NGOs. The model offers six major categories of analysis: public diplomacy, professionalism, internationalization, research on international education, globalization and NGOs as business. The findings of this study can be utilized by international educators and NGOs involved in educational policy and program development.

Description

Statement of the Research Problem

In the new global economy international education as a field about knowledge - how knowledge is shared, transferred, and applied in different societies - has acquired new meanings. The recent developments toward globalization, the emerging globalization of the labor force, joint international research, and development programs in new technology bring new insights into the importance of international education and education for cross-cultural and global competencies. Thus, 'promoting vigorously the internationalization of institutions, the global competence and literacy of students about international knowledge are essential to the long-term pursuit of a more peaceful and stable world in which international understanding and co-operation in solving problems will be increasingly critical for the quality of life and sustained economic, social, and cultural development' (International Association of University Presidents, IAUP, 1999).

"Internationalization" has become a watchword in university vocabularies throughout the world and is being studied under different conditions, in theory and in practice, as a method of educational reform. In order to promote internationalization of higher education, facilitate international partnership development and enhance education for global competence universities and colleges seek new forms of cooperation, partnerships and alliances with business and NGO sectors.

Statement of the Research Purpose

This paper is a case study on CIEE: Council on International Educational Exchange and its implications for international educational development researched through the lenses of CIEE historic evolution. The study explores the nature of the third sector and its role in the academic community focusing on CIEE's leadership role in promoting exchanges and international partnerships. From an informal and small organization, driven by the personal leadership of individuals in 1947, the Council grew into a leading American non-profit organization in the field of international education and study abroad with its membership including educational institutions and non-governmental organizations all over the world.

Student travel and study abroad programs have always found the support from the U.S. government as students were seen as informal "ambassadors" of their own country, representing the best national interests of American society abroad and promoting international understanding. Senator J. William Fulbright said, "Educational exchange can turn nations into people, contributing as no other form of communication can to the humanizing of international relations" (Fulbright, 1994). At the same time, the development of student travel and study abroad for educational and cultural purposes preserve a strong academic interest in broadening the horizons of the younger generation and educating them for cross-cultural, international and global competences.

The Multi-Attribute Performance Evaluation Model is designed to measure effectiveness of non-governmental international educational organizations. Based on the "best practices" initiated by CIEE, the model offers six major categories for international educational NGO performance analysis: 1. Public Diplomacy; 2. Professionalism in the field of international education; 3. Internationalization of colleges and universities (selected components); 4. Research base in international education; 5. Globalization and international education; 6. Entrepreneurial approach: linking private and public sectors. CIEE study abroad and international partnership initiatives are analyzed with regard to multi-attribute criteria measuring CIEE impact on the national, institutional, professional, personal and community levels. The study employs applied research techniques and is based on three major methods of research: historic, qualitative and the case study.

Contribution to the Field:

The results of this study are summarized as practical guidelines and can be utilized by international educators, practitioners, NGO leaders, diplomatic missions, and governmental officials who are involved in educational policy and global program development. Furthermore, the CIEE example, and its impact on international educational development, also targets the individual leadership of emerging educational NGOs in transitional countries.

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Paper Number: PA021584

Paper Title: Making a Difference in Divided Societies: The Role of International and Local NGOs in Overcoming Ethnic Division

Author(s):

Dr. Edward L. Queen, IUPUI, Indianapolis, IN, USA

Summary of Research

Although marked by the potential for conflict since its independence, for years the Republic of Macedonia avoided the violence that afflicted other republics of the former Yugoslavia. This changed in March 2001 when segments of the Albanian population began an armed uprising.

The international community responded quickly and developed a framework to address the legitimate demands of the Albanians, maintain Macedonia's territorial integrity, and rebuild the country's social networks.

This paper analyses the multiple roles international and local NGOs play in achieving those goals, from establishing an accredited (primarily) Albanian language university to implementing election reform.

Description

The Republic of Macedonia has been riven by controversy and the potential for conflict since its independence. Despite this, until March 2001 the country avoided the violence that had afflicted most of the other republics of the former Yugoslavia. This all changed in March 2001 when the segments of the Albanian population began an armed uprising designed to overcome discrimination they faced.

The international community--governments, Inter-Governmental Organizations, and Non-governmental organizations responded with alacrity. Through the Ohrid Agreement a framework was developed to address the legitimate demands of the Albanians, to maintain Macedonia's territorial integrity, and to rebuild the country's fragile social networks.

Based on personal work with numerous of the international and local NGOs in the Republic of Macedonia, as well as on numerous interviews, this paper focuses on analysing the their roles in achieving those goals. In doing so, the paper pays careful attention to the numerous roles these organizations play. Some of those roles include, functioning as sub-contractors for governmental and intergovernmental agencies in implementing election reform and overseeing confidence-building initiatives. NGOs also direct services designed to overcome the tensions and hostilities between the various communities. Some focus solely on solving specific sources of conflict, such as the lack of higher education in the Albanian language. While still others attempt to overcome the immediate economic, human, and social costs of the conflict.

Although the paper will concern itself with describing the various roles of these organizations, its more important function will be to analyze the complex network of relationships required for the work to be "successful" in any meaningful sense. Some of the questions to be answered include: How are communication flows created? What organizations or individuals serve as integrators of the multiple activities of the various agencies? Do lines of identity between government, IGO, and NGO become blurred and, if so, what are the consequences of that blurring? To what extent do turf-battles and country differences hinder the work.

While not exhaustive the above illustrate the complex reality faced by organizations as they attempt to help a country address its internal conflicts. In developing the analysis for this paper, the author will be guided not only by the work on NGO effectiveness and international development, but also by work focussing on democratic transition and the currently pressing question of religious and ethnic conflicts in various countries.

Paper Number: PA021619

Paper Title: Cross-Sectoral Cooperative Action: NGOs and USAID in the Balkans

Author(s):

Dr. Eric C. Martin, Eastern Connecticut State University, Willimantic, CT, USA

Summary of Research

Overseas, non-governmental and bilateral ex-patriots, diplomats, consultants and volunteers refer to themselves collectively as the “International Community.” This work explores the international community that existed in Bosnia and Herzegovina from 1995-2000. I specifically target relationships between USAID -- the most influential donor and implementing organization in Sarajevo during this time -- and NGOs. This work identifies how stereotypes and perceptions of key players defined the “international community” and influenced overall reform efforts. I explore the case through a macro-organization theory lens drawing from the management literature on interorganizational relationships and the NGO literature on cross-sectoral relationships.

Description

Cross-Sectoral Cooperative Action:
USAID and NGOs in the Balkans

Introduction (Issue to be Addressed)

Overseas, non-governmental and bilateral ex-patriots, diplomats, consultants and volunteers refer to themselves collectively as the “International Community.” This work explores the international community that existed in Bosnia and Herzegovina from 1995-2000. I specifically target relationships between USAID -- the most influential donor and implementing organization in Sarajevo during this time -- and NGOs. This work identifies how stereotypes and perceptions of key players defined the “international community” and influenced overall reform efforts. I explore the case through a macro-organization theory lens drawing from the management literature on interorganizational relationships and the NGO literature on cross-sectoral relationships.

Interview data clarified the perceptions of key AID and NGO personnel regarding strengths and weaknesses of their own organizations as well as their partners. Particular emphasis was placed on stereotypes of each others’ relative skills, methods, approaches, funding, staffing, etc. Not surprisingly, NGO relationships with AID differed substantially across different contexts, i.e. the task at hand, partners involved, past reputations, leadership, incentives to work together, local conditions and other issues. At times, NGOs were viewed as trusted advisors and key implanting contractors, while at other times they were seen as reluctant partners or even occasionally, “opportunistic parasites.” As a result, NGOs clearly had different opinions of AID as a partner.

This escalation of mutual barriers to communication was an interesting phenomenon to observe, but it was perhaps more important to learn about the complexities of the international community from different perspectives. These complexities provide great insight into potential opportunities and obstacles to cooperative interorganizational relationships and success in international development assistance programs more generally. In other words, success overseas often hinges on the nature of relationships between bilateral players and NGOs. This research ultimately aims to improve the transfer or delivery of goods or services in international development settings by exploring the way organizations from different sectors of society negotiate their social order.

Literature (Relation to the state of knowledge in the field)

I embrace an organization and management theory perspective on interorganizational relationships (IORs). Researchers have explored the importance of IORs in international settings (Hardy and Phillips,

2002; Lawrence and Hardy, 1999; Martin, 2001; Martin and Miller, 2000; Roberts and Bradley, 2001). The self-described “international community” or “IC” so frequently referred to in international efforts overseas provides an important and timely case study, especially since negative perceptions and stereotypes of other key players tend to dominate this community.

To frame this study, I borrow from a simple linear model of relationship development (Martin, 2001) to help organize the data by grouping major concerns into the various “phases” of relationship development in which they seem to occur or inform. Although, scholars define these phases differently, most studies generally follow this soft ordering. As Ring and Van de Ven (1994: p. 97) suggested, “although these stages overlap through recurrent sequences, it is useful to separate them for analytical purposes.”

Therefore, in IOR terms, (1) initial or pre-existing structural conditions support or create obstacles to IOR formation long before recognizable relationships exist (Dickson and Weaver, 1997; Fombrun, 1986; Granovetter, 1973; Hall et al., 1977; Human and Provan, 2000; Stearn, 1981; Uzzi, 1997; Whetten and Leung, 1979). Decision makers interpret and act upon these conditions as they are altered by (2) events or stimuli over time (Arino and de la Torre, 1998; Barr, 1998; Kraatz, 1998; Meyer, 1982). (3) Strategic determinants or antecedents (Grandori and Soda, 1995; Oliver, 1990; Schermerhorn, 1975) reflect the internal organizational decision-making processes where individuals evaluate structural conditions and stimuli and harmonize them with internal organizational motivations and strategies, weighing the costs and benefits of IOR engagement.

Four general procedural steps have been identified as this (4) engagement between organizations matures (Arino and de la Torre, 1998; Barnett, Mischke and Ocasio, 2000; Gray, 1985; Gulati, 1998; Jarillo, 1988; Larson, 1992; Lorange and Roos, 1992; Ring and Van de Ven, 1992, 1994; Van de Ven, 1976; Zajac and Olsen, 1993): (a) initializing, negotiating, and problem setting; (b) committing and direction setting; (c) structuring positions, roles, and relations and selecting governance mechanisms; and (d) implementing actual resource flows, actions, and executions. Finally, an (5) evaluation phase provides internal and collective interpretations of costs and benefits for the individual organizations, the IOR itself, and the target object or activity (Gulati, 1998; Koza and Lewin, 1999; Raelin, 1982).

I discussed the difficulties of this simple model elsewhere (XXXX, 2002). For this study, however, I do not attempt to justify the temporal order of these variables as a sequence of events (and thus allude to a process model). Instead, I define each of the stages as a specific set (or factor) of variables; thereby identifying five key types of variables that prove influential in exploring relationships between organizations. These key relationship factors therefore loosely correlate with the steps identified in the process model discussed above –free from temporal restraints.

They are:

- 1)□The environment and context within which they form;
- 2)□Key events that influence the process;
- 3)□Various motivations of participants and observers;
- 4)□Interpersonal dynamics between participants; and
- 5)□Individual or organizational attempts to learn from or evaluate previous efforts.

Again, my main concern is to identify contributing or mediating variables that influence those factors especially those that are related to the cross-sectoral nature of the participants. I stress this point to defend against suggestions that the model is over-deterministic and results not grounded in the data. These areas were simply used to organize the paper, not code the results.

Methods (approach I take)

The data stems from intense summer field studies in Bosnia and Herzegovina. Analysis relies primarily on interview data. In this cut at the data I primarily rely on interviews with 16 USAID employees and 27 NGO players. Several players were interviewed several times over the years of the research. Data also included office and site visits, observations of coordination meetings, archived documents, e-mail

exchanges and websites. In previous studies drawing on the same data set, I targeted IORs that revolved around a specific task issue, like privatization, refugee return or media development. This study instead anchors the analysis to a central organization, in this case USAID – an approach effectively used in Lawrence, Hardy and Phillips (2002) work on NGOs in Palestine. Therefore, the same interviews are used, however they are completely recoded exclusively for this study.

Future Research (Contribution to the field)

This work provides important grounded insights into IORs, cross-sectoral relationships and the perceptions others have of NGOs in international settings. More importantly, however, this research advances our understanding of NGOs and their role in international development assistance efforts. Similar development efforts to that seen in Bosnia are underway in other post-conflict areas such as Afghanistan, Indonesia, not to mention other areas in the Balkans, such as Kosovo, Serbia, Montenegro and Macedonia. Scholars and practitioners should learn from past experiences to improve their work as they move into each new country and are then faced with a whole new set of complexities. By examining how bilateral players view the NGO community – as valuable partners, opportunistic parasites, fierce competitors and moral advisors, this study should help public sector organizations and NGOs better cater their interventions to improve chances for integration and synergy, rather than fueling age old rivalries and stereotypes that only hurt the host countries in which they operate.

Paper Number: PA021210

Paper Title: Using Hospital Prices to Test Nonprofit Efficiency

Author(s):

Ms. Jennifer Kuan, Stanford University, Palo Alto, CA, USA

Paul Gertler, Palo Alto, CA, USA

Summary of Research

We ask whether the market views nonprofit hospitals as less efficient than for-profit hospitals by comparing hospital sales prices. When a hospital is acquired, does its organizational form affect the acquisition price? Our data, of 100 hospital transactions of all types, allow us to control for financial determinants of value and to conclude that nonprofits sell to for-profits for the same price as other for-profits, but sell to nonprofits at a discount.

Description

The question of nonprofit inefficiency has been largely one of theory. Attempts to find evidence for the many theoretical predictions of nonprofit inefficiency have been hampered by identification problems and data availability. We propose a solution to the identification problem and present new data that allow us to distinguish empirically among different types of inefficiency.

The reasons why nonprofits exist vary, but most theories posit the relative inefficiency of nonprofits compared to for-profits. Nonprofit efficiencies fall into two broad categories: technical inefficiency and allocative inefficiency. Technical inefficiency refers to production inside the production possibilities frontier: the firm's objective function is inefficient resulting in managerial slack. Allocative efficiency, by contrast, refers to production on the efficient frontier, but not at the profit-maximizing point. Here, the firm's objective function maximizes something other than profit, e.g., quality or quantity.

Empirical studies seeking evidence of nonprofit inefficiency have focused mainly on technical inefficiency by comparing cost differences between nonprofits and for-profits. In principle, nonprofit managerial slack would be evidenced by higher costs compared to more-efficient for-profits. Studies of hospital costs, however, have suffered from identification problems; unobserved quality makes it impossible to distinguish higher costs from higher quality (Sloan, 2000 p. 1155). As a result, empirical studies have had mixed results.

To overcome the identification problem, we propose analyzing market data to answer the question: Does the market for corporate control view nonprofits as less efficient than for-profits? Or similarly, do nonprofits behave inefficiently in the market for corporate control? Using a database of over 100 hospital sales, we compare the prices of nonprofit hospitals and for-profit hospitals, controlling for a variety of firm variables, e.g. debt, assets, profits, capacity, utilization, and more. These data allow us to observe nonprofits and for-profits in the market as both buyer and seller.

We find that for-profits view nonprofits as efficient firms, paying as much for nonprofits as for for-profits. We also find that nonprofits behave like efficient buyers in the market, not over-paying for for-profits. Yet nonprofits and for-profits exhibit an important difference: religious nonprofits offer other religious nonprofits a price discount, and similarly, non-religious nonprofits offer only non-religious nonprofits a discount.

How to explain our findings? An emerging theory suggests that nonprofits form when consumers organize to produce a non-rival good. The ability to organize results from information that consumers have about each other, but which for-profit firms do not have. Such a consumer-organized firm would have an aggregated utility function for an objective, which would be technically efficient, but non-replicable by a for-profit. A consumer vertical integration theory thus explains the same-price findings as well as the nonprofit discounts.

Paper Number: PA021296

Paper Title: Organizational Effectiveness in Voluntary Nonprofit Organizations for Children At Risk

Author(s):

Dr. Hillel Schmid, Columbia University, New York, NY, USA

Summary of Research

The paper examines relationships between organizational effectiveness and organizational properties in VNPOs delivering services to children at risk. Three categories of variables are considered: human resources, organizational properties, and administrative processes. Human resource variables related to organizational effectiveness are: job satisfaction, role overload, workers' autonomy, training, and organizational commitment. Regarding organizational properties, service organizations were found to be more effective than advocacy organizations, and interorganizational relations correlated negatively with effectiveness measures. Regarding administrative processes, the more board members are involved in matters related to executive authority, and the greater the conflicts between them, the lower the effectiveness of the organizations.

Description

The goal of the paper is to describe and analyze the relationships between organizational properties and organizational effectiveness in nonprofit organizations for children and elderly. Structural properties, administrative processes, and management of human resources are examined as potential predictors of effectiveness in these organizations.

A systematic review of the literature reveals several contradictory as well as complementary trends. The most common organizational characteristics examined are organizational structure, empowerment, equity, quality of work life and working conditions, training programs, worker autonomy, job satisfaction, coordination, organizational climate, and employee commitment. Studies on organizational structure and its relationship to organizational effectiveness have yielded inconclusive and inconsistent findings. On the one hand, it is argued that a decentralized, participatory organizational structure is most conducive to effectiveness because it promotes satisfaction, enhances confidence and self-control, and encourages employees to commit themselves to high production goals and service outcomes (Dennison & Mishra 1995; Kessler & Purcell, 1996; Mlinar, 1995). On the other hand, studies indicate that centralization of authority correlates positively with organizational effectiveness in terms of productivity (Glisson, 1978) – although it has a negative effect on worker satisfaction (Glisson & Martin, 1980). Additional aspects of performance and productivity include analyses of relationships between empowerment, equity, and working conditions. Research findings reveal that empowered workers believe in and care about they do and their activity is ingrained in their value system which impacts, in turn, on increased employee satisfaction, morale, motivation organizational functioning, productivity, and job performance in addition to increasing client satisfaction (Bass, 1990; Schmid & Nirel, 1995). Regarding relationships between workers autonomy and service effectiveness, findings indicate that job mastery affect perceived service effectiveness (Haj-Yahia, Bargal, & Guterman, 2000). A growing body of literature assesses effectiveness in terms of performance, quality, cost efficiency, and productivity of initiatives that improve the quality of work life and their implications on organizational effectiveness (McNeely, 1992). A recent study conducted by Glisson and Hemmelgarn (1998) reveals that organizational climate is a primary predictor of service outcomes measured as the clients' (children's) improved psychological functioning. Finally, a relationship was found between commitment and organizational effectiveness in different organizational settings (Harrison & Hubbard, 1998). It should also be noted that most studies conducted thus far present statistical relationships and correlations revealed by research findings, yet they lack a solid and coherent conceptual framework for analysis of the relationships between organizational properties and service outcomes. It is therefore essential to establish a conceptual framework that can be used to arrive at meaningful causal explanations of the statistical data and maximize the theoretical and practical contribution of the study. Based on the literature review and the goals of the study, a conceptual framework is proposed and the following propositions are put forth:

1. □ The more the organization invests in human resources, the higher its level of organizational

effectiveness,

2. □ The higher the level of workers' training, the higher the level of organizational effectiveness.
3. □ The more workers are prepared to work overtime, the higher the level of organizational effectiveness.
4. □ The higher the employees' wages, the higher the level of organizational effectiveness.
5. □ The greater the extent of workers' involvement in decision-making, the higher the level of organizational effectiveness.
6. □ The more diversified the organization's services, the higher the level of organizational effectiveness.
7. □ The broader the scope of relations with other organizations, the higher the level of organizational effectiveness.
8. □ The less involved the board of directors in the organization's operation, the higher the level of organizational effectiveness.

These findings are based on a study conducted in nonprofit organizations providing services to children and elderly at risk. The instrument used for data collection was a questionnaire consisting of closed and open-ended questions.

The main contribution of the paper is toward identifying and defining the organizational, structural, human, and administrative variables that may affect attainment of organizational effectiveness. Regarding implications for policy-making, the findings suggest that strategies for attaining organizational effectiveness range from an internal orientation focusing on management of the organization and its human resources, to an external orientation focusing on management of the task environment.

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Paper Number: PA021299

Paper Title: Effectiveness in Commercial and Donative Nonprofit Organizations

Author(s):

Dr. Robert D. Herman, University of Missouri at Kansas City, Kansas City, MO, USA

Dr. David O. Renz, University of Missouri - Kansas City, Kansas City, MO, USA

Summary of Research

EFFECTIVENESS IN COMMERCIAL AND DONATIVE
NONPROFIT ORGANIZATIONS

This paper will use panel data (collected from local nonprofit organizations first in 1993-94 and then in 2000-01) to investigate two hypotheses. (1) Donative NPOs undertake more behaviors to demonstrate legitimacy than commercial NPOs, for example by using more "correct management practices" and "good board practices." (2) Among differing stakeholder groups, board members' and funders' time 2 judgments of NPO effectiveness will be statistically related to the extent of use of "correct management practices" and "good board practices" controlling for time 1 judgments of effectiveness in donative NPOs.

Description

Description of (Proposal for) a Paper to be Presented at

ARNOVA 2002 Conference

EFFECTIVENESS IN COMMERCIAL AND DONATIVE
NONPROFIT ORGANIZATIONS

Issues: Nonprofit organizations rely on differing combinations of revenue sources. As Hansmann (1980) suggested and as Galaskiewicz and Bielefeld (1998) show nonprofits that rely more heavily on income earned through selling services or products (often referred to as commercial nonprofits) differ in behavior from those that rely more on income donated by individuals or organizations (referred to as donative nonprofits). In this paper we focus on whether various stakeholder groups judge the effectiveness of commercial and donative nonprofits differently and, if so, how. We also investigate, using panel data, whether commercial and donative nonprofits differ in the extent to which they use certain "correct management" practices and certain prescribed board practices.

Background: The last several years have seen some increased interest in research on nonprofit organizational effectiveness. (Author identifying reference deleted) have argued that valid progress in identifying what practices improve overall organizational effectiveness in nonprofit organizations has been very limited. Such difficulty in substantial part is attributable to the challenge of identifying an effectiveness criterion. Nonprofit organizations lack any "bottom line" measures equivalent to those often used to measure effectiveness in businesses. Recent reviews such as those by Forbes (1998), Stone and Cutcher-Gershenfeld (in press) demonstrate that studies of nonprofit organizational effectiveness are characterized by differing theoretical perspectives and research methods, which have made accumulation and integration impossible.

□ Some cross-sectional research suggests a relationship between various management practices, often some part of the strategic planning process, and some measure of overall organizational performance. Studies by Odom and Boxx (1988), Crittenden, Crittenden and Hunt (1988) and Siciliano (1997) identified relationships between some planning practices (such goal-setting, financial analysis, stakeholder analysis, environmental trend analysis, competitive analysis, action plans and monitoring of results, depending on the study) and various measures of growth or performance. However, in a recent thorough review of research on strategic planning in nonprofit organizations, Stone, Bigelow and Crittenden (1999) show that little can be reliably said about what elements of the strategic planning

process nonprofit organizations should use to improve their overall effectiveness.

□ Recently (author identifying references deleted) showed that the judgments of NPO effectiveness by various stakeholder groups were usually not related to extent of use of either "correct management practices" or "good board practices" when controlling for prior judgments of effectiveness.

□

Current research: In this proposed paper we will present results from a panel study of local nonprofit organizations. We collected data on 64 nonprofit organizations in 1993-4. We have recently completed (2000-01) collecting second round data on 44 of the same organizations (the notable decrease in sample size is due in part to merger and dissolution, but also to refusal to participate).

□ We have collected data on the same variables in the same ways at both times, as well as collecting additional data. In this paper we report both on panel analyses and on analyses that use data collected only at time 2. In the panel analysis we will analyze whether time 2 values of organizational effectiveness judgments (by each stakeholder group) are affected by "correct management practices" scores at time 2, and "good board practices" scores at time 2, controlling for organizational effectiveness judgments at time 1, separating more commercial and more donative organizations from one another. Finkel (1995) argues that this "static score" approach to analyzing panel data is preferable to a "change score" approach.

□ Two specific hypotheses to be evaluated are as follows. (1) Donative NPOs undertake more behaviors to demonstrate legitimacy than commercial NPOs, for example by using more "correct management practices" and "good board practices." (2) Among differing stakeholder groups, board members' and funders' time 2 judgments of NPO effectiveness will be statistically related to the extent of use of "correct management practices" and "good board practices" controlling for time 1 judgments of effectiveness in donative NPOs.

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Paper Number: PA021327

Paper Title: When Are Charities' Average Fund-Raising Ratios Informative of their Marginal Fund-Raising Costs?

Author(s):

Dr. Daniel P. Tinkelman, Pace University, New York, NY, USA

Summary of Research

Microeconomic theory holds that rational economic decisions should be based on marginal analysis. While potential donors are assumed to favor charities devoting the highest possible fraction of their gift to programs, data on the organizations' use of marginal donations are not available. Financial statements allow computation of only the average ratio of fund-raising costs to donations. This paper discusses the circumstances under which data on average fund-raising ratios are theoretically informative regarding the marginal fund-raising ratios, and uses a sample of regulatory data to study the behavior of donations as a function of fund-raising expenses.

Description

□ The purpose of this paper is to theoretically and empirically evaluate a long-standing challenge to the usefulness of ratio analysis to donors attempting to compare the efficiency of rival nonprofit organizations. For many years, accounting rules have required charitable organizations to classify their expenses into categories of fund-raising, administrative, and program expenses. The financial data allow donors and regulators to readily compute ratios of the three expense categories to donations, to total expenses, or to other bases of comparison. These ratios are widely used in evaluating charities. One widely quoted ratio is the ratio of fund-raising expenses to donations, "the fund-raising ratio." Some researchers use the data on administrative and fund-raising expenses to compute the "price" to the donor of obtaining a dollar of charitable output. The presumption has been that donors should donate to those organizations devoting the highest percentages of their spending to programs, and thus offering donors the lowest "price" of obtaining charitable outcome.

□ The broadest challenge to the inherent usefulness of fund-raising ratios comes from Richard Steinberg. He points out that microeconomic theory holds that rational decision-making should be based on marginal analysis. Because the fund-raising ratios computed from annual financial data represent average relationships, they would not be relevant to decision-making unless they were informative as to the marginal relationship. While Steinberg's empirical tests of this prediction have previously been criticized [Tinkelman, 1999], his arguments about the irrelevance of average data have not heretofore been discussed at length in the academic literature.

□ This paper critically examines Steinberg's argument, both on theoretical grounds and by examining the nature of the "fund-raising response function" (donations as a function of fund-raising expenses) for a large sample of organizations registered with New York State. The fund-raising response function appears linear over a wide range of fund-raising expenses, with some decreasing returns to fund-raising evident at very high levels of fund-raising.

This paper investigates the following specific questions:

1. Do charities exhibit significant borrowing?
2. Do charities exhibit significant saving?
3. What is the behavior of fund-raising ratios over time? Are the ratios highly correlated between years? Are the incremental ratios (the ratio of change in fund-raising to change in donations) correlated with the base-year ratio?
4. What is the shape of the fund-raising response function for a cross-section of established, donor-supported charities? Could donors rationally believe that the shapes of the curves are similar for different organizations?

□

The first two empirical questions are addressed by examination of balance sheet data. The organizations

in the sample had, on average, a significant level of fund balances.

The third empirical question involves the behavior of fund-raising expenses over time. Correlation analysis reveals that fund-raising percentages are highly stable over time.

In theory, another way to gain insight into the marginal fund-raising function of organizations is to examine the change in fund-raising expense between years as a fraction of the change in donations between years. That change serves as a rough proxy for the marginal ratio. The presence of organizations with extreme organizations made this test difficult. However, if the sample is restricted to the 1,249 organizations where this ratio fell between zero and one, and the fund-raising ratio is less than one, then the results are consistent with predictions that the average ratios are lower bounds for marginal ratios.

□The fourth empirical question, regarding the shape of the fund-raising response function, is addressed both by visually examining the behavior of fund-raising ratios at varying levels of fund-raising expense, and through regression analysis. I examine the median fund-raising expense, by decile, for total and for five key groups, for 1994. The median levels of expenditure in each decile are fairly similar across industry groups. The data are consistent with a generally lower return to fund-raising, but not with a dramatic decrease at any level.

Regression analysis, with the intercepts and slopes allowed to vary, permits testing for whether a kinked line better fits the data than a straight line. Taken together, the regression results are consistent with a linear but kinked fund-raising response function, with the kink arising in the upper quintile. For the lower four quintiles, the function is linear with a common intercept, and that intercept could be zero.

□The question of whether donors should consider average fund-raising ratios useful proxies for comparing organizations' marginal use of donated funds is complex. Theoretically, in the case considered by Steinberg, average fund-raising ratios should not be informative. Current financial statements present only data sufficient to compute average ratios, so if these data are uninformative, then Steinberg's analysis indicates a serious short-coming in financial reporting.

□Steinberg's analysis holds in its strongest form if, at the margin, all managers set the same marginal fund-raising ratios. There are various scenarios under which donors may rationally expect managers to set different marginal ratios. Organizations with different access to volunteer labor inputs may maximize their dollar and volunteer efforts together, resulting in different marginal dollar ratios of fund-raising to donations. Some organizations may face discontinuities in the slopes of their response functions, due to regulatory or other constraints. Some organizations may save unexpected donations, and simply add them to the following year's budgeted spending.

□If the fund-raising response function is concave, with a positive intercept, then average fund-raising ratios can serve as lower bounds to marginal relationships. The empirical evidence in the for-profit literature generally favors concave response functions. The average ratio's function as a lower bound may also result in unfair comparisons between organizations with different intercepts but similar slopes, as noted above.

□If the fund-raising response functions for all organizations in the donor's choice set have similar shapes and intercepts, then the average ratios could rationally be used to rank-order the lower bounds of the organizations' marginal ratios. Individual donors may limit their decisions to a subset of available organizations, falling in a narrow range. Indeed, the discussion by Baber, Roberts and Visvanathan (2001) of differing organizational strategies assumed that organizations were addressing non-identical donor pools.

□The empirical evidence in this paper is consistent with diminishing responses to fund-raising effort at some upper level, but sample selection bias makes results for organizations with low levels of expenditure difficult to interpret.

□The empirical evidence is also consistent with a linear response of donations to fund-raising expenditures through the first four quintiles of expenditure. The hypothesis of a zero intercept could not be rejected, either for the whole sample or for any of the five largest categories of organizations. Such a linear response would be consistent with the survey research from the for-profit world citing widespread practices of budgeting advertising at fixed percentages of sales. Mathematically, the marginal and average ratios are always identical for straight lines from the origin. If the donor believes that the organizations in his/her choice set have linear response functions, with small or zero intercepts, then the (observable) average ratios are rational substitutes for the unobservable marginal ratios.

Paper Number: PA021357

Paper Title: Strategic Interaction and the Timing of Fundraising Campaigns

Author(s):

Professor Vicky M. Barham, University of Ottawa, Ottawa, Ontario, CAN

Summary of Research

This paper investigates strategic considerations in the timing of fundraising campaigns by rival charities. In a static game, equilibria may be inefficient: there can be too many charities simultaneously competing for donor dollars, or they may seek support in the wrong order. In the infinitely repeated game, the equilibrium is asymptotically efficient.

Description

This paper uses the tools of non-cooperative game theory to investigate strategic issues in the timing of fundraising campaigns by rival charities.

To date, relatively little attention has been given by economists to the formal analysis of strategic interdependence in determining charity behaviour. Yet, given the high degree of rivalry in the quest for charitable donations, one would expect that strategic considerations would influence many dimensions of charity behaviour, and in particular most decisions with respect to fundraising.

We first consider a simple two charity, two period model, in which donor dollars attracted depend only on the total amount of advertising undertaken by the charity (and not upon the timing of the campaign). In contrast, the cost of advertising is lower if the charity is the 'sole player' in any given time period. Benefits (and costs) are discounted so that, *ceteris paribus*, charities prefer to advertise earlier in the game, thus allowing them to provide their charitable services earlier.

For a simple advertising cost technology, we are able to characterise the subgame perfect Nash equilibria (SPNE) of the fundraising game. For given parameter values, there exists a unique SPNE in pure strategies. In some cases, the SPNE will be efficient; this equilibrium is efficient if and only if charities fundraise sequentially, and in the 'right' order. However, generically, the equilibrium is not efficient. Typically, equilibria are inefficient because both charities fundraise during the first period and, even if it is desirable for them to both fundraise in period one, they engage in excessive advertising. Alternatively, charities fundraise sequentially, but in the 'wrong' order.

We then recast this problem as an infinitely repeated game. We find that, in this context, the SPNE is asymptotically efficient: charities will fundraise sequentially, as over a long-enough time horizon the benefits of being 'alone' when asking for donations outweigh the costs of being slightly 'later' in providing the charitable services.

From a policy perspective, one of the interesting implications of this analysis is that policies which introduce artificial 'frictions' into the market for charitable giving - such as limiting the amount of money that can be written off for tax purposes in a given tax year - may in fact improve the efficiency of the equilibrium in a repeated game.

Paper Number: PA021576

Paper Title: Fund Raiser Compensation: Empirical Benchmarks

Author(s):

Mr. Matthew Beem, Hartsook Companies, University of Missouri-Kansas City, Independence, MO, USA

Summary of Research

"Fund Raiser Compensation: Empirical Benchmarks" shares the latest information on the state of fund raiser pay. Building on four years of successive research, much of which has been shared at recent ARNOVA conferences, the paper shares the types of incentive-based compensation programs under which fund raisers work, the range of bonuses they receive, practitioners' sentiments on incentive pay and a theoretical construct from organization theory. The research that informs this paper was drawn randomly from practitioners across the country as the basis for the author's dissertation.

Description

Introduction

"Fund Raiser Compensation: Empirical Benchmarks" shares the latest information on the state of fund raiser pay. Building on four years of successive research, much of which has been shared at recent ARNOVA conferences, the paper shares the types of incentive-based compensation programs under which fund raisers work, the range of bonuses they receive, practitioners' sentiments on incentive pay and a theoretical construct from organization theory.

The problem

Fund raisers are increasingly negotiating compensation arrangements that pay them all or in part for the money they raise. While many of these arrangements are well within the ethical bounds put forth by the Association of Fund Raising Professionals (AFP), some overstep those limits. At the same time such compensation arrangements are increasing and becoming more diverse, a growing group of scholars is studying the presence of, opinions about and effect of incentive pay arrangements in the non-profit sector toward the end of improving practice. This paper advances that dialogue and focuses on such pay arrangements in the fund raising profession.

The topic's relation to the state of knowledge

Much of the current research and thinking on this topic has been contributed by this author. He has presented related papers at each of the three previous ARNOVA conferences, presented related research at such international practitioners' conferences as those sponsored by AFP, has represented the issue at IUPUI's Center on Philanthropy and UMKC's Midwest Center for Nonprofit Leadership and has published articles in such journals as the International Journal of Nonprofit and Voluntary Sector Marketing and with such scholars as Gene Tempel. The proposed paper advances the knowledge of this topic considerably by sharing the first comprehensive report on the national state of incentive-based pay among fund raisers.

The approach

The data reported in this paper is original survey research conducted by the author. It will be augmented by earlier research by Edward Lawler, Richard Scott and the author.

Contribution to the field

The research reported in this paper will give nonprofit practitioners and scholars interested in fund raiser pay a strong sense of the prevalence, diversity and size of incentive pay in fund raising. It also will offer a clear view of practitioners' opinions on performance-based pay. And finally, it will corroborate the findings through a theoretical construct from organizational theory. Together, these contributions will enable practitioners to make informed decisions about fund raiser pay and advance the dialogue among scholars interested in the issue.

Sources

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The research that informs this paper was drawn randomly from practitioners across the country as the basis for the author's dissertation.

Paper Number: PA021581

Paper Title: The exposed fundraiser: the challenge of being the first paid fundraiser, and the implications for trustees

Author(s):

Dr. Susan Kay-Williams, The Guide Association, London Guildhall University, London, UK

Summary of Research

It has been shown that fundraising goes through a series of stages. Of these, the most challenging is the appointment of the first fundraiser. This has implications for the organisation culture, the potential rate of development, the Chief Executive and most of all for the trustees and the fundraiser themselves. This new research examines why the relationship between trustees and fundraiser can be so challenging and what implications this has for developing charities.

Description

The Poison chalice: relationships between the first paid fundraiser and trustees

The issue

It has been shown that within any fundraising non-profit the fundraising activity goes through a series of stages from volunteer fundraiser to fully-developed fundraising department (Kay-Williams,2000; Rosso, 1996).

However, of all these stages, perhaps the most challenging is the appointment of the first paid fundraiser, especially if the trustees have previously been heavily involved as voluntary fundraisers.

The thesis of this work is that many first fundraisers are appointed with a 'poison chalice' because trustees and Chief Executives do not have the experience, the training or the guidance to help the charity make a successful first appointment or set realistic (SMART) targets. As a result, an unsatisfactory appointment occurs which leaves the fundraiser feeling unsupported and a failure and the trustees believing that no paid person can do as well as they did. Furthermore, the trustees perceive the fundraiser as a cost, not an income generator.

Methods

Starting from my PhD research, this new work explores the trustee/fundraiser relationship from the decision to appoint someone through to the ongoing liaison between trustees and first paid fundraiser. It also looks at the job descriptions trustees/Chief Executives develop for this person and the resources, support and timescale they give the candidate to meet the objectives.

Research involves primary source questionnaire data with trustees, Chief Executives and Fundraisers.

Findings

This is new work so will be presented for the first time at the ARNOVA conference.

Importance

The importance of the first fundraiser cannot be overemphasized, especially as the primary reason for appointing a fundraiser is to generate more income. However, the appointment can also have wider implications, for example, for the culture of an organisation and its attitude to fundraising. As such, it is important that trustees and Chief Executives realise the importance of this appointment and the ongoing support that is needed. It is not a time for trustees to bow out completely.

This is a significant issue as witnessed by the turnover of first-time fundraisers, for example when UK universities first started fundraising. They appointed people on one-year contracts and provided few resources to do the job, leading to job dissatisfaction and many resignations. This is the first study to

look at the dynamics of the appointment of the first paid fundraiser in relation to trustees - it is a piece of academic research that is long overdue. As a result, it is hoped that as well as an academic piece it will be of direct benefit to trustees, Chief Executives and those who advise them on the appointment of the first fundraiser.

Kay- Williams S (2000) The five stages of fundraising: a framework for the development of fundraising
International Journal of Nonprofit and Voluntary Sector Marketing Vol 5 No 3 220-240

Rosso H (1996) Rosso on Fundraising (San Francisco; Jossey Bass)

Key words: Trustees, Fundraising, organisation culture, paid staff/volunteer relationship

Paper Number: PA021687

Paper Title: Thanks! ... A Guide to Donor Centred Fundraising

Author(s):

Ms. Penelope Burk, Burk & Associates Ltd., Burlington, ON, CANADA

Summary of Research

This paper highlights the results of two studies and a test conducted on the subject of donor recognition and communication. The first study investigated the practices of 111 Canadian charitable organizations. This was followed by a companion study of 100 donors who offered their opinions on the recognition they receive vs. the recognition and information they actually want. A controlled test of personal thanks with newly acquired donors in a direct marketing program comprised the final part of the research.

Description

The Project

The proposed paper highlights the results of two studies and a test that she conducted on the subject of donor recognition and communication. The first study investigated the practices of 111 Canadian charitable organizations. This was followed by a companion study of 100 donors (individuals, corporations and foundations) who offered their opinions on the recognition they receive vs the recognition and information they actually want. A controlled test of personal thanks with newly acquired donors in a direct marketing program comprised the final part of the research. Results were published in November, 2000 in a book called Thanks!...A Guide to Donor-Centred Fundraising.

Background to the Project

The original intention of the Study was to learn more about the work that charities were doing across the country in donor recognition as a prior literature search had uncovered no significant information on the subject.

111 charitable organizations completed a forty-one page questionnaire (175 questions) on their donor recognition and communications practices. The most significant outcome of this research was not the data itself but the reaction of the charities in the Study to an investigation of their donor recognition practices. The majority of charities who agreed to take part in the Study did so, admittedly, not because they felt they had particularly innovative ideas to share, but because they wanted to gather information from the other Study participants. In both the way they responded to questions and in correspondence that accompanied their returned questionnaires, Study respondents expressed concern about the content, tone and frequency of their own recognition efforts. They instinctively felt that a greater emphasis should be placed on donor recognition, but cautioned that they had neither the money nor the time to devote to this area of fundraising. In short, the Study of charities' donor recognition practices raised more new questions than it answered.

Some Statistical Highlights of the Study with Charities

- <□ On a scale of 1-10 with 10 being "very satisfied", charities rated their overall donor recognition programs at 5.8
- <□ When asked to indicate their greatest strength in donor recognition, 27% of charities cited their personalized approach with donors; 15% cited their consistency and promptness in acknowledging gifts; 8% mentioned the innovative design of their overall recognition program
- <□ 50% of respondents could not identify any particular strength in their donor recognition program
- <□ If Study charities had access to more financial and/or human resources for donor recognition and communication, almost 50% would increase personal contact with donors; 25% would improve or

increase donor recognition events

<□ When asked to rate their current donor recognition program as either ordinary, fairly innovative or unique and distinct, over 60% of charities rated it ordinary

<□ 32% of the charities in the Study are members of “multi-level” organizations, which are charities structured on a national/provincial/local basis. Multi-level charities tend not to take advantage of their tiered structure to enhance their donor recognition programs. For instance, only 14% of their national offices offer special recognition for donors who give provincially or locally. Only 30% of multi-level charities recognize national sponsors at both the national and local levels

<□ Charities in the Study estimated that an average of 11% of the fundraising budget is spent annually on donor recognition. Key cost items are thank you correspondence, certificates and plaques, token recognition gifts, extraordinary recognition gifts, costs related to donor recognition events, and salaries

<□ On a scale of 1-10 with 10 being “very satisfied with their effectiveness in donor recognition”, charities rated staff at 7.0 and volunteers at 5.8

<□ According to charities in the Study, Executive Directors or Foundation Directors are the paid staff most likely to be involved in donor recognition activities (75%), followed by Development Directors (73%), programs staff or faculty (44%), fundraising staff (7%), communications staff (6%) and volunteer co-ordinators (5%)

<□ According to charities, staff are more than twice as likely as volunteers to make a personal visit to a donor

<□ Only 7% of charities reported employing full time staff in donor recognition and communication. Another 13% assigned staff part time to this role

<□ 15% of charities feel that their greatest weakness in donor recognition is that it is not seen as important by their organizations. An additional 15% feel their weakness is lack of attention to donor recognition, though they acknowledge that it is important. 13% cite lack of follow through and late gift acknowledgement.

<□ Charities were asked to say what they would do as a priority if they had access to more money or personnel for donor relations. 46% would make more direct contact with donors; 20% would improve or increase the frequency of donor recognition events; 13% would enhance their overall donor recognition program, and an additional 13% would work to improve the recognition of donors in the media.

□

□ In order to glean more useful information, a second study was conducted, consisting of in-person or telephone interviews with one hundred donors (50 corporations, 45 individuals, 5 charitable foundations.) As the interviews progressed, an intriguing pattern emerged. In very large numbers, respondents were saying that although recognition is appreciated, they really needed something else. They said they needed information, and that if they got it, they would continue to give and they would make increasingly generous contributions. This is the information they said they needed:

□<□ prompt acknowledgement of their gifts

□<□ reassurance that their gifts would be used for their originally stated purpose

□<□ and, sometime between gift acknowledgement and the next ask, measurable results of their gifts at work

□

□ The practice of providing donors with prompt (and sometimes personal) gift acknowledgement, gift designation and measurable results is termed by the author, “donor-centred fundraising and communication.”

□

□ Some Statistical Highlights of the Study with Donors

□

<□ 80% of individual donors in the Study said they do not want to be recognized

<□ 90% of individual respondents in the Study were serving as leadership volunteers or had just completed a volunteer commitment at the time they were interviewed

<□ 85% of individual respondents give to organizations with which they volunteer.

<□ 80% of individual respondents contribute to a cause that personally affects them or a member of their families.

<□ 89% of individual respondents have a personal philosophy or policy about organizations to which they

will not contribute financial support. Lack of awareness or public profile of the charity was cited most often as the reason for deciding not to give to a particular organization.

<□48% of individual donors said they would definitely or probably give again to a charity whose last program they funded had been unsuccessful, as long as the charity had a plan to overcome the problem. An additional 32% said they would consider supporting the charity again

<□50% of individual donors and 37% of corporate donors in the Study said they always receive a thank you letter after making a charitable gift. 34% of individual donors and 27% of corporate donors usually receive one; 13% of individual donors and 20% of corporate donors sometimes receive one; 4% of individual donors and 16% of corporate donors said they seldom or never receive a thank you letter.

<□21% of individual donors receive thank you letters within two weeks; 39% within a month; 29% within two months; 11% report waiting longer than two months to receive thank you correspondence.

Corporate donors reported had a similar but somewhat less speedy response with 16% receiving thank you letters within two weeks, 51% within a month, 28% within two months and 5% taking longer than two months.

<□43% of individual donors said that receiving prompt acknowledgement of a gift from a charity influences their future giving decisions to that organization.

<□84% of all Study donors said they would definitely or probably give again to a charity that provided them with prompt, personal gift acknowledgement, followed sometime later with a meaningful update on the program they had funded

<□41% of donors who responded “definitely” or “probably” to the above question went on to say that they would likely give more to the charity the next time they were asked; and 58% said they would likely continue to support the charity indefinitely or longer than they normally would have considered

<□56% of corporate donor respondents said they have to follow up with charities they fund to request their tax receipts.

<□72% of corporate donors said that charities they fund do not communicate with them about gifts at work before asking for more money.

<□82% of corporate donors said that charities do not account for how gifts are used, even though this is often a requirement of funding

<□91% of individual donors said that they would be very appreciative if a member of the Board phoned them to thank them for their gifts. 90% of these donors also said that they would likely give more the next time to an organization that did this.

<□Only 18% of corporate donors in the Study receive measurable results on their gifts at work from charities they support; 21% receive them occasionally; 50% never receive measurable results. But 94% said that they would definitely or probably give again to a charity that provided them with measurable results and 56% of them would give more

<□12% of individual donors in the Study said they always or usually receive measurable results of their giving; 50% said they occasionally do; 35% of individual donors said they never do. Given that most donors in the Study are major philanthropists, representing the group of donors that receives most of the attention from charities, these figures are especially significant

<□62% of corporate donors and 75% of individual donors in the Study felt that charities’ newsletters are too long, and that they do not have time to read them thoroughly. Corporate and individual donors had somewhat different views, however, on whether newsletters are effective in providing useful information on gifts at work. 77% of individual donors felt that they do, but only 37% of corporate donors agreed.

40% of corporate donors felt that newsletters were not effective in this area, and another 24% said that newsletters were “somewhat” effective in informing donors

<□69% of individual donors said that none of the charities they support call them just to keep in touch, without asking for another gift and without the call being precipitated by a gift recently received; 21% said that “hardly any” of the charities they support do this

<□75% of corporate donors in the Study support capital campaigns. On a scale of 1-7, with 7 being very satisfied, corporate donors rated their satisfaction with name recognition in capital campaigns at 4.6

<□On a scale of 1-7, with 7 being “very satisfied”, individual donors rated their satisfaction with formal, name recognition for gifts to capital campaigns at 4.9.

□

□

□ Giving donors what they really needed meant changing the myriad ways in which fundraising is executed and in which organizations are run. And that meant time and investment. As not for profit

organizations are notoriously understaffed and have a traditionally resistant attitude towards investment, the author felt that the collective findings of these two studies would be read with interest but would not be implemented by charities unless additional evidence beyond an opinion survey was provided.

Working with a charitable organization with a long history in direct mail, the author then conducted a test of just the first of three things that donors said they wanted to determine whether donors would really stay loyal and give more in a “donor-centred” fundraising environment. 10% of donors in a donor acquisition program were captured in a test group and were called and thanked within 24 hours of the receipt of their gifts by a member of the Board of Directors. This test group then gave 39% more the next time they were solicited and remained loyal longer over several subsequent campaigns. After two years and six campaigns, the test group was giving 42% more than the control group.

Conclusion

The heavy focus in the development industry on maneuvering fundraising programs is often at the expense of creating relationships with the very people that these programs are trying to capture and keep. In a national survey, the Canadian Centre for Philanthropy discovered that 88% of the adult population contributes to charity in a single year. The study also found that a combined 82% of donors who decided not to give again or not to give more when they could have, said that it was because they thought their money would not be used efficiently by the charity, or they didn't like the way that requests for money were made, or that they simply decided to spend their money in other ways. This information suggests that the charities to which these donors contributed either did something that caused donors to stop giving or failed to do something that would have increased the likelihood of their continuing support.

Penelope Burk's Study, conducted during the same period, explored the more positive side of the same issue: “what does it take to keep a donor?” On this question, donors responded similarly to the CCP survey, with 84% indicating that they would give again the next time they were asked to charities that provided them with prompt gift acknowledgement and meaningful information on their gifts at work. As well, 41% of those donors would definitely or probably give more and 58% would definitely or probably continue to give indefinitely.

According to the fundraising industry's own information on attrition, about 50% of donors do not continue to give after the first gift and, by the fifth solicitation, almost 90% have stopped giving altogether to the charities that had once elicited their support.

It seems that the most serious problem in fundraising – donor attrition – can be brought under control, not through the application of more and better technology to deal with large numbers of donors, but by connecting with donors in a personal way and by delivering measurable results.

Paper Number: PA021108

Paper Title: The IT Revolution and Nonprofit Organizations in Los Angeles

Author(s):

Mr. Bill Pitkin, UCLA, Los Angeles, CA, USA

Mr. Peter Manzo, Center for Nonprofit Management, Los Angeles, CA, USA

Summary of Research

Advances in information technologies are greatly influencing economic, social and political life, but there has been relatively little research into how these trends are impacting the nonprofit sector. This paper analyzes to what extent nonprofit organizations in Los Angeles are taking advantage of these tools and assesses the barriers facing nonprofit organizations in Los Angeles, as well as their specific needs, attitudes, and innovations, with regard to information technology. Based on a survey of Los Angeles nonprofit organizations, focus groups, and expert interviews, this research will help inform the small but growing body of research on nonprofit information technology.

Description

Keywords: Computers, Information Technology

The Issue to be Addressed

Advances in computer and networking technologies are greatly influencing the economic, social and political spheres of life in the U.S. There is a growing body of research studying how information technology (IT) is impacting the private and public sectors, as reflected in the popular phrases “e-commerce” and “e-government.” There has been less study on the degree to which IT is being utilized in and impacting the nonprofit sector. Government agencies and philanthropic foundations have dedicated attention toward shrinking the so-called “digital divide” between individuals who do and do not have access to IT; but relatively little attention has been paid to differential access between nonprofit organizations. The purpose of this research project is to meet this need for research on the role of IT in nonprofit organizations, focusing specifically on the nonprofit sector in Los Angeles.

The State of Knowledge in the Field

Clearly, the IT revolution could potentially have a significant impact on how nonprofits operate, both programmatically and strategically. Unfortunately, much of the early research on nonprofit use of IT tends to be speculative and non-critical, focusing on only the positive impact without dealing with potential risks or inequities related to IT use (e.g. Nunn, 1999). Several local or regional studies have explored the benefits of IT for nonprofit organizations, as well as some of the risks associated with these technologies. For example, a 1999 study of the technology capacity of nonprofits in the Silicon Valley found that staff from nonprofit organizations in the area generally felt that computer networks could greatly aid them in their work but that there was a substantial difference in technical capacity between organizations, depending on funding and the specific areas of focus of nonprofits (Center for Excellence in Nonprofits, 1999). A survey of nonprofit organizations in Michigan uncovered a generally positive opinion toward IT and usage by organizations, though most of them had staff in charge of their computer systems that were only informally trained in system maintenance (Public Sector Consultants, 1999). More recently, a national survey of human service nonprofit executives confirmed that they value the role IT plays in their work – though this often depends on the relative size of the organization – but many lack the time or resources to adequately plan for increased or changing IT usage in the future (Princeton Survey Research Associates, 2001). These recent explorations into the role of IT in the nonprofit sector have made important contributions, but more research is needed to understand both the benefits and challenges to applying rapidly changing technologies in the nonprofit sector.

Research Approach and Data Sources

In order to give a balanced perspective to the issue, this research seeks to understand the barriers facing nonprofit organizations in Los Angeles, as well as their specific needs, attitudes, and innovations with regard to information technology. It will provide a general overview of the current landscape of nonprofit technological capacity and focus on the challenges facing nonprofits with regard to utilizing information technology. Because these issues are complex and evolving, this research will include three distinct sources of empirical data.

· Survey of Los Angeles Nonprofits

The primary data source will be a survey of nonprofit organizations in Los Angeles County. This survey was conducted during the summer of 2001. We received survey responses from more than 350 organizations in LA County and are currently conducting preliminary analysis. The survey covers the following issues: current technological capacity and usage, technical and training needs, and attitudes toward information technology. The data from the survey will be analyzed statistically, looking for relationships between the issues in the survey and organizational variables such as service field, budget size, and number of employees.

· Focus Groups of Nonprofit Organizations

A second data source will be two focus group meetings of nonprofit organizations, hosted by the Center for Nonprofit Management. Scheduled for April 2002, the purpose of these meetings is to discuss the current challenges faced by nonprofit organizations and develop a strategic plan for meeting their information technology needs. This data will provide a rich case study of capacity, usage, and innovation in a particular subset of the nonprofit sector.

· Expert Interviews

The above data sources will be complemented by interviews with persons working on the issue of nonprofits and technology in Los Angeles. Among the experts to be interviewed are representatives from a local organization working to create a "technology cooperative" that will provide technical assistance and hardware and Internet service discounts to participating nonprofit organizations, as well as representatives from local foundations that fund nonprofit technology projects. These interviews will take place during the Summer of 2002.

The quantitative and qualitative data described above will be analyzed and synthesized to identify the following: the technological capacity and needs of nonprofits in Los Angeles County, the major barriers to increasing nonprofit use of information technology, and innovative applications of nonprofit technology. The paper will conclude with a discussion of these findings' implications for nonprofits in Los Angeles. This will include a series of recommendations directed at local nonprofit trade organizations such as the Center for Nonprofit Management, but it is hoped that this research will inform more general discussions about the role of information technology in the nonprofit sector.

Contributions of this Research

First, this research will fill a void in understanding how nonprofit organizations are responding to the IT revolution and how these new technologies may be impacting the nonprofit sector. More specifically, this research will help answer the following questions regarding the role of IT in the nonprofit sector.

- How are nonprofit organizations using IT in their work?
- What are the barriers for nonprofits using IT to enhance their work?
- Is there a "digital divide" among nonprofit organizations?
- Are nonprofit organizations under-utilizing IT tools and resources they already have?

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Paper Number: PA021580

Paper Title: The Evangelist and the Firm: Models of Technology Assistance to the Nonprofit Sector

Author(s):

Mr. Paul-Brian McInerney, Columbia University, Astoria, NY, USA

Summary of Research

The nonprofit technology assistance provider (NTAP) community is becoming increasingly crowded. The technology needs of nonprofits have grown alongside with the field of NTAPs. While individual circuit riders have traditionally provided technology services for nonprofits, formally organized NTAPs, often with corporate funding have become increasingly common. Using qualitative methods, the author explores the challenges both circuit riders and NTAP organizations face as they attempt to collaborate and compete for clients and resources in the nonprofit sector.

Description

INTRODUCTION

The nonprofit technology assistance provider (NTAP) community is becoming increasingly crowded. The technology needs of nonprofits have grown along with (because of?) the growing field of NTAPs. A number of voluntary and low-cost consultants became important sources of technology skill and knowledge for the sector. These individuals call themselves “circuit riders,” after early American Methodist preachers, and claimed as their identity, “evangelists for technology” [Interview with the author 7-31-2001]. With the influx of foundation support and increased calls for accountability among nonprofits, a new breed of technology assistants is coming into existence, a strain of formal organizations dedicated to technology consultation for nonprofits.

What role do such formally organized NTAPs play in the larger technical assistance field? How do circuit riders, acting much like a social movement, react to the invasion of formally organized NTAPs with corporate backing? Although nonprofits are often seen as a response to the problems of market-based competition (Hansmann 1987), they compete among one another for clients, and other resources (Tuckman 1998). The competitive advantage of NTAP firms, who elicit support from large foundations and corporations threatens the altruistic value system inherent in the circuit riders’ notions of good works, which represents the ideal nonprofit ethos (Clohesy 2000). Larger, nationally-affiliated formal organizations are also able to better secure legitimacy and resources, with less regard to performance (McCarthy and Wolfson 1996). The formal organization of these NTAPs represents the institutionalization of a social movement predicated on the development and application of “best practices” in the field. The idea of “best practices” relies on the creation and marketing of models with demonstrable track records. These formally organized NTAPs often apply commercial strategies to generate revenues (Ryan 1999), making them hybrid organizations, i.e., legally nonprofit, but applying many for-profit practices. One NTAP organization that has successfully marketed its technology assistance model as “best practice” is Procyon (a pseudonym), who was able to translate their local successes into winning a large grant from Microsoft to export their model to other cities in the US.

THE CASES

CIRCUIT RIDERS

The Circuit Riding community is a loosely knit group of paid and volunteer technology consultants who provide services for nonprofits. Originally situated in certain sub-fields of regional nonprofit sectors, circuit riders have expanded their domains to service all nonprofits. Many circuit riders are affiliated in some way to a nonprofit, though often in an organization operating in some substantive field other than technology.

Circuit riders not only provide technology solutions to nonprofits, as part of their “creed,” they share their accumulated knowledge freely through email lists, web sites, and other channels. According to one

organization of circuit riders, "Circuit Riders are a community of people with technology skills who help nonprofit organizations be more effective through the use of technology ... We share a spirit of generosity towards each other and a commitment to social justice, a healthy environment and human dignity. We hold a fundamental belief that technology and all of its benefits must be made available to everyone..." (MediaJumpStart 2002). □

The infusion of corporate interests, such as Microsoft's underwriting of Procyon's expansion, has sparked a mixed response from Circuit Riders. Some see it as a much-needed infusion of funds, donated software, and volunteer labor; while others see it as the invasion of heavy-handed corporate tactics into the altruistic endeavors of the nonprofit sector.

PROCYON

Procyon began operating in the Puget Sound area of Seattle, Washington over three years ago. As part of a nationwide expansion, underwritten by Microsoft, Procyon has spawned organizations in six additional cities throughout the United States. Nonprofit organizations are increasingly relying on franchises as ways to organize across geographic areas (Oster 1996). This mode of organizing presents challenges to the organization as they attempt to build capacity and cater to new markets, while remaining faithful to the founder's original model, a problem often creating conflicts of commitment (Golden-Biddle and Rao 1997). With the case of Procyon, each affiliate is a fully independent organization, which operates under the Procyon banner. Full independence means that each affiliate must assemble a board and incorporate as a 501(c)(3) nonprofit organization in the states in which they elect to operate. Procyon Seattle provides support and guidance in the form of phone and email consultation, site visits, and a yearly "boot camp," in which significant operating officers from each affiliate come for a three-day intensive training.

Procyon as an organization is a case study in hybridity. While technically a nonprofit, Procyon has adopted many of the routines and operating procedures of a for-profit firm. This is arguably a case of isomorphism (DiMaggio and Powell 1983), stemming from prominent funders, board members, key organizational personnel, as well as the larger consulting field. While Procyon is technically a nonprofit (each affiliate incorporated as a 501(c)(3)), the revenue model followed by the organization as a whole is based on revenue generation.

SOURCES OF DATA AND METHODS

To gather data about circuit riders, I will continue to meet and interview key people in the field. As a source of preliminary contacts, I was recently awarded a scholarship to attend the Nonprofit Technology Enterprise Network's (NTEN) 2nd Annual "Riders Roundup," which is a national circuit riders conference taking place in Orlando, Florida. I have already met and spoken with Ed Batista, the founder of NTEN, who agreed to lend support to my research endeavors. The "Riders Roundup" is an opportunity to make important contacts with busy circuit riders. From these contacts, I will elicit formal interviews as well as opportunities to shadow circuit riders in the field. The circuit riding community is dispersed throughout the United States, but has heavy concentrations of activity in New York City, San Francisco, and Seattle, areas with large populations of nonprofits and access to foundation and other sources of funding. From these interviews and observations, I will collect data about the circuit rider ethos. Acknowledging the diversity that exists within all communities of practice, I seek to uncover the underlying principles that guide circuit riders' practice. How do circuit riders take on technology projects? How did they develop the practices associated with technology assistance? What communication channels do they use to distribute and collect knowledge about technical and political matters? Most important, how do they feel about the growing popularity of formally organized NTAPs, such as Procyon? What, if any, tactics are they developing to combat or cooperate with such firms? What shape will the resistance or collaboration take?

For the past year, I have been conducting intensive ethnographic research at Procyon NY, which began operation only one month before I arrived. This research has yielded many insights into the birth of an unorthodox nonprofit organization. Over the summer, I will continue this research, and explore the development of Procyon as an umbrella organization.

In contacting Procyon Seattle, I will conduct formal interviews. I have secured the consent of several members of the original Procyon in Seattle, including the executive director and founder of the organization. I will supplement these interviews with document analysis. Procyon Seattle has created a bank of documents outlining procedures, processes, and protocols for conducting their brand of nonprofit technology assistance. The purpose of interviewing members of the original Procyon in Seattle is to gather data about the foundations of the organization. On what ideological grounds was Procyon founded? How did Procyon Seattle develop their practices of technology assistance? How did they develop the means to measure the efficacy of their efforts? How did they distribute the word of these efforts as best practices to those outside the nonprofit community? How do they view their relationship to the circuit riding community?

IMPLICATIONS

This research intends to supplement the field of nonprofit studies that explore the growth of nonprofits from grassroots to formal organizations. In doing so, I intend to shed light on some of the problems grassroots organizations face as the field in which they operate grows quickly. While the formal organizations do not yet compete with the circuit riders for clients, they alter the way the field operates (Staggenborg 1988), which has implications, not only for the NTAP community, but also for the nonprofit organizations who receive their services.

KEYWORDS

Grassroots organizations, professionalization, technical assistance, institutionalization

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Paper Number: PA021670

Paper Title: Technology in Nonprofit Organizations: High Tech meets High Touch

Author(s):

Professor Carl Renold, California State University Fullerton, Fullerton, CA, USA

Summary of Research

This project is the result of a current needs assessment and analysis of the technological needs of selected community based organizations in Orange County California. It was hypothesized that although the technology exists to enhance service provision in community based agencies most organizational staff are either untrained or under trained to utilize client management and networking software efficiently and effectively.

Description

The creation and widespread use of database tools has been one of the major uses of computer technology, revolutionizing our ability to dynamically analyze large amounts of data. The information revolution (really a database revolution) has greatly affected business and commerce, recreation, education, security, and social interaction. Within the last decade or so this revolution has had perhaps an even greater impact on this nation's health care institutions and practices. Information technology has changed the entire health system and is a distinctive element in all fields of health. These fields and contributions include:

- Medical education
- Access to biomedical data bases
- Public health and biomedical research computer modeling and statistical analysis
- Health care delivery construction of diagnosis-related groups
- Patient care
- Access to computer-assisted diagnostic systems management
- Medical information systems
- Occupational health
- Epidemiological analyses
- Patient education
- Computerized health risk appraisal instruments

Although the rate at which information technology has been incorporated into the health care system has been less rapid than predicted 10 or 20 years ago, it is now clear that it will be an increasingly important part of this system at all levels.

Relatively little attention though has been devoted to applying information technology to the specific health and social service needs of clients accessing services at community based non-profit organizations. Moreover, these organizations stand to benefit significantly from a variety of technological applications. For example, information technology can enhance functions diminished by the aging process in the "healthy" elderly, improve health and social care for those with acute and chronic medical problems, and enrich the health care and social services that traditional community based agencies and professionals provide. Databases can also help disseminate information on maintaining and improving health and social function and on the availability of services in new environments such as home and community centers. Because there are as yet few examples of the application of information technology to the health and social service needs of lower income populations, it is important that society analyze the potential use of information technology.

The contribution of information technology to specific health fields, such as patient care and public health, can be extended to their socio-cultural components. One such example in Orange County is United Way. United Way recently offered Client Management System (CMS) software to its 94 partners countywide. The database software, JABR, is designed to assist in the collection of client data and ultimately analyze client outcomes. To date, less than 30 percent of the agencies eligible to receive two years of free usage, have requested to do so. It is hypothesized that although these products exist, both

custom and off-the-shelf (Microsoft Access for example), agency staff are either under-trained or unlikely (for a variety of reasons) to use these products. This research is an attempt to analyze this hypothesis and collect information that may lead to the identification of appropriate training modalities for community based, non-profit organizations that serve both the elderly and non-elderly alike. The research project is briefly described below:

- ☐A randomly sample of approximately 100 Orange County community based organizations was drawn;
- ☐A combination of mailed surveys and interviews was used to determine agency technology needs, attitudes, skills and abilities;
- ☐A analysis of these results was used to identify training needs and effective modalities;
- ☐This research is currently underway and is scheduled to be completed by August 2002.

Paper Number: PA021186

Paper Title: Examining the effects of managed care on nonprofit service providers

Author(s):

Dr. William Meezan, University of Michigan, Ann Arbor, MI, USA

Bowen McBeath, University of Michigan, Ann Arbor, MI, USA

Summary of Research

This paper examines the Michigan Family Independence Agency's adoption of a performance-based, managed care approach in its contracting for foster care with private nonprofit agencies in metropolitan Detroit. The paper answers two questions:

1. What organizational accommodations do private nonprofits make in shifting to a managed care service delivery system?
2. What are the effects of shifting to the managed care system on client outcomes, controlling for demographic factors and the types and amounts of services provided?

Qualitative analyses, based on interviews with agency stakeholders, and quantitative analyses of children and families will be used to answer the research questions.

Description

Over the past decade, private nonprofit sector involvement in the provision of child welfare services has expanded. In many places, this public-private partnership has taken on a number of new forms, as public child welfare agencies have borrowed performance-based systems and managed care models from the health care sector and applied them to their purchase of service contractual relationship with nonprofit child welfare agencies. McCullough and Schmitt (2000) report that as of 1998, 29 states were operating one or more managed care programs in their child welfare service system.

There are, as of yet, no published studies evaluating the effects of performance based, managed care systems on either nonprofit foster care agencies or the children and families they serve. Data on some states' managed care innovations should become available in the near future, as independent evaluations are part of roughly half of the 47 initiatives (e.g., Wulczyn and Martin 2001). Clarifying the effects of managed care initiatives on nonprofit agencies, as well as on the children and families they serve, will help nonprofit agencies as well as policymakers lay out the benefits and costs of introducing managed care approaches into their child welfare systems.

This paper examines the Michigan Family Independence Agency (FIA)'s adoption of a performance-based, managed care approach in its contracting for foster care with private nonprofit agencies in Wayne County (metropolitan Detroit). The paper answers two questions:

1. What organizational accommodations do private nonprofits (termed "pilot agencies") make in shifting to a managed care service delivery system?
2. What are the effects of the shift to the managed care system on client outcomes, controlling for demographic factors and the types and amounts of services provided?

The authors have, over the past two years, led a participatory evaluation involving FIA and nine private nonprofit foster care agencies in Wayne County. These nine agencies include all six pilot agencies operating under the state's managed care initiative, and three non-pilot agencies. In total, the agencies provide nearly three quarters of all child welfare services in Wayne County.

To answer the first research question, qualitative data have been collected via structured telephone interviews with equivalent numbers of pilot and non-pilot administrators (N = 44), foster care supervisors

(N = 21), and foster care line staff (N = 24). Interviews covered topics such as financing and payment issues with FIA, service delivery challenges, interagency collaboration and competition, technology, structural and cultural barriers to organizational change, and perceived effects of managed care on service recipients. Analyses for this paper will compare pilot and non-pilot responses on these topics.

To answer the second question, quantitative data are being collected on a quarterly basis from pilot and non-pilot agencies on a sample of 250 children (180 pilot children; 70 non-pilot children) who came into agencies in the summer of 2001. Preliminary analyses suggest that there is equivalence in random assignment of children across pilot and non-pilot children, as there are no significant differences between pilot and non-pilot children in terms of key demographic characteristics (age, gender, race, previous involvement in the child welfare system) and worker assessments of health, development, and coping skills. Analyses for this paper will examine outcomes (such as length of stay) for pilot versus non-pilot children, controlling for child and family demographic characteristics and agency service provision.

Paper Number: PA021316

Paper Title: Meeting the Sustainability Challenge: An Exploration of the 'Human Rights Houses' Initiative

Author(s):

Paul Opoku-Mensah, Norwegian University of Science and Technology, Trondheim, NORWAY

Maria Dahle, Human Rights House Foundation, Oslo, Norway

Borghild Krokan, Human Rights House Foundation, Oslo, Norway

Summary of Research

The paper examines a global initiative aimed at sustaining the activities of Nonprofit Organisations working within the field of Human Rights.

Description

The euphoria that accompanied the 'global associational revolution'---the massive worldwide growth of civil society organisations (CSOs) the past two decades---is gradually given way to somber realization that the 'revolution' and the organizations therein face a severe crisis of sustainability. Specifically, decreased international donor assistance, and few domestic sources of financing have caused many of these organisations to cut back on their activities or completely shut down. A contradiction thus arises: at the same time that the potentials of CSOs are touted everywhere, their long-term survival is seriously threatened. How can these organisations ensure long-term presence and/or impact?

This paper explores this issue of sustaining CSOs and their activities, and does so within the context of a case study of a global initiative that seeks to sustain the activities of Human Rights NGOs worldwide. This initiative, the "Human Rights Houses" is a working community of NGO's working for Human Rights. Each CSO promotes human rights in its own way, but is co-located with other CSOs. By bringing CSOs together in one location, the member CSOs save costs by sharing facilities like documentation centres, conference rooms and other facilities that the CSOs cannot afford on their own. Currently Human Rights Houses have been established by the Human Rights House Foundation in the cities of Oslo (Norway), Warsaw (Poland), Moscow (Russia), Sarajevo (Yugoslavia) and Bergen (Norway). Plans are underway to establish houses in a number of other countries.

The relevance of this initiative to the broader issues of sustaining CSO activities will be explored in detail in this paper.

Paper Number: PA021400

Paper Title: Strip Malls and Social Service: The Suburbanization of the Nonprofit Sector

Author(s):

Dr. Sarah Dewees, Johns Hopkins University, Baltimore, MD, USA

Dr. Lester Salamon, Johns Hopkins University, Baltimore, MD, USA

Summary of Research

Using longitudinal data from the ES-202 data system (a state database of all workers covered by unemployment insurance) we will examine the growth of the nonprofit sector between 1989 and 2000 in two major metropolitan areas, Baltimore and Minneapolis/St. Paul. Changes in the size of the sector (as measured by employment) and types of services offered by the sector (measured by employment in different industry fields) will be measured over time in relation to population characteristics (income and poverty levels). Implications related to the economic and social contributions of the nonprofit sector in urban and suburban areas will be discussed.

Description

A combination of local land use policy and global economic forces has contributed to changing demographic trends in the nation's urban areas over the past 20 years. Many urban areas have experienced a significant outmigration of people from central city areas to suburban areas. As population moves to the suburbs, there is a corresponding increase in the demand for services in these communities, including a range of services offered by the nonprofit sector. While this demographic trend has been explored in relation to philanthropic giving (Wolpert 1993) there is little extant research that explores the relationship between increased suburban population and the size and characteristics of the nonprofit sector in these suburban areas. Do nonprofit organizations follow the population and their donor base to the suburbs, or do they remain in urban areas to serve the needy population there? Are the services offered by the nonprofit sector in suburban areas significantly different than those offered by the nonprofit sector in urban areas, and how does this relate to the different income and demographic characteristics of the population in these regions? How has the sector changed in both urban and suburban areas over the past 10 years? These and other questions will be addressed in this paper.

Using longitudinal data from the ES-202 data system (a state data base of all workers covered by unemployment insurance) we will examine the growth of the nonprofit sector between 1989 and 2000 in two major metropolitan areas, Baltimore and Minneapolis/St. Paul. Changes in the size of the sector (as measured by employment) and types of services offered by the sector (measured by employment in different industry fields) will be measured over time in relation to population characteristics (income and poverty levels). Implications related to the economic and social contributions of the nonprofit sector in urban and suburban areas will be discussed.

Paper Number: PA021575

Paper Title: The Diffusion of Human Service Models Through Branding: Typologies, Strategies, and Case Examples

Author(s):

Dr. James M. Mandiberg, University of Wisconsin-Madison, Madison, WI, USA

Summary of Research

This paper takes the literature on branding strategies from the for-profit sector as it applies to organizations and products, and applies it to human service program models (i.e., program-level technologies) to test its applicability. Utilizing a case-based approach the study finds several forms of branding in use, some of which are in accord with the for-profit literature but some of which appear to be extending branding in new ways. The paper goes on to adopt a contingency approach to look at which strategies appear to be successful in which organizational and environmental conditions.

Description

The Issue Addressed

□ Branding of products and organizations is typically viewed as a form of marketing in both the for-profit and nonprofit sectors. In the nonprofit sector, branding is seen as a way of solidifying organizational name recognition, and thus advantage, in the competition for funds/donors, clients/customers, and legitimacy, contributing to organizational survival and growth. At its most basic level, branding contributes directly to the viability of the organization by assisting it in acquiring those things it needs to survive.

□ This paper takes a different approach, and looks at the branding of human service program technology, i.e., program models, rather than products and organization. More specifically, this study looks at how branding strategies are used in the diffusion of those technologies/models, and how these strategies contribute to the spread of the technology. The adoption of a well regarded branded technology may contribute to the survival of an organization by increasing its name recognition or legitimacy. This paper will also look at the converse of this to see how proponents of program technology use branding strategies to get organizations to adopt them. That is, rather than the survival of organizations as the focus of the study, this study looks at the survival and diffusion of the technology.

The State of Knowledge of the Field

□ Branding has become a focus of both the popular and academic literature in the business sector. There has been far less attention paid to branding in the nonprofit, public, and human service sectors, with increased interest coming as a result of seeing marketing as a legitimate activity among organizations in these sectors. The general literature on branding is principally focused on branded organizations, or what Aaker and Joachimsthaler (2000) call a "branded house" (e.g., General Electric), and on branded products, which they call a "house of brands" (e.g., Procter and Gamble products). There has been little written about the branding of technology, however, except as a means of enhancing the visibility and attractiveness of the product.

□ Sales, profit, and market share are indices of a successful marketing and branding strategy in the for-profit business sector, and use, stakeholder satisfaction, client outcome, and donor support are indices of similar success in the nonprofit organization sector. However that is when the individual organization and its survival is the focus of attention. When the technology is the focus of attention, individual organizations and their survival fade in importance and the diffusion of the technology itself becomes significant. This then changes the level of analysis from an individual level to a population level, since one is concerned with the population of organizations that have adopted the technology. This is similar to the shift in level of analysis that population ecology makes in the study of organizational survival (e.g., Hannan & Freeman, 1989; Singh, Tucker & Meinhard, 1991), and that institutional theory makes in looking at the adoption of institutionally prescribed practices (DiMaggio & Powell, 1983).

Approach

□ Aaker and Joachimsthaler (2000) and others (e.g., Macrae, 1996) discuss the issue of the architecture of branding. This study starts with the structure of Aaker and Joachimsthaler's architecture, and determines whether it fits human services technology examples. The study does this utilizing a standard case study methodology that looks for examples of fit and non-fit to a pre-existing model (Yin, 1994). Data will be drawn from prior case-based human services technology transfer research by the author, supplemented with additional case material collected for this study. The goal for this study is to begin to identify the range of branding strategies utilized in different organizational and environmental conditions, and thus fits generally into an organizational contingency framework.

□ In the research that has been conducted thus far, the Aaker and Joachimsthaler (2000) architectonic of four main branding strategies ("branded house," "subbrands," "endorsed brands," and "house of brands") nine sub-strategies appears to fit generally, but misses some significant trends in the human services, and perhaps in the for-profit sector as well. For example, there is a significant trend in the human services to utilize the branding of an independent organization to enhance the legitimacy of a human service technology. This assumes two forms: In one instance, an independent certifying organization such as the Joint Commission on the Accreditation of Health Care Organizations (JCAHCO) will certify that an organization's broad use of technology complies with the organization's standards. This is similar to the Good Housekeeping or UL seal of approval on branded products. In the second instance membership in a trade organization, such as the International Association of Psychosocial Rehabilitation Services (IAPRS) lends legitimacy by claiming that the organization's technological approach is similar to one that has existing institutional recognition. Neither of these are accounted for in Aaker and Joachimsthaler's architectonic.

Contribution to the Field

□ The branding of technology has been understudied in general, but especially so in human service and nonprofit organizations. Yet the branding of human service technology is a common phenomenon, and critical to the success of technological diffusion. This study contributes to the practice and academic literature on nonprofit marketing, strategy, and technology. In the practice arena it will assist managers to more effectively strategize the adoption and diffusion of human service practice technologies. In the academic literature it will advance the discussion of branding architecture and taxonomy by 1) expanding the types of activities included in a branding strategy, and two extending the analysis of branding more completely to human service and nonprofit organizations.

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Paper Number: PA021459

Paper Title: The Institutional Property Tax Exemption Reconsidered

Author(s):

Dr. H. Woods Bowman, DePaul University, Chicago, IL, USA

Summary of Research

This paper unveils a new database on the 50 states and uses it to evaluate a sovereignty perspective on nonprofit property tax exemption proposed by Brody, finding that sovereignty explains fairly well exemptions for churches, educational institutions and charities. It documents considerable confusion over what constitutes charity because courts tend to conflate charity and public benefit. This paper proposes definitions to separate these concepts and shows how to enhance public accountability by calibrating property tax relief to the amount of charity provided.

Description

Why should nonprofits be exempt from the property tax? It is an odd policy that subsidizes inputs instead of outputs, that directs the largest subsidy goes to the richest organizations, and that has decisions to exempt made by one level of government (the state), while the costs are borne at another level (local government). Yet every state exempts a variety of nonprofits while making no demands for accountability.

The property tax exemption for nonprofits has been attacked in famous broadsides by Balk (The Free List: Property Without Taxes, 1971) and Gaul and Borowski (Free Ride: The Tax-Exempt Economy, 1993). Steinberg and Bilodeau (Should Nonprofit Organizations Pay Sales and Property Taxes? 1999) critique the arguments pro and con, and conclude that we do not know enough to judge its efficacy. Brody ("Of Sovereignty and Subsidy: Conceptualizing the Charity Tax Exemption," 1998) suggests that the exemption makes the most sense if one views it as a form of state deference to the "sovereignty" of nonprofit institutions but, as Steinberg and Bilodeau (Id.) point out, she does not develop this idea into a full-fledged rationale for exemption. She notes the symmetry in federal tax policy between real sovereigns (state and local government) and nonprofits without examining state policies to see if they are likewise symmetric. Her perspective has important implications for accountability, because if nonprofits are sovereign entities, it is awkward for the same governments that defer to their sovereignty in matters of taxation, to hold them accountable.

This research collected data on property tax exemption policies of each of the 50 states. Brody's sovereignty perspective holds up well in various tests of symmetry between state tax treatment of local governments (which are creatures of the state) and certain nonprofits (which are state-chartered). The nonprofits for which it seems to work best are churches, educational institutions, cemeteries and charities. The latter present special problems because only ten states define charity statutorily. Tax administration in this area is largely left up to the courts, which have been inconsistent in defining and interpreting charity; the result has been widespread confusion.

This paper identifies the source of the confusion to be the tendency of courts to conflate the notions of public benefit and charity. The paper offers definitions of each that stand on their own, defining charity as 'relief of poverty and the effects of poverty.' It argues that charity can be quantified (transfer of x dollars from A to B) and, as a result, public accountability can be enhanced by calibrating the amount of tax relief to the amount of charity provided. Most states exempt hospitals, which have come in for special attack (Hyman: "The Conundrum of Charitability: Reassessing Tax Exemption for Hospitals," 1990), under the rubric of 'institutions of purely public charity.' This paper offers a conceptual framework for singling them out and holding them accountable for the amount of charity care they provide.

Paper Number: PA021466

Paper Title: Non-Profit Competition Against For-Profits for Government Social Service Contracts: An Auction-Based Game-Theoretic Approach

Author(s):

Ms. Becky Nesbit, Indiana University- Bloomington, Bloomington, IN, USA

Summary of Research

As the demand for social and human services, such as welfare, has increased, the government has been turning more and more to nonprofit organizations as well as private organizations as means of providing these services. Several reasons for this trend have been proposed including lower service provision costs and increased flexibility. However, the presumed trustworthiness of non-profit organizations augments all the determining factors of contracting decisions. This paper employs a game theoretic approach to model the strategies employed by the government and non-profit organization when entering into a contractual relationship.

Description

Issue Addressed

□ This paper will address the issue of government contracting with non-profit organizations for social service provision. Specifically, this paper seeks to determine the main factors influencing a government's decision to partner with a non-profit organization and which factors are more salient under certain conditions. Another aspect of this question is why governments choose to contract with non-profits rather than for-profit organizations.

State of Knowledge in Field

Recent years have seen a dramatic increase in growth of "third-party government" because non-governmental organizations are now providing what were previously government services (Salamon 1989).

Smith and Lipsky propose three reasons why the government contracts with non-profit organizations. First, contracting might lower the overall cost of service provision. Second, contracting allows for greater flexibility in the government and service provision. Third, contracting limits (or appears to limit) the growth of government (Smith and Lipsky 1993).

□ The salience of these incentives in government contracting is augmented by the presumed trustworthiness of a non-profit organization over a for-profit organization. Non-profit organizations are subject to a nondistribution constraint, which prevents the distributing of profits to shareholders of the organization. As a result, non-profits are postulated to have a less incentive to cheat or produce lower quality products (Steinberg 1997, Oster 1995). For-profits have an incentive to reduce costs to their own organization by providing a lower-quality good or service. Then by charging the same high price for their service, they can maximize profits and increase the resulting distribution to shareholders. Non-profits, however, do not have this same incentive to cheat because they do not siphon off profits to shareholders.

This trustworthiness is important for two reasons. First, human service provision is complex and the value of human services to the public is difficult to measure (Oster 1995). A for-profit has an incentive to overstate the cost of providing these services when the market doesn't clearly indicate what the value of the service is. Second, the outcomes of service delivery are also difficult to measure, thereby increasing contract monitoring costs to the government. In these instances, the government will prefer to contract with a non-profit organization as opposed to a for-profit organization because the government assumes it can trust the non-profit to not cheat in service delivery (Rose-Ackerman 1986).

Approach

□ The paper's approach includes a game theory model of government contracting with a non-profit organization. This game theory model will be a three-stage game of mechanism design with the principal player being the government. In this particular game, we are concerned with the decisions and strategies employed by the government in deciding whether or not to contract with a for-profit organization or to contract with a non-profit organization.

□ This is a game of incomplete information since the principal does not know the true service delivery costs of the for-profit or non-profit organizations. In this game, players move sequentially and not simultaneously. Equilibrium strategies for each player will be determined by playing out the game.

Contribution to Field

□ Although there is an extensive literature on government contracting using a game theory approach, to the author's knowledge there hasn't been a study looking at the government contracting with a non-profit organization using a game theory model. Therefore, this model will be a great contribution to the state of knowledge of the field of government contracting with non-profit organizations. It will show the importance of non-profit trustworthiness as a deciding factor in contracting decisions. This paper will also illuminate strategies employed by the government and non-profit organizations when partnering in a contract relationship.

Keywords

Contracting, partnering, non-profit, game theory

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Paper Number: PA021507

Paper Title: Government Grants to Non-Profit Organizations: An econometric Analysis

Author(s):

Professor Israel Luski, Ben-Gurion University of the Negev, Beer-Sheva, ISRAEL

Summary of Research

The purpose of this research is to analyze government policy toward awarding grants for non-profit organizations (NPOs) by using econometric models. The models in this research are applied to Israel. By using the models we try to identify the variables that explain the government policy, and then try to assess whether the government policy fits the theoretical models of government activities. The estimation of the models' coefficients will enable us to present the contribution of each variable to the probability of receiving a grant, as well as its role in determining the amount of the grant.

Description

Government Grants to Non-Profit Organizations: An econometric Analysis

By Israel Luski
Department of Economics
Ben-Gurion University
Beer-Sheva, Israel

Key words: Nonprofit organization, government grants.

The purpose of this research is to analyze government policy toward awarding grants for non-profit organizations (NPOs) by using econometric models. The models in this research are applied to Israel. By using the models we try to identify the variables that explain the government policy, and then try to assess whether the government policy fits the theoretical models of government activities. The estimation of the models' coefficients will enable us to present the contribution of each variable to the probability of receiving a grant, as well as its role in determining the amount of the grant.

This research assumes that the eligibility and the amount of the grant are considered in two stages. In the first stage, the appropriate committee decides whether the organization is eligible for a grant. In the second stage, the committee decides on the amount of the grant. Econometric reasons motivate this division of the decision process.

The theoretical analysis of government grants for non-profit organization emphasizes two points: First, the government is responsible for providing services to the public. In some cases, the government prefers to provide these services through non-profit organizations and not by itself. The second point is that the government tends to provide the services by itself when the service is homogenous. When the public, or some groups of the public, demand special services, the government tends to prefer that a non-profit organization provides the service. The econometric models are expected to provide us whether these considerations guide the government in its grants allocation.

The main findings of this paper are:

1. □ There is an inclination to repeat the same decision again and again.
2. □ The NPOs that provide special religious educational services obtain higher grants than other NPOs.
3. □ The government allocates larger grants to organizations in the fields of theatre and recreation.

An additional issue that we investigate is the impact of the grants on the organization. The empirical analysis shows that higher grants did not affect the wage rate in these organizations, and did not increase the level of activities of these organizations. It turns out that the higher government grants substitute for other sources of income, such as income from fees and private donations.

In addition, the econometric model assesses the impact of grants on the number of organizations in a specific field. Initial results show that in fields where it is easy to obtain government grants we witness a process of establishing new non-profit organizations.

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Paper Number: PA021672

Paper Title: Cross-cultural analysis of Government Support of Mental Health Self-Help Organizations

Author(s):

Dr. Thomasina Borkman, George Mason University, Kensington, MD, USA

Dr. Magnus Karlsson, George Mason University, Fairfax, VA, USA

Summary of Research

This paper will present findings from a critical analytical review of literature on the role of government policy and support in mental health self-help organizations (SHOs) in different national contexts: two European and two North American countries. Innovative new paradigms in mental health in which mentally ill and families share power with professionals in providing services are being operationalized by governments that fund SHOs of the mentally ill to provide services to peers. Findings in the literature on these unstudied relationships in cross-cultural context are presented.

Description

Cross-cultural Analysis of Government Support of
Mental Health Self-Help Organizations

This paper will present findings from a critical analytical review of literature on the role of government policy and support in mental health self-help organizations (SHOs) in different national contexts: two European and two North American countries. This is the first of a two stage cross-cultural comparative empirical study of mental health self-help organizations in U.S., Canada, U.K., and Sweden.

Mental health SHOs were selected because extensive innovative conceptualizations of mental health services and public policy appear to be underway in North America and Europe that have not been studied. On the public policy level, traditional mental health paradigms, whether the medical-institutional one during the custodial era or the more recent community treatment and rehabilitation approach, are based on the assumptions that the professional is the expert and in control and that the mentally ill are physically present but not integrated as a valuable participant in the community. A new paradigm that is described by Nelson, Lord and Ochocka (2001) and awkwardly termed the empowerment community-integration paradigm (hereafter referred to as consumer-empowerment paradigm) is emerging for serious mental illness in which the stakeholders--the people with mental illness and their families--share power with the professional. The stakeholders have a voice in designing, choosing, and utilizing services and the expert role is modified to "support facilitator."

This distinctive new paradigm may have been operationalized by some local governments in North America and Europe as supporting mental health SHOs directly with financial contracts for services to the mentally ill. Mental health SHOs are voluntary self-run organizations of ex-mental patients and other mental health consumers who assist their peers in resolving mental illness-related issues using self-help/mutual aid approaches. Self-help/mutual aid approaches are nonprofessional means of helping--experiential knowledge base (Borkman 1999); reciprocal peer helping; helping as a "gift," not exchange; and the "helper therapy" principle (Riessman 1965). What other forms of support do governments provide? What policies underlie the support of mental health SHOs. Are the SHOs cocreators of this emerging empowerment paradigm? Who support the empowerment approach among governments and mental health agencies?

Ex-mental patients and other consumers of mental health services have formed self-help organizations (SHOs) since the 1970s (analogous to the increasing development of SHOs for other illnesses and social concerns) and they are happening simultaneously in many industrialized countries. Studies (see Nelson, Lord, & Ochocka 2001) indicate that mental health SHOs provide humane services, information and support, crisis care, integrate members into the local community, develop advocacy activities, and

empower members to make often dramatic individual recoveries. The literature review will distinguish among SHOs (1) that are informal volunteer-run groups that assist members as a "gift" economy, (2) self-help agencies that become legally constituted nonprofit agencies providing services to peers in the public, and (3) intermediary organizations such as self-help resource centers or clearinghouses that broker relationships between SHOs and governments or professionals.

Nonprofit agencies that are funded by and have continuing relationships with governments have been intensively studied by third sector researchers. The central contention by students of nonprofit organizations is that governments control nonprofit organizations in the process of funding them and that the government's requirements often distort or subvert the values, mission, and the local community emphasis of the nonprofits they fund, e.g. Smith & Lipsky, 1993. But SHOs are quite different than typical nonprofit health or human service agencies that use professional approaches in values, approaches, style of organizing, and practices. Therefore, SHOs are likely to have even more problematic relationships with governments that fund them than conventional nonprofit service agencies. Contemporary democratic governments are very hierarchical red-tape-laden bureaucracies that are primarily oriented to using professional solutions by credentialed professionals. SHOs rely on experiential knowledge and authority, are organized to emphasize human relationships, value driven and they deemphasize hierarchy, red-tape, and efficiency/effectiveness (see Wilson, 1995). Self-help resource centers (intermediaries) understand how self-help groups work, their values and practices but they also understand government and professional approaches. The self-help resource center can be a critical bridging institution between the government and the SHO.

The literature to be reviewed includes three bodies of literature from which specific research questions will be derived: (1) Self-help group literature about the relationships among government and SHOs in the four countries and in general; (2) Third Sector literature about paid staff nonprofit organizations that are funded by governments have been intensively studied (e.g., see Smith & Lipsky, 1993); (3) research on self-help agencies in mental health or physical disability, e.g., Nelson, Lord and Ochocka, 2001.

The comparative research questions are: (1) What is the government policy and practice toward self-help/mutual aid in each of the four countries, and in relation to historical, sociopolitical and cultural factors? (2) In what ways, if any, is the empowerment paradigm emerging in government policy and practice in mental health in the countries? In the U.K. how does the national policy mandating users involvement in services relate to the empowerment paradigm? (3) What is the impact of having a self-help intermediary or not having one on the relationship between government and the mental health SHO? (4) How do self-help intermediaries in each of the four countries assist mental health SHOs and governments similarly and differently, if at all? And how are these patterns related to historical, sociopolitical and cultural factors?

The focus here on Canada, U.S., U. K. and Sweden is partly since published research on SHOs are available, and they are all developed democracies with civil societies but with different health care systems (Weitz 2001; Cockerham 1998) Cross-national international research will be important to understand how different government arrangements affect and shape SHOs since variations within a country are likely to be minor in comparison with those found internationally. But international research on self-help groups has been even more rare than the study of how SHOs are affected by governments and other societal units. The handful of comparative international studies of self-help usually do not even study similar groups (e.g., Gidron & Chesler 1994) with the exception of Makela and others (1996). This review will contribute a cross-national comparison in four democracies with strong civil societies but different welfare and health care system of knowledge about SHOs serving similar populations, the seriously mentally ill, with two delivery modalities (the self-help agency that provides services versus the self-help group that primarily aids members within a "gift" economy), for services (housing, crisis care, personal advocacy, etc.) and their relationships to government and public policy. In each country governments that fund SHOs with self-help resource centers that acts as an intermediary and an area of SHOs funded without an intermediary will be of particular interest. The second stage of empirical research will build on this review with case studies of governments supporting SHOs in the four countries.

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Paper Number: PA021246

Paper Title: Implications of Policy Proposals for Faith-Based Organizations

Author(s):

Dr. Thomas H Jeavons, Philadelphia Yearly Meeting, Philadelphia, PA, USA

Summary of Research

This research focuses on serious problems in public policy proposals for using faith-based organizations in social service delivery. The research focuses illuminating vital differences between congregations and religious service agencies, which are glossed over in these proposals. It maps differences in the characteristics of these different kinds of religious organizations. It examines organizational theory and research to demonstrate what can be predicted about their (likely) behavior under the policies being proposed. Finally, it raises questions and cautions to be examined before such policies should be put into effect.

Description

proposal for a Paper for ARNOVA Meetings 2002

Submitted by
Thomas H. Jeavons, Ph.D.
General Secretary
Philadelphia Yearly Meeting

Implications of Policy Proposals for 'Faith-Based' Organizations:
A Devilishly Deceptive Debate

Religious organizations have become the focus of more attention in the U.S. in the last five years than probably at any other time in our history. A number of policy proposals have been put forth, using the new terminology of "faith-based organization," to use or assist (depending on your point of view) these private, nonprofit organizations in their work for public policy purposes. The difficulties in assessing the implications of these proposals are huge.

These difficulties stem, in no small part, from the use of this new terminology in ways that are, at the least, misleading. However, the problems with the character of the current debate about what should be the roles of "faith-based" organization in providing social services are many. They derive not only from the creation a confusing terminology, but also from the fact that so little is known – although much is being assumed – about what these organizations are, how the function, and what effects or success they are having in serving others. The problems here range from difficulties in defining categories to major obstacles in measuring definite and comparative results.

What is a faith-based organization? What distinguishes it from a secular organization? Are all faith-based organizations alike – or at least marked by a few dominant and common characteristics – so that we really have here a coherent and unified set of organizations for the purposes of data gathering and comparative analysis? What do we actually know about the behaviors and performance of 'faith-based' organizations set over and against their secular counterparts? Are they more effective or more efficient than other organizations in the work of social service?

These are questions that are either being ignored in the current debates, or for which many are falsely assuming (or pretending) we have good answers. The result is a public policy conversation that is deeply flawed; and one which may lead to the implementation of policies that could do serious

harm to a set of organizations – religious organizations – that have made and continue to make important contributions to the greater good of society.

This paper will attempt to answer the questions above from the point of view of both theory and practice. It will highlight and work with the critical distinction between congregations and religious services entities to give a more accurate picture of “religious organizations” (as a whole) and illuminate the problems with the current debate. It will analyze data from a number of well documented, survey based studies of the characteristics, purposes and behaviors of religious organizations. It will also examine what organizational theory and research tells about these organizations.

In this exploration the paper will draw on a number of good studies, some relatively new, of the characteristics and functions of congregations; as well as profile data on nonprofit organizations more broadly (and by industry) which includes religious organizations in large numbers. Finally, it will reflect the author’s own research on the respective roles of both congregations and religious services entities in social service work.

Getting better information and analysis circulating in the nonprofit research community is important since these debates about what faith-based organization should do, and how they should be supported, shows few signs of abating. The members of this research community must be prepared to speak intelligently to these matters to inform the public debate.

Finally, given the relative ignorance and significant misinformation that is shaping these discussions now, the paper will raise some cautions about the directions some of the policy proposals now being put forward – both from a concern to better address social needs and problems and a concern to preserve the independence, integrity and vitality of religious organizations.

Paper Number: PA021332

Paper Title: Perceptions of Barriers to Faith-based Participation in Welfare Reform Implementation: Experiences in One State

Author(s):

Professor Nancy Kinney, University of Missouri-St. Louis, St. Louis, MO, USA

Summary of Research

The charitable choice provision of the 1996 welfare reform act has been a much debated policy innovation. Since that time, there have been numerous reports about the reluctance of faith groups to enter into these new types of partnerships with government in order to serve those in poverty. This study examines experiences in one state where the involvement of faith-based organizations was actively pursued. Through in-depth interviews with program managers from the state's 21 faith-based mentoring sites, the study explores questions of collaboration and inclusion in the state's implementation of welfare reform.

Description

□The charitable choice provision of the 1996 welfare reform act has been a much debated policy innovation (Blumner, 1996; Boston, 1998; Carlson-Thies & Rogers, 1998; Flowers, 1999; Grossman, 1995; Segal, 1999; Starr, 2001). Since its inclusion in the 1996 act, there have been numerous reports about the reluctance of faith groups to enter into these new types of partnerships with government in order to serve those in poverty (Chaves, 1999; Moore & Williams, 1999; Sherman, 1997; Starr, 2001). In August of 2001, the White House Office of Faith-Based and Community Initiatives issued a report indicating that religious groups faced significant barriers in their attempts to take advantage of these new funding opportunities (The White House, 2001). The report, entitled "Unlevel Playing Field," listed misguided perceptions of religious intent, an unwelcoming environment, and restrictive program guidelines as some of the obstacles barring faith based groups from an equal chance at landing government aid. A study presented to Congress in January 2002 suggested that significant infrastructure issues also hinder the entrance of faith-based organizations into the contracting arena (GAO, 2002). To address these areas of perceived disadvantage, Congress will likely soon pass legislation to authorize a multi-billion dollar package underwriting a Compassion Capital Fund that will equip faith-based and other groups to better compete for funds and initiate important programs in their communities.

As policy makers at the federal level engage these issues, numerous states have already taken steps to promote the involvement of faith-based groups in the delivery of programs and services under the TANF block grant. An operative principle in the devolution of program authority to the states is that there would be greater latitude and flexibility to respond to the particularities of local need. With such assistance from the state, do faith-based groups continue to experience barriers to participation in welfare programs? If barriers exist, what are they and are they remediable?

Aside from the thorny Constitutional issues, government partnerships with faith-based groups are presumed to reflect similar challenges as experiences between government and secular groups. Threats to organizational autonomy (Wolpert, 1995), compromised government accountability (Milward & Provan, 1993) and the risk of corporatism (Smith & Lipsky, 1993) have been identified as potential drawbacks for public-private collaboration.

Due to their visibility in the life of local communities, however, religious or faith-based groups are perceived as holding out desirable benefits for individuals making the important personal transition from welfare to work (Dilulio Jr., 1997). Much of the research to date has focused on the extent of religious group involvement in human services (California Council of Churches, 2000; Chaves & Tsitsos, 2001; Cnaan, Wineburg, & Boddie, 1999) or the willingness of religious groups to partner with government in new ways to provide such services (Bartkowski & Regis, 1999; Chaves, 1999). A study of administrative issues involving faith-based service providers in Indiana validated some of the concerns raised by proponents of charitable choice (Kennedy & Bielefeld, 2002).

This study examines experiences in one state where the involvement of faith-based organizations was actively pursued by legislative action. Through in-depth interviews with program managers from the state's 21 faith-based mentoring sites, the study explores questions of collaboration and inclusion in the

state's implementation of welfare reform. The study addresses whether these groups face the same sort of obstacles as those conceived by federal-level policy actors.

An added consideration for these faith-based mentoring programs is their ability to recruit and incorporate volunteers from various religious and community groups. How these groups are perceived at the local or "street" level raises the possibility of hurdles erected by community members themselves and not government actors. Forming productive local partnerships and sustaining collaboration are also very real challenges facing these groups.

This study will contribute to our limited knowledge of the implementation of the charitable choice provision, as well as its variants in other policy arenas. The study may also further the development of theoretical constructs about the limits of public-private partnerships. A tremendous level of attention has been directed toward the innovation of charitable choice by policy makers. Empirical research about the effects of its implementation are of considerable interest to scholars, practitioners as well as political actors.

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Paper Number: PA021420

Paper Title: Church, Community and Change: How do the methods of review used by English congregations change their relationship with their community?

Author(s):

Dr. Helen Cameron, London School of Economics, Oxford, UK

Summary of Research

The paper assesses in what ways different methods of congregational review lead churches to reflect upon their relationship with their communities. It will explore the growing trend for English congregations to engage in review by assessing the different methods that exist and exploring their impact upon a group of churches. I will suggest that an organisational approach has something to contribute to the emergent field of congregational studies in the UK but that it is important to complement this with theological and policy approaches. Only in this way can complexity of the relationship between congregations and their communities be analysed.

Description

Issue to be addressed

The last twenty years have seen a trend for local churches in England to engage in some form of review (Board for Mission and Unity 1984; Palmer 1997). In many cases this has meant examining the environment or context in which they operate. This paper offers a survey of the main methods currently in use. There are many tools from those produced by congregations for themselves to packs provided by denominations and para-church agencies (Warren 1995; The Salvation Army 1996; Churches' Commission on Mission 2000; Churches Information for Mission 2001; Resourcing Mission Office 2001).

The aim of the paper is to assess to what extent and in what ways different methods of congregational review lead churches to reflect upon their relationship with their communities.

Relationship to the field

I want to set this trend for congregations to engage in review in a number of academic contexts. First, the context of organisational change literature (Morgan 1997; Collins 1998) and in particular the literature on change in associations and membership organisations (Vosburgh 1988; Young 1989; Edwards 1994; Perkins and Poole 1996). Second, the context of congregational studies, a sub-field that is only just emerging in the UK (Ward 2000; Guest forthcoming). Third, the context of practical theology to see how developing understandings of evangelism, mission and social action are affecting congregational behaviour (Woodward and Pattison 2000; Sweeney 2001). Fourth, the context of community studies with its holistic understanding of locality and its possible links to New Labour's interest in small-area policies (Stacey 1960; Cameron 1999).

The aim of linking the paper to these four academic contexts will be to illustrate the complexity of congregations' relationships to their contexts and communities. The aim is also to provide a multi-layered framework for interpreting the data.

Approach to be taken

The paper will take two approaches. First, a literature review of congregational review methods and packs that I have assembled with the help of a group of students. This will assess the characteristics of the different approaches and assess the way in which they engage congregations in the task of exploring their context and the relationship with their community. The second approach will be to survey a group of churches in an English town to see which methods (if any) they have used and how they have affected the churches' relationship with their communities.

Contribution to the field

I hope the paper will contribute to nonprofit studies by showing how English congregations can be seen as membership-based organisations that use congregational review as a process to mediate their relationship with their environment. I will suggest that this organisational approach has something to

contribute to the emergent field of congregational studies in the UK but that it is important to complement this with theological and policy approaches.

I hope to show through the survey of local churches whether their understanding of change is reflected in their relationship to their community and whether the review methods they have used have caused them to look inwards or outwards in planning their future.

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