The Capacity for Accountability: An Exploratory Study of the Needs of Nonprofit Organizations for Evaluation Resources

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Nonprofit organizations in Canada appear to be under increasing pressure to demonstrate the value of their work, both as a means of improving their programs and services and as a response to the demands of funders and the public. Faced with increasing demands for support from a growing nonprofit sector, some funders have begun to impose stricter requirements for evaluation, both as a means of helping them make their own allocation decisions, and to ensure that funds that they disburse are used effectively and efficiently. The public also has a high level of interest in the operations of voluntary organizations. In a recent survey on attitudes about charities, for example, more than two-thirds of Canadians indicated that charities should be providing more information about their programs and services, how they use donations, their fundraising costs and the impact of their work (Hall, Greenberg, and McKeown, 2000).

Nonprofit organizations recognize that, in an environment of intense competition for fundraising and a more knowledgeable and sometimes skeptical donor public, their success in building support often depends on their ability to demonstrate the value of their work, not just their good intentions. Nevertheless, many may not be adequately equipped to respond to the challenges associated with evaluating their activities.

This paper reports findings from an exploratory study of the evaluation needs and capacities of voluntary organizations and funders in Canada. It is the first phase of a three-year action research project that is designed to improve the ability of voluntary organizations to engage in evaluation research in order to assess and report on their performance. In this first phase we are examining the current capacities and needs of nonprofit organization in the area of evaluation research and their ability to provide performance-related information. We are also exploring funders' expectation regarding the types of performance-related information that they require of nonprofit organizations and the ability of nonprofits to provide such information. Although exploratory, our findings point to a serious disconnection between the funding and the funded communities.

Before turning to the results, it may be helpful to briefly discuss the broader context in which this research is situated. In theory, increased interest in evaluation could be enormously constructive for the voluntary sector, its beneficiaries and funders -- if more and better evaluations were produced and if more constructive use were made of them. Both external and internal pressures could increase the pool of evaluation expertise and tools available to voluntary organizations; help their boards use evaluation as a strategic management tool to make budget and program decisions; promote more effective grant making; and enhance public transparency and trust in the sector because its work would be better known. Although this vision is an attractive one to contemplate, existing literature serves to make us skeptical that it is like to be realized, at least not in the near future.

The impediments to the ability of nonprofits to successfully employ evaluation research methods and tools are significant. They relate to the inherent complexities of evaluation as applied to the voluntary sector, to organizational factors, and to the relationships between funders and voluntary organizations. First, the task of evaluation has become more complex by a number of factors including:the shift from inputs and outputs to outcomes (Dinsdale, Cutt & Murray, 1998; Forbes,1998; Newcomer,1997); the need to measure organizations not merely program effectiveness (Gray, 1997; Kagan, 1996); the desire to involve stakeholders in the research itself (Fetterman, Kaftarian & Wandersman 1996; Greene, 1998; Mathie & Greene, 1997; Whitmore, 1998); and; the difficulties of measurement, particularly in capturing long term effects in the short time frames available for evaluation research (Fine, Thayer & Coghlan, 1998; Kanter & Summers, 1987; W. K. Kellogg Foundation, 1998) and assessing the impacts of preventative programs.

Significant organizational barriers have also been noted, particularly the very real limitations imposed by a lack of time, money and expertise (Murray & Tassie, 1994). These factors become magnified by the diversity of the voluntary sector. In a study of Canada's voluntary sector, for instance, almost half were found to operate on revenues of under $50,000 per year and two-thirds less than $100,000 while only 2 percent have annual revenues in the millions of dollars (Banting & Hall, 2000; Sharpe, 1994). Although the large, sophisticated organizations can fairly easily make or buy evaluation expertise, the options are limited for small groups, yet they too face external pressures for evaluation of their work.

The nature of the voluntary sector also makes it difficult to simply import evaluation techniques from business and government (Herman & Renz, 1999). Not only do nonprofit organizations have different evaluation concerns than business, namely assessing those aspects of performance tied to their social missions, but they must often demonstrate their effectiveness to a variety of stakeholders including beneficiaries, funders, partners, volunteers and employees, all of whom may have somewhat different criteria for evaluating performance.

Political imperatives – the pressures to "look-good-avoid-blame" in a risk-averse environment that does not appreciate mistakes – and the psycho-social problem of goal displacement which creates the danger of equating needs with program effectiveness may also constraint the motivations or use of evaluation (Murray & Balfour, 1999; Murray & Tassie, 1994).

Finally, the literature suggests that, while funders demand evaluation, they may not recognize the need to provide financial support or to work with organizations to build their capacity and expertise to do evaluation.. In fact, funders may have quite unrealistic expectations of the capacity of nonprofits in this area.. Indeed, a study prepared for the United Way of America notes that the risks of ill-conceived demands for performance assessment may be quite destructive: "Done badly, linking outcomes to funding can shift resources from service delivery to measurement with no offsetting benefit to programs, penalize prevention and development programs and others with harder-to-measure outcomes, promote 'creaming' (selecting participants who are more likely to succeed), inhibit innovation, punish risk taking and discourage interprogram cooperation" (Hatry, van Houten, Plantz, Greenway, 1996, p.12).

The Voluntary Sector Evaluation Research Project

The Voluntary Sector Evaluation Research Project (VSERP) was developed to respond to the growing needs of voluntary organizations to undertake increasingly complex evaluation research, and their lack of capacity to do this fully. It is being conducted by a a partnership that includes three national Canadian nonprofit organizations (the Canadian Centre for Philanthropy, YMCA, and Volunteer Canada), two funding bodies (United Way/Centraide Canada and a private foundation, the Max Bell Foundation), a nonprofit organization with extensive experience in private and public sector evaluation (the CCAF, formerly known as the Canadian Comprehensive Auditing Foundation), and Carleton University[1]. The goal of VSERP is to improve the capacity of voluntary organizations to evaluate their work and communicate their effectiveness to their funders, stakeholders and the public.

The project has five main phases:

1) *Assessing the capacity and needs of voluntary organizations* in the area of evaluation research via group consultations with representatives of voluntary organizations and their funders along with a national survey of voluntary organizations;
2) *Developing recommendations for building evaluation capacity and resources* by re-convening the groups created in Phase I, providing them with the results of the needs and capacity assessment and seeking their input on next steps;
3) *Implementing recommendations for better evaluation resources* through the creation of a number of joint voluntary sector – university teams;
4) *Creating local demonstration projects* to develop best practices for the application of resources and for connecting community organizations to resource tools and expertise; and
5) *Disseminating evaluation resources and building capacity* in ways that will promote the use of the evaluation resources that have been developed. The research is intentionally participatory and iterative: one stage informs the next and the results of each stage are refined or reworked on the basis of feedback from participants at the earlier phase.

Our first step involved a series of focus groups that explored the views of voluntary organizations and their funders on the types of evaluation that are being done and how and why they are being performed. We also examined perceptions about organizational strengths and weaknesses with regard to evaluation as well as perceptions about the role that funders are playing. Finally, we assessed participants' views about what might be done to help organizations be more effective at doing evaluations.

Method

A series of focus group consultations were conducted with both voluntary and funding organizations over a one-month period in May-June 2000 in each of ten regionally diverse centres across Canada[2]. In each community, we conducted separate focus groups with representatives of voluntary organizations and with funders of voluntary organizations. Participants were recruited with the assistance of local host organizations (eg. a United Way or Volunteer Bureau) who invited participants to the group sessions. Each group of voluntary organization representatives (i.e. fundees) involved 7-10 participants who, in general represented a broad diversity of the voluntary sector including social service, youth, health, arts and culture, and advocacy organizations. Similarly, the sessions with funders included a range of types of organizations including foundations, United Ways, lottery corporations and federal, provincial and municipal governments.

Results and Discussion

Because of the exploratory nature of this research, based as it is on focus groups held in only ten Canadian communities, we consider our results to be preliminary and in need of further validation. The results for the focus groups conducted with representatives of voluntary organizations and those from the focus groups with funders of voluntary organizations are presented separately below.

The Voluntary Organization Perspective

In the following section we first report our findings regarding the types of evaluation activities in which participants were engaged, how evaluations were being done and the reasons for doing evaluation. Next, we present participants' views about their strengths, weaknesses and barriers with regards to doing evaluation and their perceptions of the role that funders play in evaluation. Finally, we outline the suggestions that we were given regarding what might be done to help organizations be more effective in the area of evaluation research.

Evaluation Practices

It is evident that most, if not all, voluntary organizations represented in our focus groups engage in a wide range of evaluation activities, from informal and reactive to more strategic and proactive. Agencies collect a variety of information – both quantitative and qualitative – in many different ways. Most of the participating agencies mentioned that they intend to do more evaluation in the future in order to demonstrate the outcomes of their programs through longitudinal studies.

Types of Evaluation Activities. When asked about the types of evaluation activities that they conducted, most participants were quick to identify a variety of "informal" evaluation efforts that are employed to assess the performance of their programs or services. These types of activities appear to be a bit of a "hodge-podge" lacking any consistent process, cohesive system of measurement, or systematic way for gathering or keeping statistics.

A small number of participants indicated that at least some, if not all, components of their evaluations are built-in and formalized. These more strategic recurring activities may take the form of an annual audit of the organization, accreditation processes by umbrella organizations that require reporting of output measures and other indicators, or standardized evaluation programs that staff have been trained to use in a routine manner. Some, particularly larger organizations, have created structures, such evaluation committees attached to the board or business plans, that support and promote evaluation.

As the literature suggests, evaluation is not limited to assessing the effects of *programs*, rather voluntary organizations are actively evaluating a number of different aspects of their operations, including:

- fundraising activities;
- experiences of volunteers in the organizations;
- quality of the work environment from the perspective of staff;
- client satisfaction, and;
- general organizational effectiveness, including financial security and management.

Participants report gathering both quantitative and qualitative information for evaluation purposes. Quantitative techniques tend to focus on outputs such as the number of people or phone calls dealt with while qualitative techniques are more anecdotal (e.g., client testimonials). The methods of assessment include client satisfaction and other surveys, phone interviews, focus groups, and one-on-one interviews.

It is worth noting that many participants indicated that they are either collecting outcome information or beginning to collect such information. Many of those whose organizations were not currently collecting outcome information expressed an interest in doing so in the future.

How Evaluation is Being Used. The focus groups reveal that evaluation information is used by organizations in a variety of ways and serves many purposes. The two most commonly mentioned uses are to increase awareness of their causes and their work and for planning purposes. Some of the ways in which organizations use evaluation include:

- as an education tool; to increase community awareness;

- as a wake-up call (for funders and agencies);
- as a way of sharing information with other like-agencies who want to do what our agency does;
- as a means of communicating more effectively with the media;
- as feedback to the general public to let them know what we are doing as a community agency;
- as promotion in fundraising letters;
- to provide information to use in talks with members of government;
- for program development;
- for planning the next cycle of activity;
- for benchmarking;
- to end programs appropriately; illuminating where the organizations is going wrong, and;
- for staffing issues and training purposes.

Organizational Responsibility for Evaluations. The question of who is involved in the organization is important in two respects. The first is whether the impetus and responsibility for undertaking evaluation lies primarily with the board or the staff. The second is whether the staff (or volunteers) have the skills to conduct evaluations themselves or whether external evaluation experts are hired.

Our findings suggest that, for the most part, evaluations are staff driven and are done internally. For the majority of agencies, the board has an interest in evaluation but is seldom the impetus and driving force behind it. The majority of agencies state that their boards want and receive evaluation information, both quantitative and qualitative, and all stated that their boards are provided with financial statements. Generally speaking, the agencies in our study report back to the board on their evaluation activities but the board does not play a role in making a request for evaluation information. If something is not working, however, the board will become interested in what has gone wrong and may request more information. The main reason for this hands-off approach appears to be that most board members are not immersed enough in the work of the organization to be able to evaluate the evaluation. From a staff perspective, communicating with boards or getting them involved with evaluation (in a systematic way) is difficult. Having said this, many agencies would like their board to be more involved in evaluation, recognizing some of the difficulties inherent in this. Moreover, there is a sense that boards are becoming more professional. They are a more sophisticated group looking for answers to questions that require evaluation information. As one staff member noted, "The agency knows inherently in what direction they should be moving but the board will say 'How do you know? Put it in writing.'"

Although most participants indicated that evaluation activities were usually done by staff or volunteers, it was also noted that they often lack expertise in evaluation and many learn primarily from "hands on" experience. Most lack any formal training, except for occasional workshops. As one participant stated, " The longer you have been at the agency, the more you learn about evaluation. When you are new, you only focus [on] program delivery."

It should be pointed out that a number of participants in the focus groups expressed a desire to have evaluations externally conducted – especially by evaluators who have sound knowledge of the nonprofit sector. There was however, a recognition that the benefit of bringing in an external evaluator may be off-set by the cost of having to spend a lot of time "getting them up to speed."

A number of agencies indicated that external evaluators are brought in, if resources allow for it. This usually seems to occur at the request of an external funder for a project. Although participants appear to value external evaluations, some did point that external evaluators need to be "brought up to speed" about the organization and its practices. Finally several organization representatives noted that they have been able to use the services of undergraduate or graduate students (who often come to the organization to fulfil a practicum practicum requirement). One problem identified with the use of students is that their course work requirements may means that their work does not directly address the needs that the organization has in the area of evaluation research.

Reasons for Conducting Evaluations

There appears to be a clear differentiation between evaluations that are driven internally, in order to enable the organization to better meet its mission and be accountable to its donors, the public, and clients, and those which are required by external actors, particularly funders. Most participants indicated that they undertook some type of internal evaluation to assess the impact of what they are doing, whether or not they are "making a difference" and to improve what they do.

> "Internal evaluation helps us get organized, plan, function, and be more efficient; helps us see if we are making a difference. We ask ourselves "what are we doing?" and answer that question through evaluation. This makes us feel good about what we do"

Less frequently mentioned reasons that were given for conducting evaluation were to help volunteers know how they are performing, because of organizational policies, or because it had permeated their organizational culture and become a routine way of doing business.

Relatively few organizations in our study have established formal requirements that mandate evaluation on a regular basis. Where this happens, it is often among members of national umbrella organizations where the national office has set a standard which members are attempting to emulate or to meet its requirement for accreditation purposes.

In addition to their internal evaluation exercises many organizations also report conducting separate evaluations because of the requirements of funders that increasingly appear to involve requests for greater financial accountability and demonstrations of the effectiveness of the organization's work. As participants observed:

> "Demands for agencies to 'justify their existence' have increased. Traditionally, funders have been happy with client satisfaction surveys and quantitative information [i.e., outputs]. But in the last 5 years, funders have shifted their focus in the direction of outcome measures. Our agency has attempted to build evaluation into the system (that is, we assumed it wasn't a passing trend)."

> "More and more there is a trend to talk about our contributions to the community (socially, economically). In the past, agencies would say "fund us because we do good work"

> "The increasing demands for evaluation are due to more attention being paid to accountability issues (i.e., funder fear). We aren't necessarily doing *more* evaluation; rather, we are doing it more 'formally' (less anecdotally). For example, information is being standardized so that it can be used over time. We might not be doing *more* evaluation quantity-wise, but the evaluation we are doing is more rigorous and valid."

Perceived Strengths, Barriers and Difficulties

Participants were asked to identify their strengths with regard to evaluation as well as the areas where they were encountering difficulties. It is highly indicative of the undeveloped capacity for evaluation research in the voluntary sector that when we asked participants to tell us about their organizational strengths for doing evaluation, most had difficulty identifying any strengths immediately. It was evident that many of the participants were not confident about their abilities to undertake evaluation research, in part, because it is perceived to require a highly technical skill set. With some probing, however, participants often noted that the very nature of their organizations were an asset in evaluation. Four strengths were frequently reported:

1. a positive attitude regarding evaluation because organizations can see how it benefits them (e.g., improvement of programs, determination of program impact, and letting staff/volunteers know their work is valued);
2. the ability to communicate with their membership, clients, and volunteers to get their views and to get them involved;
3. knowledge and insight into their own organizations, their work and their communities. (as one participant noted: "Agencies are so involved, so close to the work that they can assess better than anyone else where their work is having an impact"), and;
4. the ability and predisposition to share resources and information with one another.

Although program evaluation, in the abstract, was viewed as a positive thing, many organizational representatives indicated that on a practical level their organizations faced a number of difficulties. These include:

- a lack of money, time, knowledge, and skills to actually carry out evaluation activities
- a lack of understanding of the purpose or value of evaluation so that some view it as a burden or simply one more thing that they have to do;
- a lack of clarity about the terminology used (e.g., some noted their lack of understanding of the difference between, terms such as "outputs" and "outcomes"); and,
- confusion about what organizations should be measuring, how to measure it, what tools to use, and what the results mean.

The most significant barriers to evaluation appear to lie in the practical: notably, lack of time and resources. There is a consensus that voluntary organizations do not have adequate resources to undertake evaluation. They see evaluation as a 'good thing' in the abstract, but the reality is often that they do not have the capacity to conduct or use evaluation in a positive way. Particularly where evaluation must be done for small amounts of funding, the time crunch -- and resistance -- becomes more significant. As one participant said, "We spend a disproportionate amount of time doing evaluation for a small amount of funding." Trying to do this at the same time as delivering services over burdens many organizations: "We are not able to document what we are doing because we are simply too busy just doing it.

Lack of money was an almost ubiquitous concern. In some respects, the lack of capacity is exacerbated by funders because they require their projects to be evaluated, but do not provide financial support to do so. We heard concerns that:

> "How do you evaluate properly when you are required to do it but there are no resources (in the funding) allocated to evaluations?"
> "Project-based funding is not sustained, yet funders expect evaluation to be sustained.
> "Expectations are there but the resources are not. Funders don't understand what resources need to be brought forth."

The lack of expertise in terms of human resources, technology for data management, and the absence of appropriate evaluation models or tools is an important aspect of this. Relatively few voluntary organizations can afford to hire external experts, and their staff and volunteers, while perhaps capable of conducting straightforward client satisfaction surveys, often do not have the more sophisticated training necessary for full formative evaluations. Indeed, several noted a Catch-22: Staff lack expertise but the agency does not have the money for staff training. In addition, it is often difficult to get staff to buy-in because for staff who are already over-committed just with managing service delivery, evaluation is seen as an extra burden, a bureaucratic process, as something 'more' for them to do. Because it takes a long time for the benefits of formal evaluation to roll out, the staff don't see the value in it. Rather, the important feedback for staff are the day-to-day encounters with their clients.

But, it is not just having adequate staff to conduct evaluations that counts. In addition, organizations need leaders who have the vision and time to plan the nature and goals of evaluation in the first place. It appears relatively rare that boards exercise this leadership, so most of it falls to the Executive Director who is often consumed with the tasks of daily management.

A number of participants focused on the problems associated with measuring outcomes as part of the evaluation process. Some pointed out the complexity of their work and problems encountered obtaining client information. A couple of comments illustrate this point:

> "How do you define what a good outcome is. For example, if a client comes back to the group-home, it looks like a failure. But in reality, it was a pseudo-success because it was the longest that they managed to be on their own."
> "[We need] to inform funders that there is a gulf between what agencies do and what outcomes are. For example, we can pass out 300 condoms but we can't show how many [prostitutes] use them and if it reduces STDs. Also, passing out a condom is more than just that; it mean making a connection with a prostitute [which is] a qualitative outcome"
> "How do you know that what you are doing is making the difference? For example, you may conclude that assertiveness training for sex offenders keeps them from recommitting; instead you find out that it was simply the continuous contact with a case worker that impacted them the most."

Perceptions About The Role that Funders Play

Representatives of voluntary organizations appear to believe that many of the difficulties they are experiencing with externally mandated evaluation can be attributed to funders. With respect to funder-based difficulties, participants reported that:

- funders are not knowledgeable about the specifics of non-profit organizations and lack understanding of the complexity of the work they do;
- funders have unreasonable expectations and do not appear to appreciate the time and effort required to comply with reporting requirement;
- funders often do not provide enough resources to help organizations meet the demands they place upon them;
- expectations regarding program evaluation differ from one funder to another;
- the language used by funders with regards to evaluation is not always clear and varies from funder to funder, and;
- being required to prepare separate reports for different funders when more than one funder is supporting a project poses a burden.

> "Funders do not understand the complexity of the work that agencies do. They expect agencies to provide information on the impact of their work -- sometimes this cannot be done. For example, how do you measure the impact of an art exhibit?"

> "There is an inconsistency in the language used: funders change the terminology; first they ask for goals, then objectives, and then benchmarks"

Skepticism About the Use of Evaluation Information. In spite of an underlying understanding of the value of evaluation as a management tool, there appears to be an undercurrent of frustration with the current fashion or "fadism" of evaluation on the part of funders. In particular, there is a perception that funders do not read the evaluation information: that agencies are simply being made to 'jump through hoops.' Even among those organizations that are less cynical about evaluation and believe that the funder will make use of it, most are not clear as to how funders actually use evaluation reports to make funding decisions because these processes are not communicated to them. Finally, some participants are frustrated by having to conduct separate evaluations for funders in addition to their own internal evaluation activities. Negative attitudes about evaluation are reflected in the following types of comments:

> "Agencies can become very cynical about evaluation when they don't know how the funders will use the evaluation (will they even read it? will it be used against them?). A lot of agencies feel that funders are not very interested in the information that they are being provided with"
> "Funders require detailed output measures but nobody uses the information"
> "Evaluation can be a waste of time because we are doing one thing for the funder and another for ourselves"

As a result of their concerns about the actual use of evaluation by funders, a small number of participants indicated that they give it only perfunctory attention. For instance, we were told quite candidly that:

> "We do not take evaluation seriously, we just tell funders what they want to hear"
> "Sometimes we do evaluation just to satisfy the funder. That is, we don't get anything valuable out of the information that we are providing the funder with"
> "It's easy to manipulate data and present it in different ways. We end up with a superficial evaluation; that is, we are only doing it because funders demand it ("just give them what they want")"

Suggested Approaches for Improving Evaluations

Our ultimate goal in the broader research project is to help voluntary organizations access better evaluation resources and to develop the capacity required to make effective use of them. We, therefore, asked participants what would help them to be more effective in the area of evaluation.

Participants identified a variety of things that could help them with their evaluation activities. These can be categorized under five major themes:

1. financial support for evaluation, particularly where evaluation is mandated;
2. the provision of better evaluation tools (e.g., balancing between a generic template and customized approach);
3. assistance with training of staff (e.g., low cost or free training);
4. access to experts (e.g., low cost experts familiar with the nonprofit sector) and other human resources; and
5. help in building board leadership and constructive approaches to evaluation so that it can become part of everyday operations. This would help staff "to buy-in to evaluation; to see the purpose in it and to value it".

Some participants also suggested that there would be benefit from the creation of a clearing house or resource centre (perhaps in the form of a website) that would provide access to consultants in the community, university and college faculty and students. It could offer models of "best practices" and evaluation tools for specific types of populations and programs.

Evaluation tools need to strike a balance between a generic template and a customized approach. Participants understand some of the commonalities of evaluation and, indicated that adaptable generic frameworks, evaluation models and software packages would be helpful. But, they are rightly resistant to the one-size fits all or the importation of popular templates from the private sector, such as balanced scorecards and other commercial evaluation packages. What many indicated they need are tools that are appropriate for and do not marginalize the specific population whom they serve and that address some of the complexities of their programs.

In terms of training, agencies would like to see free or low cost training in evaluation made available to the nonprofit sector. In particular, they would like this training to be community-based, tailored to the needs of the sector rather than imported from private sector and government models, and participatory-based. Furthermore, it is important for them that evaluation training is provided on an on-going basis "because staff turn over quite a bit in the sector." As participants noted sdome of the areas in which they would like to be trained are:

> "deciding what outcomes we are trying to achieve;"
> "thinking through the entire evaluation process;"
> "helping us to understand how to apply evaluation models/information to our own agencies," and;
> "structuring evaluation questions so that we don't only get positive feedback from clients."

Human resources include MIS specialists and evaluation experts who understand the community, and could be made available either at a reasonable cost or on a pro bono basis. The downside of consultants, however, is that often it takes a great deal of time to educate them in the nature of the organization and its programs before they can even begin work. As one participant, who lives outside of Toronto, noted: "We need locals – who live in and understand the community – to be doing evaluation. We don't want to spend time and money to get 'Toronto' evaluators up to speed on the context of our community." In addition, access to students on co-op or other kinds of placements who can be mentored and trained to become knowledgeable in evaluation, and who might seek careers in the nonprofit sector, were identified as a possible valuable addition.

Participants recognize that even with abundant training and access to expertise, evaluations may never become firmly rooted in the culture and day-to-day operations of community agencies if staff do not buy into the process and if they do not understand or see the value in evaluation. Agencies indicated that they need help building evaluation into their infrastructure and incorporating it into their everyday work:

> "We need evaluation terminology demystified"
> "We need help in getting staff to buy-in to evaluation; to see the purpose of it and to value it (staff aren't against doing it but they see it as taking away from their time to deliver services)"

Some of the resources could be provided by partnership with other voluntary sector organizations, and universities could do much more to bring expertise, tools and student assistance to community agencies. In particular, the creation of a clearing house or resource centre (perhaps in the form of a website) that would provides access to consultants in the community, university and college faculty and students, and that would offer models of "best practices" and evaluation tools for specific types of populations and programs was noted consistently as a useful addition to their resources.

A key role, however, rests with funders in cultivating a landscape in which good evaluation practices can take root. On the role of funders, voluntary organizations had very specific and consistent ideas about how they could help. Participants suggested that funders should:

1) Have more realistic expectations about what organizations can provide. In order to do this funders must know more about the agencies they are funding in terms of how they work, who they serve and what kinds of programs they deliver. (as one participant noted "Funders need to complete the partnership. They should go beyond writing out a cheque. If they were more aware of what the agency does, this would feed into funders asking more relevant evaluation questions.");
2) Provide clearer communications about their expectations and frameworks at the start of the funding process;
3) Help organizations to develop better evaluation frameworks, models and indicators, particularly when outcome measures are sought;
4) Provide financial assistance to support evaluation, appropriate to the size of the project funded;
5) Streamline and coordinate among themselves what kinds of evaluation and reporting is demanded in order to achieve greater standardization of core information and reduce the administrative burden of reporting. Simply sharing good practices developed by other funded organizations would be a good start. (As we heard from one participant, "funders get to see all of the evaluations. They should connect agencies who aren't well-

connected so that they can learn from other agencies' successes and failures." and;

6) Provide better communication to organizations about how evaluation information will be used. Voluntary organizations want to know whether their evaluations were reviewed at all and how evaluation results are used in making funding decisions. In particular, funders need to be clearer about the consequences of evaluations which show that programs do not work: will this result in the cessation of funding? Many voluntary organizations indicated that they fear the consequences or get the sense that funders only want good news stories for their own PR purposes, and thus tend to err on the side of positive evaluation results.

Good evaluation is a shared responsibility and the general perception is that, in riding the current wave of accountability, funders have not been meeting their responsibilities to support and communicate with the agencies they fund to promote better practices. The sense is that funders are contributing to making evaluation more onerous by their demands for more and for more sophisticated evaluations without providing the requisite capacity building to achieve this. As we clearly heard in the discussions, funders need to review their own processes and practices. Do they share these concerns? In the next section, we turn to funders' perspectives

Funders' Perspectives

One goal of the VSERP is to engage funders in an ongoing dialogue with voluntary organizations in order to work collaboratively toward enhancing practices on both sides. Most of the issues that we examined in our focus groups with representatives of voluntary were also explored in focus groups that we conducted with representatives of funders. In each community where we conducted a focus group with representatives of voluntary organizations we conducted a separate, but parallel focus group with representatives of funders. Four types of funders participated in the goups: private foundations, community foundations, United Ways, and governments at all three levels.

Expectations and Practices

The general perception in the literature, reinforced by what most voluntary organizations told us, is that funder expectations about evaluation have shifted significantly in recent years in the direction of demanding more outcome measurement. Most funders in our study indicated that evaluation was becoming an essential part of the funding process with voluntary organizations. Funders were clear that there is no such thing as 'entitlement' anymore, and it is not enough anymore to hear "we good do work." In contrast to what many community agencies appear to perceive, funders indicated that they are doing the same types of evaluations themselves in order to be accountable to their own boards and donors, and thus see that it is entirely reasonable to engage the fundees in a similar process.

Accompanying increasing expectations for evaluation appears to be a trend towards more formal evaluations with outcome measurement being a big part of this.

> "In the past, we didn't expect a lot (e.g., year-end report). Now we're moving towards using outcomes measurement."

> "We have more discipline to ask the question 'so what?' So what if 500 people attended? Did the agency DO anything?"

This pressure for better and more extensive evaluation is part of a broader movement toward performance accountability that has swept not only the voluntary but the public sector as well (and the private sector to a lesser extent). Funders were explicit that the factors that are driving them to demand greater accountability are the same factors that are driving voluntary organizations to chose to do more evaluations: that donors and the public expect the agency, be it the funding agency or service delivery agency, to be and show that they are accountable for how they spend money and for what they do.

For most funders the increased demand for evaluation is not being driven just by self-interest in pleasing their own donors (or taxpayers), but in a sense that through their pressures for accountability they could "raise the bar" in the voluntary sector and help to maintain public trust in it more generally. They believe that, partly through the efforts of funders, voluntary agencies with good accountability practices help to make other agencies even more accountable. That is, agencies are aware what other agencies are doing and getting by way of funding. So, there is pressure among agencies to spend money responsibly and to do things right.

> "If one agency screws up, it can blemish the whole sector through the media exposure of scandal. All agencies are watchdogs for each other and they are much more transparent."

Although many participants in these sessions acknowledged the wave-like proportions of the accountability movement, many also noted that they see the present as a developmental phases in bringing major changes in practices to the voluntary sector. Like the agencies they support, they too are trying to figure out if the programs they fund strengthen the sector, but that this requires appreciation of the complexities of evaluation and the demands upon the organizations they fund. And, it takes a certain degree of patience. As one funder noted:

> "We are more patient with agencies, more comfortable with leaving things fuzzy. We are learning to be less uptight about expecting things too soon."

Thus, it is a time of reassessment of the traditional ways in which funders have done things:

> "Some funders have been funding programs because it was a good idea 50 years ago. Maybe there is a better way to provide these services; maybe different people should be providing the services."

The Types of Evaluation Required. Funder expectations with respect to the evaluation information required from voluntary organizations varies from informal and simple to formal and complex. Often times, expectations appear to be based on the size of the funding to be received and on the size of the organization. In fact, sometimes, funders reported, they don't require any evaluation at all (but this is an exception – not the rule). Their expectations may also vary with the size of the agency they are funding or the nature of the relationship they have with it. Some of the particular reasons for a light touch in evaluation include:

> "If we don't expect to make a difference, then we don't ask for evaluation (e.g., buying a computer for an agency)."
> "Sometimes we fund just because it's the right thing to do (so don't demand evaluation or accountability). We take a leap of faith."
> "If we have a history of funding the agency, we don't ask for a lot of evaluation."
> "We temper evaluation with the size of the contract. We try to keep the evaluation requests down for small NGOs."

Some funders also indicated that they prefer to evaluate agencies themselves (through site visits for example) or by bringing in a third party to evaluate, rather than ask for written reports. Those that live in smaller communities may also find it easier to do the evaluations themselves because they are 'close to the players involved.'

Many funders refer to vetting grant proposals as 'pre-evaluation' and sometimes, this may be the only evaluation they require. Government funders appear to have greater expectations for up-front assessments, as part of the allocation procedure and their desire to have a paper-based accountability trail from beginning to end. Sometimes, this involves asking agencies to define outcomes at the application stage.

The participants outlined three different types of evaluation that they may expect an organization to undertake: 1) project evaluation, 2) process evaluation which pertains to the mechanics of the organization or the organization's programs and services, and 3) self-evaluation of the agency. Both quantitative (e.g., cost per client) and qualitative information (e.g., client satisfaction) are often required of voluntary organizations, according to our participants. Funders report being interested in receiving information about such things as: the long term goals of agencies as well as their short-term performance; the expected outcomes for the project/program; whether the goals of the agency were met; outcomes; as well as the cost-effectiveness and cost-efficiency of programs. Evaluation information may be obtained through reports on program achievements, financial statements, annual reports, up-dates on activities and sustainability of programs/projects, as well as progress and final reports.

We heard the complaint from voluntary organizations that many funders do not make their expectations regarding evaluation explicit and, when explicit, that these expectations are often not very realistic. Funders have quite a different perception, however. Most funders in our groups noted that they are very explicit about the kinds of evaluation information they expect from agencies. Typically, expectations are set out during the application process, they are generally documented and set out in contracts, and often, funders try to work with the agencies in deciding on the types of information they would like to be provided with. Also, a number of funders indicated that they were explicitly cautious about setting their expectations too high. They try to slowly introduce their evaluation expectations and try to have their expectations match the amount of funding they are providing the agencies with.

Support for Evaluation. Many voluntary organizations have an asymmetrical and ambivalent relationship with funders since they are dependent upon them for support and sense the power that funders can exercise over them, sometimes in ways that seem arbitrary or that do not appreciate the challenges that they face. In contrast, most of the funders in our discussions indicated that they are cognizant of the pressures faced by voluntary organizations and that in helping them meet the growing demands for evaluation, they try to work with agencies rather than let them struggle with the complexities of evaluation on their own. Some of the specific kinds of support offered include:

- staff support to discuss evaluation with agencies;
- funding for organizational development;
- money for student internships and research projects (which may or may not be relevant to program evaluation);
- top-up money (usually 5 to 15 percent) on project funding for evaluation, and;
- analytical support for thinking through what outcomes agencies want to measure.

How Evaluation Information is Used. Funders indicated that they use evaluation information in a variety of ways:

- To make funding allocation decisions;
- As an accountability mechanism to make sure agencies are fulfilling their obligations;
- To make sure that the needs of the community are being met;
- To improve upon programs and services; and
- For funders to be able to aid agencies with their program evaluation strategies.

Some funders also admitted that information collected through the evaluation efforts of voluntary organizations is not always read or used. These funders pointed to a number of reasons for this including: lack of capacity in their own organization to review the information; the view that information reported by organizations are often biased (i.e., they are too positive), or because the information is not what was asked for.

Satisfaction with Evaluation Activities. Most of the funder participants in our focus groups were reasonably satisfied with the evaluation information that agencies provide. Having said this, it is worth noting that they aren't always satisfied. In the situations where they were not satisfied, however, they often did not blame the voluntary organization. Rather, funders appear to recognize the limitations faced by voluntary organizations such as lack of capacity to undertake rigorous evaluation and can see how easy it is for organizations to consider evaluation to be a lower priority than delivering services. There is also recognition that organizations are having to "catch-up" to changing norms. Finally, many funders see themselves as partly responsible for the quality of evaluation information being brought forth and acknowledge that there are steps they could take to help improve this information.

Perceived Strengths, Barriers and Difficulties of Voluntary Organizations

Funders were quick to recognize the strengths that voluntary organizations have in evaluating their work. There was a strong consensus that organizations have a good attitude towards evaluation and that they often have appropriate skills and experience to conduct high quality evaluations. Many funders also appreciated how close organizations are to their work and how they are very accomplished at communicating qualitative data (e.g., client testimonials).

Many funders appeared to admire the passion with which organizations engage in evaluation. However, it was also recognized that there can be a weakness in this kind of passion because organizations sometimes do not see a need for accountability or evaluation:

> "We hear agencies say 'we see every day the good that we are doing so we don't need to evaluate.'"

In terms of evaluation methodology, funders see voluntary organizations as being particularly good at providing anecdotal evidence (which complements quantitative evaluation) and there is real power in their human stories. The flipside of this is that they may not be able to take a step back and be objective about the programs.

Funders appear to realize that community agencies encounter numerous barriers in conducting evaluations of their work. These barriers can be classified into those that are funder-based and those that are organization-based. However, the distinction between these two types of barriers is not clear-cut (e.g., the case of lack of staff skills could be attributed to both the lack of available funding for staff development and the lack of action of voluntary organizations in this area).

Funders recognize the same kinds of problems with their own conduct that voluntary organizations identified. Examples of some of the funder induced barriers include:

- differing expectations across different funders which forces agencies have to struggle to keep up with evaluation demands;
- a lack of coordination among funders who are funding the same project;
- multifunders who work on different fiscal years;
- a lack of clarity from funders about expectations;

- unfair expectations from funders, and;
- creating the fear that funding will be cut based on reported outcomes.

Some of the limitations to effective evaluation practices that funders identified as being inherent in organizations themselves include:

- a lack of capacity ("We see a lot of overextended agencies -- trying to pick up 10% of their revenue here and 10% there, and losing their core being in the process.");
- lack of technical knowledge, skills, technology and training;
- the absence of evaluation tools;
- weak administrative and research skills;
- the tendency to work in isolation without strong relationships with other organizations in the same field; and,
- the difficulty in measuring outcomes. (as one representative of a foundation noted, "We know that it's difficult for some agencies to measure what they do. For example, how does an agency measure 'instilling hope'?") .

Perhaps the most significant impediment is a lack of capacity. Funders identified the same problems with time and resources that voluntary organizations identified. Funders also acknowledge that, "expectations are out of sight." Many agencies are too busying delivering services to take on the kind of evaluation expected of them without a significant injection of new human and financial resources.

Capacity issues may be more of a problem in rural areas where there is less access to external experts and the shared experience of other agencies. It is also unfair to hold small communities up to the same standard as the rest of the country. "If 4 people attend a workshop in a small community, it is considered to be a success. But when this gets compared to 20 people showing up to a workshop in a major city, the agencies look like they have done an inadequate job (how does an evaluation accurately reflect these differences?)"

The final barrier that was perceived by many funders is the lack of "buy-in" to the need and value of evaluation. As one participant noted:

> "We know that agencies are referring to evaluation as the 'flavour of the month' and that staff are grumbling. Agencies have to rethink evaluation in terms of qualitative outcomes. Some agencies see it as an opportunity to think about what they do (but others say "give me the money and I'll do what you want"). Other agencies say "why don't you trust us to do what we've been doing for years?"

Funders take some responsibility for agencies' lack of buy-in to evaluation, however. Many noted that funders cannot expect people to commit enthusiastically to mandated evaluation unless adequate resources are provided to support it.

Suggestions for Improving Evaluation Efforts

The perceptions of funders regarding initiatives that could improve evaluation efforts and enable more effective use to be made of it by both organizations and funders are largely congruent with those of voluntary organizations. What is required is to demystify evaluation and clarify terminology; provide better tools, financial, human and technology resources; and to help the leadership of organizations appreciate the value of evaluation as a strategic management tool. Partnerships with other agencies to share best practices and alliances with universities and colleges to develop expertise were noted as useful means to address some of the deficits in evaluation. Of particular interest to this study is what funders themselves think that their potential roles and responsibilities should be in this.

Funders put forth many ideas about how they can help community agencies overcome barriers to conducting evaluations. Many of these ideas involve opening up the lines of communication between funders and the agencies that they support. Funders also recognize that a large part of helping agencies is being aware of the agencies' limitations and modifying their evaluation expectations appropriately. The majority of funders believe that if agencies lack the capacity to carry-out evaluations, then there are things they can do to help them out (e.g., making their expectations clear and directing them to evaluation resources). Some of these involve attempting to change attitudes toward evaluation. For instance, representatives of funding agencies told us:

> "We shouldn't force agencies to do evaluation; rather, get them to buy into it as something that is useful/practical for them to use to improve their programs and services."

> "[We need to] develop a common definition around evaluation (what constitutes monitoring, reviewing, or evaluation)"

> "Demystify evaluation. Fundees shouldn't just do it because it's required of them but because it's an important tool for them to have. Funders should get them past police scare and the feeling that they are being monitored to the point where they realize the value in it (instrument of learning and continuous improvement). Have to get past the culture/attitudinal block."

Other ways to help organizations simply involve more direct communication about what is expected and how evaluation is being used. What is evident from the comments we heard is that funders seldom have or have created opportunities for an extended dialogue with the organizations they fund. This was expressed as a recurring theme in the following comments:

> "Funders need to take on more responsibility and increase the dialogue between funders and agencies."

> "Bring agencies and funders together for a conversation. But, if there is a power dynamic, there is value for a third party role in this exercise."
>
> "Funders can be more of a support. If the essence of the program is good, then funders can get involved in the development of that. We can assist in creation of proposals."
>
> "Help agencies plan evaluation up-front and interpret outcome information."
>
> "Teach them how to shop around for the right evaluation process for their agency."

Funders also indicated a need to:

- increase flexibility to accommodate individual voluntary organization realities (e.g., by allowing evaluations based on an agencies program cycle rather than the funder's fiscal year);
- provide financial support to develop voluntary organization expertise rather than bringing in consultants or sponsoring one-off ("the expert in a day") kinds of training;
- coordinate to reduce the demands placed on voluntary organizations. (e.g., as one funder observed "Why should agencies have to slice evaluation in as many ways as there are funders?");
- reduce the administrative burden in multi-funded projects by standardizing the core aspects of information that each funder requires or be allowing organizations to submit reports that have already been submitted to other funders;
- improve networking and build relationships among funders. (There was apparent isolation among many funders, particularly government funders from foundation, A number of participants indicated that funders had often promised to network more effectively, but that this has not happened.), and;
- provide financial support for evaluation.

None of the recommendations from funders would come as a surprise to voluntary organizations. Indeed it is evident from our discussions with them that all of these approaches would be wholeheartedly endorsed and accepted.

Conclusion

These initial results from our three-year action research initiative to improve the capacity of Canadian nonprofit organizations to evaluate their work and communicate their effectiveness to their funders, stakeholders and the public provide new insights into the evaluation practices of voluntary organizations and the challenges they face. Our findings also suggest a variety of approaches for improving the evaluation research capacity of voluntary organizations.

Our analysis reveals that many voluntary organizations are engaging in parallel sets of evaluation activities. Many report conducting their own internal evaluation as a means of better understanding the strengths and weaknesses of their programs and services. In addition, many undertake evaluation in response to the demands of funders. However, these externally driven evaluations appear to be conducted, in the main, apart from their own internal evaluation. Although many voluntary organizations expressed a positive attitude about the role of evaluation, they also identified a number of problems. These include: the need to respond to differing evaluation expectations of multiple funders; the lack of capacity to undertake evaluation (including the lack of financial resources and training); and the lack of clear direction from funders regarding the evaluations they are expected to conduct.

Organizations vary with regard to the extent to which they are undertaking or considering undertaking evaluation that is outcome-oriented and this appears to reflect different expectations of funders in the various communities. Indeed, there is a considerable backlash to the current push for outcome measurement, in part because it is difficult to collect and in part due to a sense that what can be collected may not be particularly meaningful.

In some groups, participants expressed suspicion that the information they are providing to funders is not being used for any purpose other than to fulfill mandated reporting requirements. There is a fear that evaluations which do not show positive results will result in loss of funding, and thus may tend to "accentuate the positive."

Funders identified several concerns regarding their demands for and use of evaluation. First, a number indicated that they are struggling to determine what evaluation approaches are most appropriate for their needs, particularly in the area of outcomes research. In addition, it is clear that many lack the capacity to act upon the information being collected from organizations as part of the evaluation process. Funders also recognize a number of challenges nonprofit organizations face in conducting evaluation, notably lack of resources and training, and challenges inherent to the type of work organizations do and the outcomes they measure. Some funders are aware that organizations are faced with multiple demands for evaluation, but so far are insufficiently coordinated as a group to change this.

These tentative results point to a need for much better communication and clarification of expectations between funders and voluntary organizations. Funders need to get their own act together through discussion and coordination among funders to make their multiple demands more manageable and more consistent. The recent creation of Private Foundations Canada, an association of most of the private foundations in the country, might go a long way to enhancing coordination, but there will remain a need to bridge the gulf between private foundations and governments. The research also suggests that there is a serious lack of capacity, not only among voluntary organizations, but among funders as well. Consequently, they often do not use evaluation very effectively, if at all, in making allocation decisions or in helping agencies improve their programs. While increased demands for evaluation as part of a broader movement of accountability has imposed real resource costs on community agencies, the sense that the products of this work are not being used by funders has instilled a considerable sense of cynicism about this process. Nevertheless, voluntary organizations realize that they need to do evaluation not just to please funders, but for their own strategic decision-making. Here is where the lack of capacity and the absence of strong board leadership to motivate and direct this process is felt most acutely.

Although the focus groups have provided a good preliminary picture of the nature of evaluation practices in Canada, the next step will be to fill it in with more detailed work. In particular, it is important to determine the generalizability of our findings, which are based on focus groups conducted in ten communities. The results from this stage of the research will be tested via a national survey of voluntary organizations and funders. We will then report back the results of the survey and the focus groups to our original focus group participants and seek their advice on how to begin to help develop the evaluation capacity of voluntary organizations. Based on the results of this second stage of consultations we will then develop, institute, and pilot-test a variety of capacity-building tools and strategies to assist voluntary organizations with their evaluation efforts.

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Footnotes

[1] The project's co-directors are Michael Hall, Vice-President, Research at the Canadian Centre for Philanthropy and Susan Phillips, Associate Professor, School of Public Administration, Carleton University

[2] These communities are: St. John's, Halifax, Whitehorse, Victoria, Calgary, Red Deer, Saskatoon, Winnipeg, Ottawa, and Toronto. The moderator for all sessions was Dr. Michael Hall, Vice-President, Research at the Canadian Centre for Philanthropy. Any questions regarding this component of the research can be directed to Dr. Hall at (416) 597-2293, ext. 226.