The Limits of Nonprofit Impact:

A Contingency Framework for Measuring Social Performance

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Working Paper

10-099
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ABSTRACT

Leaders of organizations in the social sector are under growing pressure to demonstrate their impacts on pressing societal problems such as global poverty. We review the debates around performance and impact, drawing on three literatures: strategic philanthropy, nonprofit management, and international development. We then develop a contingency framework for measuring results, suggesting that some organizations should measure long-term impacts, while others should focus on shorter-term outputs and outcomes. In closing, we discuss the implications of our analysis for future research on performance management.

Key words: performance measurement, impact, nonprofit management, social enterprise, philanthropy, accountability, management control systems.
INTRODUCTION

The world of nonprofit organizations, philanthropy, and social enterprise has been preoccupied with two powerful mantras in recent years. Since the early 1990s, the refrain of “accountability” has been ascendant, with demands from funders, taxpayers, and concerned citizens and clients for nonprofits to be more transparent about their fundraising and spending, how they are governed, and what they have achieved with the resources entrusted to them (Ebrahim & Weisband, 2007; Gibelman & Gelman, 2001; 2008; Kearns, 1996; Panel on the Nonprofit Sector, 2005, 2007; Young, Bania, & Bailey, 1996). A more recent manifestation of this discourse has centered on the mantra of “impact,” or demonstrating results in addressing complex social problems such as poverty and inequality (Brest & Harvey, 2008; Crutchfield & Grant, 2008; Monitor Institute, 2009; Paton, 2003). This attention to impact, following on the heels of accountability, is driven both by funders who want to know whether their funds are making a difference or might be better spent elsewhere, as well as by committed nonprofit leaders and social entrepreneurs looking for solutions to pressing societal problems. It is also driven by an increasing professionalization of the sector, which has led to the emergence of common administrative norms including the use of credentialed experts such as auditors and evaluators (Hwang & Powell, 2009; Power, 1999).

In this paper we offer a critical look at the debates around impact and their implications for performance management in nonprofit organizations. What kinds of performance metrics do nonprofit managers need in order to assess impact? What are some examples of good practice and innovation in the field? What are the implications for new research and management theory on the social sector? Although the term impact has become part of the everyday lexicon on nonprofits and philanthropy in recent years, with frequent references to “high-impact nonprofits”
or “impact philanthropy,” it has not been consistently defined. Borrowing from an established literature in international development and evaluation, we use the term to refer to “significant or lasting changes in people’s lives, brought about by a given action or series of actions” (Roche, 1999: 21). Many definitions of impact refer to a logic chain of results in which organizational inputs and activities lead to a series of outputs, outcomes, and ultimately to a set of societal impacts. More recently, the term has also come to be associated with results that target the “root causes” of a social problem (Crutchfield & Grant, 2008: 24). We lay out our understanding of these distinctions in a basic logic model in Table 1.

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Insert Table 1 about here

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The social sector is in the midst of a search for metrics of impact. Our contribution in this paper is to provide a synthesis of the current debates and, in so doing, to offer a typology and contingency framework for measuring social performance. Our contingency approach suggests that — given the varied work, aims, and capacities of social sector organizations — some organizations should be measuring long-term impacts, while others should stick to measuring shorter-term results. We offer a logic for determining which kinds of measures are appropriate, as driven by the mission and goals of the organization.

The implications for theory building are significant. This work aims to contribute to two bodies of knowledge in the social sector: performance measurement and management control systems. Most models of performance in the for-profit sector are driven by measures of profit or shareholder wealth, typically captured in profitability ratios such as profit margin, return on assets, and return on equity, as well as other ratios for publicly traded companies such as price-
to-earnings or earnings per share. These measures may be supported by non-financial measures such as key performance indicators (KPIs) or balanced scorecards that include metrics on customers, internal processes, and learning and growth (Kaplan, 2001; Kaplan & Norton, 1996). In the social sector, financial ratios are no doubt important (e.g., the profit margin becomes a measure of surplus that can be used to support future activities rather than dividends to shareholders), but they vary widely depending on industry (Anthony & Young, 2004) and are increasingly being questioned in terms of their helpfulness, even by nonprofit ratings agencies (Philanthropy Action, 2009). And they fall far short of meeting the needs of mission-based performance, given that financial performance is often a means rather than an end to social sector activity.

Our normative argument is that it is not feasible, or even desirable, for all organizations to develop metrics at all levels on the logic chain. The more important challenge is one of alignment: building systems and structures for measurement that support the achievement of organizational mission, especially the goals that an organization can reasonably control or influence. We contend that organizational efforts extending beyond this scope are a misallocation of scarce resources.

Like the literature on performance measurement, research on management control systems in the social sector is at an early stage of development. In the for-profit sector, there is an established body of knowledge that links key elements of management control to business strategy, most notably on financial management (Anthony & Young, 2002), levers of control available to managers (Simons, 1995), balanced scorecards and strategy maps (Kaplan & Norton, 1996, 2004), performance rewards (Epstein & Manzoni, 2008), aspiration levels (Greve, 2003), as well as on incentives including personnel and cultural controls (Bruns Jr., 1992; Merchant &
Van der Stede, 2007; Meyer, 2002). This paper begins to address this gap in knowledge in the social sector, and suggests an agenda for research that will be essential to pursue if management theory is to be relevant to the measurement and control challenges facing social sector organizations.

The paper is divided into three main sections. First, we take a look at the debates around performance and impact in nonprofits, drawing on a range of literature. These debates are centered largely in practitioner communities and have received little scholarly attention. Second, we articulate a contingency framework for measuring social performance. We hope this framework will be helpful to professionals in the social sector in critically differentiating among the types of results they can and should measure. We discuss the implications of our analysis for nonprofit leaders and their funders. And finally, we explore the implications of this work for further research and theory development on performance measurement and management control systems.

THREE LITERATURES AND DEBATES

ON PERFORMANCE MEASUREMENT AND IMPACT

Debates on measuring outcomes and impacts are playing out in three arenas that we discuss below: in private foundations aiming to be more strategic about their philanthropy; in U.S. nonprofit organizations in response to pressures from foundations and government; and, among international development organizations such as bilateral government agencies and nongovernmental organizations (NGOs) seeking to improve development effectiveness. The pressures to demonstrate impact are likely to increase across all of these players in times of
economic crisis, as public and private resources diminish and as competition for existing resources heightens.

There are a couple of caveats to our review of the debates. First, much of the literature on this topic in the social sector is under-theorized and in need of conceptual framing. As a result, the bulk of the material we cite is not from academic journals; instead, it is taken directly from practice — from influential think tanks, government agencies, and funding organizations — that are shaping the terms of the debate on social performance. The academic literature in nonprofit studies, philanthropy, and management lags behind in providing theoretical and analytical insights to this burgeoning field. Second, because of the vastness and diversity of the social sector, we focus our discussion on organizations working broadly in the field of poverty alleviation. This field is wide but well-established, with an increasingly coherent set of debates on performance measurement. And third, while there are many conceptual overlaps across the three literatures discussed below, we introduce them separately in order to capture them as distinct communities of practice that are only now beginning to interact. We bring together key cross-cutting themes about measurement in the subsequent discussion.

Private Foundations: Strategic Philanthropy

Impact measurement debates have taken center-stage in the world of U.S. private philanthropy, as foundations place renewed emphasis on measuring the impacts of their grantmaking and thinking more strategically about their giving (Frumkin, 2006; Porter & Kramer, 1999). A number of relatively young entrants to the funding field — The Bill and Melinda Gates Foundation, Robin Hood Foundation, and Acumen Fund, to name just a few of the more visible players — have advocated an explicit emphasis on measurement (Alliance,
2009; Trelstad, 2008; Weinstein, 2009). Leadership changes at more established institutions, such as the Ford Foundation, have also been accompanied by new attention to metrics. The basic issues and motivation are captured by Paul Brest and Hal Harvey, the presidents, respectively, of The William and Flora Hewlett Foundation and the ClimateWorks Foundation:

[A]ccomplishing philanthropic goals requires having great clarity about what those goals are and specifying indicators of success before beginning a philanthropic project. It requires designing and then implementing a plan commensurate with the resources committed to it. This, in turn, requires an empirical, evidence-based understanding of the external world in which the plan will operate. And it requires attending carefully to milestones to determine whether you are on the path to success with a keen eye for signals that call for midcourse corrections. These factors are the necessary parts of what we regard as the essential core of strategic philanthropy—the concern with impact. (Brest & Harvey, 2008: 7, emphasis in the original)

This core concern with impact has fueled efforts to quantify it in order to allocate funding among competing possibilities — what Brest and Harvey have called “impact on steroids.” But according to some observers, foundations have a mixed record in using measurement and evaluations. In an analysis of evaluation methods used by philanthropic foundations from the early 1970s onwards, nonprofit historian Peter Dobkin Hall has argued that such evaluations lack rigor, and that key decision makers are often indifferent to the findings (Hall, 2005: 33). Others have suggested that philanthropic giving is often motivated by expressive interests of donors and not necessarily by evidence of what works and what doesn’t (Frumkin, 2006).

It is an empirical question whether the new push towards measurement of impact will be any different. What is apparent is the emergence, over the past decade, of a range of tools and approaches to measuring social value creation, such as the pioneering work on social return on
investment carried out by REDF (formerly The Roberts Enterprise Development Fund), Acumen Fund’s best available charitable option (BACO) methodology, Robin Hood Foundation’s benefit-cost ratios, and several other related approaches (Kramer, 2005; Tuan, 2008). Table 2 provides a listing of these methodologies, along with many others discussed below. These methodologies are influenced by concepts from the business world, particularly notions of internal rate of return or expected return. They rely on numerous assumptions: what to measure, how to quantify the benefits and costs of an intervention, and how much of any impact can be attributed to the investment made by the funder. A key challenge in such quantification and attribution lies in addressing the thorny issue of causality: impacts are likely to be affected by multiple factors and actors, and that attribution may be possible in some interventions such as in the provision of shelter, food, and job training, but much less likely in complex programs such as those targeting civil and human rights.

Proponents of such quantification readily acknowledge these problems, arguing instead that it is the discipline of assessment that matters rather than the actual numbers, pressing one to clarify goals, to be explicit about assumptions, and to consider risks and limitations. For example, in an effort to invite dialogue and critique from their peers, Acumen Fund and the Robin Hood Foundation have explicitly documented their metrics methodologies. They argue that all funders necessarily rank order potential grants or investments anyways, but that quantitative methodologies make the decision process more transparent and accountable, without which the basis for grant allocation “remains opaque and, therefore, largely beyond effective
challenge” (Weinstein, 2009: 23). They also worry about the misuse of metrics, warning that a culture of measurement matters more than systems, that information should not be confused with judgment, and that it is sometimes more feasible to focus on metrics of outputs and immediate outcomes rather than longer term outcomes or impacts (Trelstad, 2008: 112-114). This last point, on whether to focus on outputs or outcomes, is highly contested, with very few actors pushing back on the tide to measure outcomes and impacts.

Many foundations continue to struggle with how to integrate a range of measurement approaches into their decision making. A 2007 survey of emerging approaches to evaluation in philanthropy found that there has been a “pronounced shift from the use of evaluation to measure the impact of past grants and toward a more timely and pragmatic process of gathering forward-looking information that will enable both grantors and grantees to make ongoing improvements in their work” (Kramer, Graves, Hirschhorn, & Fiske, 2007: 5). The report finds this tension to be fairly common in foundations, motivated on one hand by a need to identify the long-term outcomes and impacts of past projects, while also seeking more flexible and timely sources of data to help with present performance.

At the same time, two broader dilemmas remain. First, the growing emphasis on quantifiable metrics raises an old concern that has long plagued the social sector — could this emphasis bias foundation grant-making in favor of work that can readily be measured, such as delivery of services in education or healthcare, at the expense of work where the outcomes are harder to measure, such as in policy advocacy, democratization, or civil rights? And second, the new measurement approaches are oriented primarily towards assessing the performance of grantees and selecting among them to get more bang for the buck. They do little to assess the
performance of foundations themselves, particularly when having an impact might require strategic coordination among grantees and other foundations, rather than atomized investments.

The challenges for management theory are closely tied to these practical dilemmas. First, there is a need to better conceptualize various types of performance and what kinds of metrics might be useful to managers — not only for assessing what they have achieved, but also for motivating continuous improvement. Second, management theory can lend insight to the problem of results aggregation and benchmarking. Because every nonprofit approaches a social problem in its own way, how are institutional funders and individual donors to select among nonprofit organizations to support, or to assess the cumulative impacts of their work? This challenge is not simply about measurement but is also about strategy.

**Nonprofit Organizations in the United States: Outcome Measurement**

Within the U.S. nonprofit sector, there has been increasing attention to questions of impact, partly in response to the basic challenge from donors, trustees, regulators and taxpayers: “Can you prove that you are making a difference?” There has been a steady shift over the past two decades among nonprofits to try to measure performance at all levels on the logic chain: from inputs, activities and outputs that are under their direct control, to measuring the broader outcomes and impacts of their work.

A key proponent of outcome measurement in the United States, since the early 1990s, has been the United Way of America. It was one of the first national agencies to ask members of its network to distinguish between outputs and outcomes, supported by a series of resources designed to assist agencies in outcome measurement. Based on a survey it conducted of 391 agencies in 2000, the United Way noted that an overwhelming proportion of its partner
organizations found outcome measurement useful for communicating results and identifying effective practices (84-88%), as well as for helping to improve service delivery of programs (76%). But the results were not all positive: a significant number also reported that implementing outcome measurement has led to a focus on measurable outcomes at the expense of other important results (46%), has overloaded the organization’s record-keeping capacity (55%), and that there remains uncertainty about how to make program changes based on identified strengths and weaknesses (42%) (United Way of America, 2000).

At the same time, nonprofits are under increasing governmental scrutiny to demonstrate impact and improve accountability to the public. The Government Performance and Results Act of 1993 led many state agencies to develop milestones and adopt performance-based contracts with service providers, including nonprofit agencies, as part of broader efforts to “reinvent government” (Behn, 2001; Poister, 2003: xv). In a report to the U.S. Congress, and motivated by concerns raised by the U.S. Senate Finance Committee in the wake of Sarbanes Oxley legislation, the independent Panel on the Nonprofit Sector recommended that every charitable organization should “provide more detailed information about its operations, including methods it uses to evaluate the outcomes of its programs, to the public through its annual report, website, and other means” (Panel on the Nonprofit Sector, 2005: 5, 37). At about the same time, the Urban Institute and the Center for What Works developed a common outcome framework and a series of indicators for 14 categories of nonprofits, as well as a set of tools for assisting nonprofits with outcome management (Urban Institute & Center for What Works, 2006). A broader set of performance management tools has also gained traction over the past decade, most notably the balanced scorecard, which aims to help managers better monitor performance against strategic goals by integrating a range of financial and non-financial measures (Kaplan, 2001;
Kaplan & Norton, 1996). Some nonprofit funders, such as New Profit Inc., require their portfolio organizations to use this tool as a way of thinking more systematically about performance.

The growth in attention to outcomes has also given rise to a chorus of skeptical voices, particularly from practitioners. Some have suggested that while outcome measurement appears to be “a good tool to help funders see what bang they’re getting for their buck” it runs the risk of being counterproductive in the long run, both by drawing precious resources away from services and by putting too much emphasis on outcomes for which the causal links are unclear (Glasrud, 2001: 35), thus reflecting more of an obsession with upward accountability to funders than an interest in actually finding ways of improving services and results (Torjman, 1999: 5). Case studies of 36 nonprofits conducted by the Independent Sector and the Urban Institute noted that only about half of these organizations undertook some form of data analysis to help improve programs (Morley, Vinson, & Hatry, 2001). Similarly, The James Irvine Foundation’s efforts to assist nonprofit agencies in California to improve systems for gathering and assessing data on performance outcomes concluded that “establishing these systems alone was not good enough. In the end, the project’s success had less to do with whether measurement systems were developed and more to do with whether the organizations were able to create a culture that valued the process of self-evaluation” (Hernández & Visher, 2001: 2).

To be fair, there is some evidence outcome measurement can provide significant benefits, both in terms of helping nonprofit staff to think in terms of broader impacts rather than simply in terms of outputs, and also with respect to catalyzing staff energy towards important goals (Torjman, 1999; United Way of America, 1996b). A study of thirty leading U.S. nonprofits found that measurement was most useful when nonprofits set measurable goals linked to mission (rather than trying to measure mission directly), kept measures simple and easy to communicate,
and selected measures that created a culture of accountability and common purpose in the organization, thus helping to align the work of disparate units and chapters (Sawhill & Williamson, 2001).

All of this literature points to two basic tensions confronting nonprofit managers. First, nonprofits that focus on measuring results at the front end of the logic chain (inputs and outputs) risk being seen as failing to be accountable, failing to convince funders and citizens that they are making a difference. Those that do try to demonstrate broader societal outcomes and impacts risk overreaching by taking credit for social changes beyond their actual control (Campbell, 2002). A key implication for management theory is that it will be necessary to get a better handle on this problem of control — where the long-term goals that managers have for their organizations (e.g., poverty alleviation) might be well beyond the boundaries of their organizations.

Second, for measurement to influence actual performance, it likely requires explicit staff skills and organizational capacities, ranging from analytical and research skills, to processes for quality management, benchmarking, and adaptive learning (Blumenthal, 2003; Epstein & Buhovac, 2009; Letts, Ryan, & Grossman, 1999; Light, 2004; Saul, 2004). Yet, it is these capacities that tend to be underfunded. For management scholars, these tensions point to a need for research on how to design performance measures and systems when the problem of causality arises — i.e., when the ultimate social goals of the organization (e.g., eliminating poverty in a region) is affected by multiple factors that cannot be easily disentangled. We return to these challenges in developing a contingency framework for measuring results.
International Development: Impact Evaluation and Results Aggregation

A third and more established literature on performance measurement exists in the field of international development, particularly on impact evaluation (IE), and monitoring and evaluation (M&E). The former, as the nomenclature suggests, typically refers to the assessment of end results or impacts, while the latter is oriented towards informing mid-course correction by tracking the progress of a project or program. Since the 1950s, the international development field has seen various approaches to IE and M&E come in and out of fashion, with logic models and frameworks having become ubiquitous in the past 40 years (Roche, 1999: 18-20), accompanied by the growth of a global industry of international development professionals, particularly consultants and evaluators.

The debates on measurement in international development are driven in significant part by the needs of national governments and their funders. These actors include bilateral aid agencies such as the United States Agency for International Development (USAID) or the United Kingdom’s Department for International Development (DfID) and their counterparts elsewhere, as well as by multilateral institutions such as the World Bank and various agencies of United Nations. An extensive review of the evaluation literature in development agencies found that many agencies use the term IE to refer to evaluations involving a counterfactual — what would have happened in the absence of an intervention — and consider experimental designs using randomized control trials (RCTs) to be the “gold standard” for assessing impact (Asian Development Bank, 2004; European Evaluation Society, 2007; as cited in Jones, 2009).

The RCT methodology is best known for its use in clinical field trials of new medications, where it is fairly straightforward to separate those receiving treatment from those
that do not, and where the interventions are discrete and homogenous (White, 2009). Where random selection of program beneficiaries is not possible, quasi-experimental methods are preferred, for example, by collecting data on a group that is demographically similar but did not receive the intervention. The proponents of experimental designs have argued that multilateral development banks and UN agencies already spend considerable sums on operational assessments of projects (i.e., M&E) but not nearly enough on impact evaluations, and that there is much greater need for methodological rigor in order to better understand what works and what doesn’t in development (Banerjee, 2007; Center for Global Development, 2006).

On the other hand, the rise of experimental approaches to IE has been challenged by a number of development practitioners and scholars who urge greater methodological pluralism. They contend that rigor in impact evaluation requires multiple types of comparisons and triangulation, supported by explicit linkages to theories of change and action (Chambers, Karlan, Ravallion, & Rogers, 2009; Khagram, Thomas, Lucero, & Mathes, 2009). Randomized control trials may be well suited to activities such as the provision of vaccines, conditional cash transfers to the poor, or the distribution of new seed varieties to farmers, but less appropriate for activities where a comparison group is hard to isolate such as in policy advocacy, macroeconomic policy changes, reforms in labor markets, or even some investments in infrastructure (Jones, Jones, Steer, & Datta, 2009; Prowse, 2007). Nor are they suited to examining complicated development pathways which involve multiple, interacting, and non-linear causal factors (Rogers, 2009; 2007).

The emerging literature in this arena offers new approaches to evaluation, seeking to marry methodological rigor with techniques that lend themselves to a variety of complex and non-linear contexts, and which serve both IE and M&E functions — such as case and
comparative case study designs involving the use of process tracing and structured-focused comparison (Brady & Collier, 2004; George & Bennett, 2005; Gerring, 2007), and various participatory and adaptive learning and planning approaches such as outcome mapping, constituency feedback, and most significant changes techniques, as well as complexity science and systems thinking (ActionAid International, 2006; Bonbright, Campbell, & Nguyen, 2009; Davies & Dart, 2005; Earl, Carden, & Smutylo, 2001; Guijt, 2008; Ramalingam, Jones, Reba, & Young, 2008). Some of these methods draw on recent advances in comparative case study designs that enable cautious causal inferences to be drawn while also elaborating interactive causal mechanisms and processes (Khagram et al., 2009). They are also a partial response to the Paris Declaration on Aid Effectiveness, an international agreement signed in 2005, and the Accra Agenda for Action in 2008, both of which emphasized not only the need to measure results, but to do so in a way that reflects national priorities and helps build country systems for managing development.¹ A primary contention of this new suite of evaluation approaches is that isolating causal factors and measuring impact is not enough, even in the limited circumstances when it is feasible; rather, policymakers and development managers need an integrated set of assessment methods that can help them build, refine, and adapt their interventions in real time.

There is also an emergent measurement discussion on the “aggregation” of development results. Bilateral agencies that support hundreds, if not thousands, of projects through governments and civil society organizations around the world are looking for ways to assess the sum total of results that they have achieved. Their interests in doing so are twofold: to respond to accountability demands from their own finance ministries and taxpayers who want to know the impacts of their aid, and to increase development effectiveness and progress towards global targets such as the Millennium Development Goals. The civil society units within donor agencies
began to explore this challenge in 2009, launching a roundtable organized by the Canadian International Development Agency with its counterparts from Denmark, the United Kingdom, Sweden, the Netherlands, and Norway (Canadian International Development Agency, 2009a, b). This discussion on results aggregation is very similar to that in the field of strategic philanthropy, where foundations and social investors are seeking measures of social performance that can be benchmarked and added up.

In short, the challenges of measurement facing international development actors are similar to those confronting the U.S. social sector, although they are perhaps further along in methodological sophistication and plurality of techniques. They all revolve around basic concerns of how to assess impacts with methodological rigor, how to be accountable to various constituents, and how to enhance the adaptive capacities of organizations in order to act more effectively.

WHAT TO MEASURE? PROPOSITIONS ABOUT PERFORMANCE

The growing emphasis on impact and accountability, both in the United States and globally, has increased the pressure on social sector organizations to pay attention to performance measurement. The key challenges can be summed up by the following three questions that many nonprofit managers frequently ask:

- What can my organization reasonably measure on the logic chain — inputs, activities, outputs, outcomes, or impacts?
- What does my organization need to measure for accountability to funders?
- How can my organization use measurement to help it better achieve its mission?
Underlying these pragmatic questions are two deeper analytical problems endemic to the social sector: (a) The problem of causality. How well understood is the relationship between cause and effect of an intervention? Following convention in the social sector, we refer to an organization’s causal logic as its theory of change. (b) The problem of control over results. How do managers exercise control over their interventions and results? In particular, management control is reflected in an organization’s boundaries and its operational strategy.

For the purposes of this paper, we focus our discussion primarily on the first question above—on measurement along the logic chain—but with an interest in improving both accountability and mission achievement.

**Positioning Measurement on the Logic Chain**

Conventional wisdom in the social sector suggests that one should measure results as far down the logic chain as possible: outcomes and impacts. This expectation is based on a normative view that organizations working on social problems, especially if they seek public support, should be able to demonstrate impact in solving societal problems. In the international development world, the use of such “logical framework analysis” (LFA) grew in popularity among foundations and bilateral government agencies through the 1980s and 1990s, having been originally developed for the U.S. Agency for International Development in 1969 (e.g., AusAID, 2005; Commission of the European Communities, 1993). The United Way of America developed its manual for outcome measurement in 1996 (United Way of America, 1996a). Both types of manuals emphasize the importance of establishing measurable causal relationships between a project’s objectives, outputs, and outcomes, and identifying appropriate indicators for measuring results.
Yet it is worth considering whether, and to what degree, such measurement makes sense for all social sector organizations. A crude typology of the social sector in the field of poverty alleviation distinguishes among at least three broad types of activities below (for more detailed typologies of the sector, see Najam (1996b) and Vakil (1997)):

- **Emergency relief** — activities that address urgent survival needs, such as food and temporary shelter, as well as disaster, crisis and conflict mitigation.
- **Service delivery** — activities that address basic needs, such as education, healthcare, longer-term shelter, community development, employment and income generation.
- **Policy and rights advocacy** — activities that address structural issues related to rights, public policy and regulation, and societal norms.

Some examples may be helpful for illustrative purposes. For instance, many international NGOs — such as CARE USA, Oxfam America, Doctors Without Borders, and the Red Cross — are engaged in emergency relief work. Measuring the emergency relief work of such organizations is conceptually fairly straightforward: count the delivery of emergency supplies such as tents, food, water, and medical clinics, as well as the numbers of people assisted. Emergency relief is thus typically measured in terms of inputs, activities, and outputs. While it is a complex activity, requiring highly sophisticated coordination and supply chain management capabilities, it is initially focused on meeting immediate survival needs rather than long-term development outcomes or impacts. At the same time, many of these same organizations are engaged in post-emergency community development and service delivery that is also frequently measured in terms of outputs — the number of children and their families receiving health care, education, drinking water, and so on. This information is readily communicated to donors who want to know how their money has been spent.
Outcome measurement, on the other hand, requires answers to a more complex causal question: Are the activities and outputs leading to longer-term benefits? One would expect outcome measurement to be less common and more difficult to do, given that organizations have the most control over their immediate activities and outputs, whereas outcomes extend beyond their organizational boundaries. Without a causal analysis that links various factors that can affect outcomes, it is hard to imagine how outcomes might be measured or even anticipated.

A widely used example of linking outputs to outcomes concerns immunization. A key output measure of an immunization campaign is the number of people vaccinated, against polio for instance. Although each person immunized is important, the most significant impacts are only achieved once a certain threshold of immunization is reached, say 80% of a population, as this makes it possible for the disease to be eradicated. Such eradication is not only an outcome, but an impact. The logistics of such a feat are highly complicated, but conceptually the basic links between outputs and outcomes in such an intervention are premised on one key factor: scale.

A more complex example is the work of one the world’s largest non-governmental organizations, BRAC (formerly the Bangladesh Rural Advancement Committee). With over 100,000 staff that claim to reach over 110 million people in parts of Asia and Africa, BRAC offers a comprehensive set of services in economic and social development, education, health, human rights, and legal services. BRAC’s development model relies on two factors for its impact: scale and scope. In terms of scale, the organization reaches most, if not all, villages in the regions where it works, effectively becoming a parastatal organization. In terms of scope, it provides a comprehensive and integrated set of activities related to poverty alleviation. Within the United States, a more modest example of scale and scope might be the Harlem Children’s
Zone, which seeks to improve the life chances of urban youth by offering comprehensive services to young people (scope) covering over 100 city blocks in Harlem (scale). In the public sector, bilateral agencies such as the United States Millennium Challenge Corporation (MCC) also attempt to provide both scale and scope through their nation-wide economic development interventions.

The aggregation of outputs to outcomes and eventually impact, however, breaks down in cases of policy advocacy and rights-based work. Well-known organizations like CARE, Oxfam, Amnesty International, Human Rights Watch, ActionAid International, and others, all aim to address the root causes of problems of poverty and injustice through their policy-based work. But their abilities to measure long-term results, and to attribute those results to their interventions, are severely limited. Their advocacy campaigns may achieve many successes — for example, in getting the attention of public officials to the rights of children, women, political prisoners, and others; in forming national-level constituencies and coalitions; and in improving public awareness about marginalized groups. However, these measures are largely about activities, processes, and outputs, rather than about ultimate impacts on rights. This focus on activities and process is due, at least in part, to the complex nature of causality when it comes to shaping public policy and social norms. It is also about the difficulty in attributing any one organizational intervention to ultimate impacts. The problem is, that while a nonprofit organization may influence or contribute to a policy or attitudinal change, it is more difficult to attribute that change solely to its interventions.

These preliminary observations lead to several propositions that relate performance measurement to the type of social sector activity:
1. Performance in emergency and relief work can be measured in terms of inputs, activities, and outputs.

2. Performance in service delivery work can be measured in terms of activities and outputs.

3. Performance in service delivery work, when of large scale and scope, can be measured in terms of outcomes and sometimes impacts.

4. Performance in advocacy and rights-based work can be measured in terms of outputs and “influence,” an intermediary outcome.

Perhaps what is most surprising about these preliminary observations is that only one category of intervention can readily be measured at the impact end of the logic chain — service delivery activities that achieve a threshold of scale and scope. Moreover, rights-based and advocacy interventions, despite aiming to address root causes of social problems, cannot easily demonstrate impact and are thus left with measuring outputs and intermediary forms of outcomes. These constraints on measuring performance also present a dilemma for accountability: many funders increasingly want to see measures of impact, whereas it may not be feasible for many nonprofits to measure performance beyond outputs and outcomes.

**A CONTINGENCY FRAMEWORK FOR MEASURING RESULTS**

We offer a contingency framework for assessing what types of results to measure in Figure 1. The vertical axis of the matrix — **theory of change** — refers to the causal logic underlying an intervention. A theory of change articulates the causal logic or “pathway” through which a set of interventions is expected to lead to a long-term goal (ActKnowledge, 2010; Keystone, 2008). How complex is the relationship between cause and effect, and how well is it understood? For a **focused** theory of change, the relationship between cause and effect is linear
and clearly understood. A complex theory of change refers to cause-effect relationships that are only weakly understood, and where there may be multiple causal factors at play.

Many emergency and basic services operate on a linear, or focused, theory of change: get shelter, food and water to people facing a crisis in order to avert further disaster. Or provide access to clean water and sanitation to improve human health. The logistics and process of doing so can be highly complicated, but the basic intervention logic is fairly straightforward. Efforts to influence public policy, however, are typically more complex, and they are shaped by many factors which may be poorly understood and non-linear. In such contexts, it is hard to know how much of a difference a particular intervention makes. They may also involve constellations of many actors, making it difficult to attribute a policy change to the actions of any single organization.

The horizontal axis of the matrix — operational strategy — refers to what an organization actually does in implementing its mission. Under a focused operational strategy, the nonprofit concentrates on a highly specific task or intervention. For example, an ambulance service transports an individual to a hospital, the hospital provides treatment, and a family practice gives follow up care. Each organizational actor fills a specific and critical niche. Under a more complex operational strategy, an organization expands its boundaries to absorb other key functions or niches that it deems important to achieving its mission. For example, a hospital might acquire an ambulance service, a homeless shelter might provide in-house counseling and
health care to its clients, or a job training program might create its own job placement pipeline with employers. In none of these examples is there a change in the organization’s theory of change; it is simply expanding its operational strategy to exercise more control over that causal logic chain. An analogous process in the private sector is vertical integration in a supply chain. An organization expands its boundaries to absorb upstream or downstream functions or tasks, thus reducing uncertainties or risks associated with adjacent actors, or to take advantage of transaction cost efficiencies.

Taking into account these contingencies — i.e., the complexity of an organization’s theory of change, and the complexity of its operational strategy — we distinguish among four broad types of results: niche, integrated, institutional, and ecosystem (see Figure 1). These four types should not be read as a normative continuum, but instead as a reflection of the real circumstances faced by social sector actors. It is possible to be high-performing and to operate at scale in each of the four quadrants.

Organizations in the niche quadrant are driven by a linear or well-understood causal logic (a focused theory of change) that they implement through very specific or well-defined interventions (a focused operational strategy). Many basic and emergency service providers such as homeless shelters and soup kitchens, for example, fulfill a critical function that is part of a longer chain of interventions for assisting homeless individuals. Their emergency work is focused on meeting immediate and highly tangible needs, and it is reasonable for them to measure their activities (the services they provide) and sometimes their outputs (immediate effects on clients). Any longer-term outcomes or impacts (getting people out of homelessness), however, are typically beyond the control and roles of such organizations. Similarly, an ambulance service might measure its response time and the quality of its paramedic services
(activities and outputs) but not the health of the patient after treatment at a hospital (outcomes). Crisis hotlines such as suicide or poison control call centers can offer support or information to callers on the phone, but they have little control over how, or even if, that information is used.

For such nonprofits, it is feasible to stick with simple measures of the organization’s inputs, activities, and outputs. It would not make much sense to try to measure long-term impacts, since that is not what niche efforts can reasonably control, nor necessarily what the organization aims to achieve (Jacobs, 2008). Yet they offer crucial services, attract considerable public donations, and may provide a basis for longer-term interventions.

The second quadrant refers to circumstances where it is possible to achieve integrated results. Here, too, the theory of change is focused and typically includes organizations delivering basic services such as in health, sanitation, job training, and so on. But this work is different from niche contexts in that the organization occupies several niches in the causal chain, and thus has more control not only over outputs but also over outcomes. The Aravind Eye Hospital in India, for example, provides cataract eye surgeries. Its control over outcomes (restored vision) is made possible by the integration of many activities, ranging from the technology for cataract surgery and qualified medical staff, to extensive community outreach, setting up eye camps for the poor, transporting people, and providing follow up support. Aravind’s theory of change is linear and straightforward, but its operational strategy is broad or complex. Similarly, many nonprofits that provide job training programs offer not only training, but also placements with employers, plus follow-up support to clients.

These organizations are able to measure their outputs (numbers of patients seen and eye surgeries completed, or people trained and placed in jobs) and also outcomes (number of people
with vision restored, or jobs retained for more than a year and increased incomes). Sometimes, the results can literally be “added up” to arrive at an aggregate measure of outputs and outcomes. Where organizations can isolate their interventions, they may be able to use quasi-experimental methods such as randomized control trials (RCTs) to test for effectiveness. The use of experimental methods is less feasible in contexts where it is hard to isolate an intervention.

A more complex example of an integrated result is an immunization campaign, where the metrics are typically expressed as outputs (number or percentage of people vaccinated) and outcomes (declines in illness) in order to get at impacts (prevention, containment or eradication of a disease). While the causal logic in preventing or eradicating a disease may be relatively well established, the operational strategy is extremely complex — it requires not only having a proven vaccine and the technology for distribution, but also strategies for community organizing, for addressing cultural norms and fears that may limit immunization uptake, and for coordinating public health workers. Only one disease, smallpox, has ever been completely eradicated through an immunization campaign.²

Similarly, NGOs engaged in humanitarian and disaster relief must be able to handle highly complex logistics in getting relief supplies to a region hit by an earthquake, flood, or conflict. In order to deliver aid quickly, they must acquire and stock critical supplies such as blankets, tents, food and water, while also transporting, delivering, and distributing those supplies, and ensuring that they are delivered equitably and safely on the ground. Their challenges require a complex operational strategy as well as extensive coordination with other actors such as governments, militaries, U.N. agencies, private sector suppliers, and other international and local NGOs. Their theories of change are focused, while their operational strategies are complex. They can measure aggregate outputs (such as number of people receiving
shelter, food, and clean water), and may be able to measure outcomes over a longer term (such as number of people with improved living conditions and health).

Organizations in the institutional quadrant have a focused operational strategy, like those in the niche quadrant, but their theories of change are more complex. Advocacy organizations, such as Amnesty International or Greenpeace, fall into this category. They benefit from having highly focused strategies in advocacy rather than in service delivery. However, their efforts to shift fundamental societal institutions and norms—such as those concerning human rights, democratic freedoms, and environmental governance—do not follow a linear logic. A nonprofit organization working on the rights of children, women, or workers in the informal economy may lobby legislators for years without seeing a change in public policy or regulation, but does that mean it has not influenced the policy discourse? Or if there is a change in public attitudes about civil and human rights, how much of that change was a direct result of the efforts of that organization, as compared to media coverage, the predispositions of legislators, or other unanticipated factors?

For actors in this quadrant, it may be feasible to measure their outputs and their “influence” in shaping key policies, rights, and freedoms (i.e., intermediate outcomes), but not necessarily their impacts. Arguably, impacts are more likely to be achieved by networks or coalitions of actors working in concert, than by single organizations acting alone. There has been a flurry of activity in recent years towards developing suites of tools to help organizations identify interactive pathways and their effects in such complex and nonlinear contexts— for example, outcome mapping, most significant changes methodologies, and systems thinking (noted above). While these methods have received less attention than quasi-experimental
methods, they show considerable promise for helping managers deal with the difficulties of measuring results in complex and “messy” environments.

Finally, organizations in the ecosystem quadrant focus on problems that are not well understood (complex theory of change) while also engaging in multiple interventions and roles (complex operational strategy). They aim for synergistic results that affect entire systems. For example, many international NGOs, such as Oxfam, Save the Children, CARE, and ActionAid, originally provided basic services to poor communities in health, sanitation, education, and so on. Over the past two decades, however, they have expanded their strategies to include “rights-based” policy advocacy at national and global levels. They continue much of their service delivery work, but see it as part of a more complex set of interventions that includes building the rights of marginalized communities to make demands of their own governments. There are many other examples already noted. The Harlem Children’s Zone offers a “conveyor belt” of educational services for children and youth while also engaging a range of actors such as city government, parents, and other nonprofits to create a caring environment for those youth. In Bangladesh, BRAC not only offers a wide range of services to thousands of villages, but is also a key national policy player. And the Millennium Challenge Corporation seeks to improve the incomes of farmers, in countries such as Ghana, through a combination of interventions in infrastructure and agriculture, coupled with policy interventions intended to create efficient and transparent markets for goods and services.

Each of these organizations aims for systemic changes that address the root causes of poverty (impacts). Measuring these impacts, however, is likely to require long time frames: the MCC anticipates increases in farmer incomes over a 20-year time horizon, while the Harlem Children’s Zone expects to see impacts on its youth over the course of a generation. Attributing
those results to the work of any single organization is only possible where the organization has a near-monopoly (through scale and scope) on the interventions in that location: BRAC has supplanted government services in many regions of Bangladesh, the MCC implements its programs through national governments, and the Harlem Children’s Zone attempts to provide comprehensive services in a 100-block area of Harlem. For other organizations such as CARE, Oxfam, Save the Children, and ActionAid, impacts are more likely to be achieved through partnerships and collaborations, although it may not be possible to attribute impacts solely to any one actor.

In sum, our contingency framework offers some general cautions about performance measurement. First, it suggests that measuring impacts makes sense under a severely limited set of circumstances — when an organization operates at an ecosystem level, and yet can exercise sufficient control over results to attribute impacts to its work. With few exceptions, most organizations will not be able to exert such control (despite their explicit focus on impacting root causes of poverty) when their work requires complex theories of change. Similarly, nonprofits trying to influence the institutional and policy environment, such as advocacy organizations, are more likely to be able to measure intermediate outcomes or “influence” on policy decisions, rather than impacts. Organizations operating with a focused theory of change are more likely to be able to demonstrate a causal link between their work and results, but these results are limited to activities and outputs in the case of focused operational strategies, and outcomes where there is an integrated or complex strategy.

Second, we expect that many organizations will not fit neatly into the quadrants of our matrix, with some traversing many of them. Oxfam, CARE, and ActionAid for instance, are engaged in a portfolio of activities ranging from emergency relief to service delivery to rights-
based work. They face the double-challenge of measuring performance in each of these areas separately, while also integrating across them in order to gauge their possible synergistic effects at the ecosystem level.

Third, funders such as foundations, governmental departments, and international aid agencies, are far better positioned than most nonprofits to measure impacts. A foundation that supports efforts in health care, for example, is uniquely situated to see how the work of all its grantees might link together — to connect the dots among a series of outputs and outcomes, to analyze how they lead to impacts. A central strategic challenge for funders is to articulate a logic for achieving impacts (a theory of change), and then to put together a portfolio of nonprofits to achieve those impacts (an operational strategy).

And finally, given the diversity of actors engaged in social change, the four broad types of results in the framework should be taken as suggestive rather than as silver bullets. The very basis of the framework — contingency — suggests that there are no panaceas to results measurement in complex social contexts.

**IMPLICATIONS FOR MANAGEMENT PRACTICE AND FUTURE RESEARCH**

Our contingency framework aims to address the debate around impact by focusing on what results to measure on the logic chain. The discussions around impact measurement, both within the U.S. and internationally have been somewhat polarized — between those who demand clear and quantifiable measures of impact and those who contend that social sector work is so unique and context-specific that it cannot be readily measured. Our contingency framework attempts to move beyond such reductionism by differentiating among types of results.
This work also has implications for accountability in social sector organizations. The contingency framework offers a way for organizational leaders and managers to clarify what types of results they seek to achieve, and thus for what they should be held to account. We recognize, however, that nonprofit leaders often face competing demands from different funders, beneficiaries, regulators and other stakeholders. We hope our framework offers a diagnostic tool for engaging nonprofits and their funders in a conversation around results. There is a need for additional research to examine how nonprofit leaders negotiate the competing demands of different stakeholders and funders, and the role of measurement in such negotiation.

Moreover, how measurement and analysis occur can be as important as what gets measured. Nonprofit organizations rely on various processes to build credibility and legitimacy with the communities they serve, ranging from consultation and participatory decision making in the setting of goals and metrics, to participatory monitoring and third party evaluations. Our contingency framework does not address this dimension of measurement; it would be useful to understand what constitutes a performance goal that has legitimacy among key stakeholders, and how nonprofit leaders can build such legitimacy.

Beyond these immediate issues about accountability and legitimacy, there are many avenues for further inquiry that we believe will be crucial to the development of the field of performance measurement in the social sector. We lay out three promising directions here: scale and scope, methods for assessing performance, and alignment of measurement with strategy.

**Scale and Scope**

Our contingency model suggests that social sector organizations can increase their control over long-term impacts in at least two ways: by expanding their operations in order to
reach a threshold population or critical mass (scale), and by offering more comprehensive
services or partnering with others in order to tackle a problem (scope). For nonprofit leaders,
doing so would require systematic analysis of what they control and what they don’t — and how
they might reasonably expand their control. Under conditions of complexity, we expect that it
will be especially difficult for organizations to achieve impacts single-handedly.

There is an urgent need for better knowledge on the challenges of scale and scope in the
social sector. There may be lessons to be learned from the corporate sector, where scale and
scope have been more thoroughly and systematically studied (for example, Chandler (1990)).
Scale in the social sector can be achieved not only through organizational growth but also via a
myriad of other means, particularly through influencing public policy, building collaborative
networks, or even through the creation of new industries. For instance, nonprofits served as the
initial pioneers in the microfinance industry, but the explosion of the industry was fueled by the
creation of a supportive regulatory environment and the entry of opportunistic private sector
players (World Microfinance Forum Geneva, 2008). Much remains poorly understood about
scale: What are the various avenues to scale in the social sector? What are the main deficiencies
in capital markets and regulation that are preventing scale, and how can they be addressed?

The complex nature of poverty also suggests a need for solutions of broad scope. Many
nonprofits, especially in international development, offer multiple kinds of services to their
clients. But as in the for-profit world, organizations that offer a diverse portfolio of products and
services run the risk of losing focus, stretching themselves too thinly, and failing to build
efficiencies and synergies across product lines or services. Further research on organizations that
operate at scale and scope can help uncover both the challenges and opportunities facing social
sector managers. While there has been significant work on collaboration and networks in the
social sector (e.g., Austin, 2000; Brown, 2007; Weber, 2003; Wei-Skillern & Marciano, 2008) the challenges of scope and scale remain understudied, as do the opportunities for interconnections beyond organizational and sectoral boundaries (Kanter, 2010).

**Methods for Assessing Social Performance**

Over the past twenty years, there has been an explosion in methodologies and tools for assessing social performance and impact, but with little systematic analysis and comparison across these approaches (see Table 2). The various approaches to measuring social return on investment and internal rates of return are most popular among the impact investment community. But there is an even longer history in international development with the use of logic models, variations of which have included logical framework analysis, outcome measurement, and impact evaluation, and which have been supplemented with experimental and quasi-experimental approaches to evaluation such as randomized control trials. These approaches, which tend to rely on linear causal models, have increasingly been challenged by new approaches involving outcome mapping, constituency feedback, participatory monitoring and evaluation, impact planning and learning systems, and complexity thinking and systems analysis. A comparison of these approaches could provide a useful perspective for nonprofit managers, evaluators, and funders, while also providing a sound basis for deciding which to employ and under what circumstances.

There is also a dearth of analysis on industry-level measures of social performance. For example, in the world of social investment and venture philanthropy, there is a general concern that asset owners and institutional investors such as pension funds, foundations, and banks, are hesitant to put their money into social investments because of the lack of benchmarking or
simple rating systems. This problem may be seen as an industry-level accountability gap characterized by a lack of consistently reportable information. In response, some key players in the U.S. social investing field teamed up in early 2009 to develop a common framework for defining, tracking and reporting the performance of “impact capital.”^3 A report by Monitor Institute estimates that investing in social and environmental impact has the potential to grow from about $50 billion in 2008 to $500 billion in 10 years (Monitor Institute, 2009). The microfinance industry may serve as a model, where the emergence of rating agencies and standards has helped create an asset class.

At the same time, established nonprofit ratings agencies such as Charity Navigator and the Better Business Bureau’s Wise Giving Alliance have begun to revamp their rating metrics. Their original indicators, which relied heavily on financial and overhead cost ratios, are widely seen as being problematic and even misleading for the social sector. In late 2009, they launched an effort to develop a package of more comprehensive measures that are not just financial but also social (Charity Navigator et al., 2009). Such industry-wide efforts remain poorly understood: What constitutes a meaningful and reliable comparative metric? What incentives and disincentives exist for organizations to participate in such benchmarking efforts? What is appropriate to measure for rating and benchmarking purposes – activities, outputs, outcomes, or impacts?

**Aligning Measurement Systems with Strategy**

Finally, as noted in our introduction, there is a marked gap in knowledge on management control systems in the social sector, particularly on the means of aligning performance systems with strategy and mission. To date, the preponderance of literature related to performance has
focused on accountability challenges, drawing primarily from the disciplines of sociology, political science, political economy, public administration, law, and anthropology. (e.g., Benjamin, 2008; Ebrahim, 2005; Edwards & Hulme, 1996; Koppell, 2005). There has been little work from the perspective of building applied knowledge for management purposes, with some notable exceptions (e.g., Epstein & Buhovac, 2009; Kaplan & Norton, 1996; Letts et al., 1999; Oster, 1995; Paton, 2003).

At face value, the control problems facing managers appear similar in for-profit and nonprofit organizations — lack of direction, lack of motivation, and lack of ability — but the solutions must necessarily differ because, in the social sector, the goals and results tend to be more ambiguous, and managers find it harder to motivate behavior through financial incentives (Day, 2004; Merchant & Van der Stede, 2007: 789). Simons’ (1995) work, for example, opens up numerous questions relevant to the social sector: How can managers effectively use core values as a control lever? How can managers communicate, incentivize, and monitor their staff on critical performance outcomes? And what kinds of interactive systems and approaches to organizational learning lend themselves to improving social performance? Current innovations in the social sector offer a rich landscape for study, particularly on adaptive learning and participatory governance among large international NGOs and social movements.

In sum, the basic challenge is twofold: understanding what an alignment of mission and strategy might look like in the social sector, and how to design performance and control systems to enable and support this alignment. The problems associated with causal logics and strategy highlighted in our contingency model suggest that this task is very different in socially-driven organizations than in profit-driven ones. Our paper is a step towards visualizing what such an alignment might look like in practice, and the contributions that scholarly analysis might make.
NOTES

1. The Paris Declaration on Aid Effectiveness aimed to improve the quality of aid and its impact on international development. First, it emphasizes country ownership as fundamental to improving the impact of aid on the basis that aid is more effective when partner countries take leadership over their development policies and strategies. Second, the Declaration focuses on results by identifying 12 indicators of aid effectiveness. These indicators measure the developing country’s ability to use aid (e.g., clear strategic priorities for poverty reduction, reliable systems for procurement and public financial management) as well as the efforts by donor agencies to help build country capacity, for example, by using the partner country’s procurement and financial management systems rather than the donor’s own systems, by disbursing aid on a more predictable schedule, and by reducing requirements that aid be “tied” to the purchases of goods and services from the donor country (OECD2008).

2. There is some evidence that success in immunization efforts may not follow as linear a logic as anticipated by many funders and global health organizations. Efforts to eradicate polio, for example, through a “vertical” strategy of immunization campaigns have been set back by the re-emergence of polio cases in countries thought to have eliminated it. Global actors, such as the Bill and Melinda Gates Foundation, are now considering combining immunization campaigns with “horizontal” strategies that include strengthening basic health systems and services in poor countries. The causal logic of such a combined vertical-horizontal strategy is less well understood, but it is driven by a concern that without a broader system of functioning health, hygiene, and sanitation services for the poor, many diseases will return (Guth, 2010).
3. Acumen Fund, The Rockefeller Foundation, and B-Lab organizations piloted a framework, called the Impact Reporting and Investment Standards (IRIS), built in collaboration with PricewaterhouseCoopers and Deloitte. The use of open-source Extensible Business Reporting Language (XBRL) aimed to allow investment data from different databases to be housed together, aggregated, and compared at the industry, fund, or sector level (see http://iris-standards.org/). There is a similar effort underway in South Africa called the Nexus for Impact Investing (see http://www.nexii.com/).
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### Table 1: Logic Model

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Activities</th>
<th>Outputs</th>
<th>Outcomes</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What goes in</strong></td>
<td><strong>What happens</strong></td>
<td><strong>What results — immediate</strong></td>
<td><strong>What results — medium- and long-term</strong></td>
<td><strong>What results — effects on root causes; sustained significant change</strong></td>
</tr>
<tr>
<td>• funds</td>
<td>• basic needs delivered, such as food and shelter</td>
<td>• people fed, treated or housed</td>
<td>• improved living conditions, health, etc.</td>
<td>• sustained drop in poverty</td>
</tr>
<tr>
<td>• equipment and supplies</td>
<td>• services delivered, such as training programs</td>
<td>• people trained or educated</td>
<td>• increased incomes</td>
<td>• changes in public policy and regulation</td>
</tr>
<tr>
<td>• knowledge and technical expertise</td>
<td>• capacity building</td>
<td>• roads built</td>
<td>• enhanced political voice</td>
<td>• increased rights and political power</td>
</tr>
<tr>
<td></td>
<td>• construction of infrastructure</td>
<td>• goods transported to market and sold</td>
<td></td>
<td>• fundamental changes in social norms and attitudes (on rights, freedoms, governance, and markets)</td>
</tr>
<tr>
<td></td>
<td>• policy dialogues and workshops</td>
<td>• policy papers written</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 2: Methods for Assessing Social Performance

<table>
<thead>
<tr>
<th>Method</th>
<th>Innovators and Users</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Robin Hood Foundation – benefit-cost ratios (BCR)</td>
<td>• <a href="http://www.robinhood.org/approach/get-results/metrics.aspx">http://www.robinhood.org/approach/get-results/metrics.aspx</a></td>
</tr>
<tr>
<td></td>
<td>[See also Tuan (2008) and Trelstad (2008)]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Abdul Latif Jameel Poverty Action Lab, MIT</td>
<td>• <a href="http://poverty-action.org">http://poverty-action.org</a></td>
</tr>
<tr>
<td></td>
<td>• Innovations for Poverty Action</td>
<td>• [See also Banerjee (2007), Banerjee and Duflo (2009), Jones(2009), Prowse (2007)]</td>
</tr>
<tr>
<td><strong>Logic models</strong></td>
<td>• United States (USAID)</td>
<td>• <a href="http://pdf.usaid.gov/pdf_docs/PNABI452.pdf">http://pdf.usaid.gov/pdf_docs/PNABI452.pdf</a></td>
</tr>
<tr>
<td></td>
<td>• W.K. Kellogg Foundation</td>
<td>• <a href="https://sites.aces.edu/group/commhort/vegetable/Vegetable/logic_model_kellogg.pdf">https://sites.aces.edu/group/commhort/vegetable/Vegetable/logic_model_kellogg.pdf</a></td>
</tr>
<tr>
<td></td>
<td>• Innovation Network</td>
<td>• <a href="http://www.innonet.org/client_docs/File/logic_model_workbook.pdf">http://www.innonet.org/client_docs/File/logic_model_workbook.pdf</a></td>
</tr>
<tr>
<td></td>
<td>• Outcome management</td>
<td>• <a href="http://www.urban.org/publications/310776.html">http://www.urban.org/publications/310776.html</a></td>
</tr>
<tr>
<td></td>
<td>• Urban Institute</td>
<td>• <a href="http://www.liveunited.org/Outcomes/Library/pgmomres.cfm">http://www.liveunited.org/Outcomes/Library/pgmomres.cfm</a></td>
</tr>
<tr>
<td></td>
<td>• United Way of America</td>
<td>• [See also Coleman (1987), Gasper(1997), Leeuw and Vaessen (2009) Roche (1999)]</td>
</tr>
<tr>
<td><strong>Strategy approaches</strong></td>
<td>• Balanced scorecards and strategy maps, dashboards, and related tools</td>
<td>• <a href="http://newprofitinc.net/learn_meas.asp">http://newprofitinc.net/learn_meas.asp</a></td>
</tr>
<tr>
<td></td>
<td>• NewProfit Inc.</td>
<td>• <a href="http://www.blueavocado.org/sites/default/files/Nonprofit%20Dashboard%20article%20from%20Blue%20Avocado.pdf">http://www.blueavocado.org/sites/default/files/Nonprofit%20Dashboard%20article%20from%20Blue%20Avocado.pdf</a></td>
</tr>
<tr>
<td></td>
<td>• Blue Avocado</td>
<td>• [See also Kaplan (2001) and Kaplan and Norton (1996, 2004); Butler (2007), Bryson (2004) and Paton (2003)]</td>
</tr>
</tbody>
</table>
### Participatory and relationship-based methods
- Outcome mapping
- Constituency feedback and perception reports
- Most significant changes; story-based evaluation
- Participatory rural appraisal (PRA) and variants
- Participatory poverty assessment

| Participatory and relationship-based methods | International Development Research Centre, Canada  
|                                           | Center for Effective Philanthropy  
|                                           | Keystone Accountability  
|                                           | Youth Truth  
|                                           | M&E News (Rick Davies)  
|                                           | Clear Horizon (Jess Dart)  
|                                           | Institute of Development Studies (Robert Chambers)  
|                                           | International Institute for Environment and Development  
|                                           | U.N. Food and Agriculture Organization (FAO)  
|                                           | World Bank  

- http://www.keystoneaccountability.org/about/publicreport/what
- http://www.youthtruthsurvey.org/students
- http://www.mande.co.uk/docs/MSCGuide.pdf
- http://www.planotes.org/
- http://aidontheedge.info/

### Integrative approaches
- Organizational systems for impact planning, assessment, accountability and learning
- Complexity science and systems thinking approaches

| Integrative approaches | ActionAid International  
|                        | Keystone Accountability  
|                        | iScale  
|                        | Grassroots Business Fund  

- http://www.keystoneaccountability.org/sites/default/files/1%20PAL%20overview%20and%20service%20offering_0.pdf

See also Chambers et al. (2009), David and Mancini (2004), Ebrahim & Weisband (2007), Guijt (2008), Khagram et al. (2009)


See Ramalingam et al. (2008), Goldstein et al. (2009)

- http://aidontheedge.info/
### Theory of Change

<table>
<thead>
<tr>
<th>Complexity</th>
<th>Institutional Results</th>
<th>Ecosystem Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused</td>
<td>• Change in societal norms and policies (on rights and freedoms, good governance, efficient markets)&lt;br&gt;• Measure outputs and “influence” (intermediate outcomes)</td>
<td>• Economic development, comprehensive rural development and natural resource management, collaborative development&lt;br&gt;• Measure outcomes and impacts</td>
</tr>
<tr>
<td>Complex</td>
<td>• Basic and emergency services, soup kitchens, crisis drop-in centers and hotlines&lt;br&gt;• Measure inputs, activities, outputs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Complexity</th>
<th>Niche Results</th>
<th>Integrated Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused</td>
<td>• Service delivery (in health, education, employment), immunization campaigns, complex emergency services&lt;br&gt;• Measure aggregate outputs, outcomes, and sometimes impacts</td>
<td></td>
</tr>
<tr>
<td>Complex</td>
<td></td>
<td></td>
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</tbody>
</table>

### Operational Strategy