

POLITECNICO DI MILANO
Facoltà di Ingegneria dei sistemi



POLO REGIONALE DI COMO

**Master of Science in
Management, Economics And Industrial Engineering**

**PERFORMANCE MANAGEMENT SYSTEM FOR NONPROFIT
ORGANIZATION IN LATIN AMERICA**

Supervisor: Professor Michela Arnaboldi

**Master Graduation Thesis by: Cesar Augusto Acevedo Granados
Student Id. number 736490**

**Conrado Marturet
Student Id. number 738986**

Academic Year 2009/2010

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Esta tesis está dedicada a nuestros padres que nos han brindado todo su ser para hacer de nosotros personas de bien, para ellos un fuerte abrazo y el deseo que estén con nosotros para siempre.

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Cesar Acevedo and Conrado Marturet

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SOMMARIO

Questa tesi presenta un modello per il sistema di gestione del performance nelle organizzazioni senza scopo di lucro che sviluppano le attività sociali in America Latina.

Le organizzazioni senza scopo di lucro noto anche come organizzazioni non governative presentano differenze nella loro missione, visione, strategie e obiettivi, rispetto a quelle che cercano profitto. Le organizzazioni nonprofit hanno la missione di creare valore sociale, con la responsabilità sociale come centro del loro processo, mentre organizzazione con scopo di lucro cerca di perseguire il profitto economico, che è relativamente facile da misurare, precisa, e strettamente legato al successo strategico della società.

Il sistema di gestione del performance è un meccanismo complesso progettato per guidare le organizzazioni verso i loro obiettivi, analizzare se gli obiettivi sono coerenti con le risorse disponibili, mettendo a confronto diversi modi per raggiungere gli obiettivi, misurare se le azioni organizzative e comportamenti possono portare a realizzazioni degli obiettivi. Attraverso l'uso di queste informazioni e di sistema di controllo c'è una vasta gamma di decisione operativi, strategici, e gestionali che sono supportati.

In generale, per le imprese profit tendono a valutare il performance come l'importo complessivo dei ricavi e dei profitti generati per esempio attraverso value based management, che è direttamente collegata alla prestazione, tuttavia l'assenza di questi elementi nelle imprese senza scopo di lucro fa la valutazione del performance più complesso.

Il modello proposto si concentra nelle organizzazioni appartenenti ad abitazioni e lo sviluppo economico, ambiente, servizi sociali, istruzione e ricerca, intermediari filantropici e di promozione volontariato d'accordo alla classificazione internazionale – ICNPO- che secondo lo studio fatto dagli autori, rappresentano circa il 64% delle aree in cui organizzazioni senza scopo di lucro che lavorano in America Latina.

In questo modello convergono i principi di performance management system frameworks studiato durante la tesi e adatto per l'organizzazione senza scopo di lucro, bilancia le esigenze degli indicatori non finanziari e la misurabilità della missione, la prospettiva operativa e la dimensione strategica, la disparità tra la percezione dei stakeholders e

clienti, e offre un quadro concettuale per la costruzione de un sistema informativo di supporto per il Performance Management nelle imprese non profit.

Nel social value prism che è il modello proposto, il gruppo di interesse è costituito dagli stakeholders, cioè finanziatori governativi e non governativi, i volontari, dipendenti e beneficiari, alla ricerca per la realizzazione del mega obiettivo di ridurre i problemi strutturali della povertà e della miseria, la disuguaglianza, la disoccupazione , la discriminazione, nella regione a lungo termine, e nel breve termine il gruppo d'interesse è focalizzato a risolvere o attenuare i problemi prioritari delle comunità vulnerabili, condividendo in questo modo, simile traguardo misurabile che questo gruppo possiede chiaramente definito.

Inoltre, il social value prism bilancia il fatto che le organizzazioni senza scopo di lucro hanno la particolarità di ottenere finanziamenti da un particolare cliente – finanziatore- mentre serve il suo servizio ad un altro tipo completamente diverso di cliente – beneficiario-. La soddisfazione del cliente è garantita a causa della capacità della organizzazione senza scopo di lucro nel ridurre l'indice di vulnerabilità mediante l'esecuzione di programmi o progetti specifici in una comunità vulnerabile, questo significa che, la soddisfazione del cliente sia di finanziatori e beneficiari sono soddisfatti per la capacità della organizzazione senza scopo di lucro in risolvere o mitigare i problemi prioritari delle comunità vulnerabili, questo approccio stabilisce in certa misura un customer based indicators, in cui entrambi i finanziatori e beneficiari sono alla ricerca di stesso risultato.

ABSTRACT

This thesis presents a model for management performance system in nonprofit organizations which develops social activities in Latin America.

The nonprofit organizations also known as nongovernment organizations present differences in their mission, vision, strategies and goals, respect to profit seeking organization. The nonprofit organizations have the mission of creating social value, taking the social responsibility as center of their process, meanwhile profit seeking organizations pursuit economic value which is relatively easy to measure, precise, and closely related to the strategic success of the company.

Performance management system is a complex mechanism designed to guide organizations towards their goals; analyzing if the objectives are coherent with available resources, comparing different ways to achieve objectives and measuring if organizational actions and behaviors can lead to achievements of goals. Through the use of this information and control systems there is a wide range of operational, strategic and managerial decisions that are supported.

In general, for profit firms tend to evaluate performance by seeing the overall amount of revenues and profits generated for example through value based management, which is directly related to performance, however the absence of this in nonprofit firms make their overall performance evaluation more complicated.

The model proposed is focused in organizations belonging to housing and economic development, environment, social service, education and research, philanthropic Intermediaries and voluntarism promotion following the ICNPO which according to the study made the by authors, represent around 64% of the areas in which nonprofit organizations work in Latin America.

This model converge the principles of the performance management framework studied during the thesis and suitable for nonprofit organization, it balances the needs of nonfinancial indicators with measurable mission fulfillment, the operative perspective of nonprofit and the strategy dimension, the stakeholder and clients mismatch perception, and offers conceptual framework for building and information system supporting management performance in nonprofit firms.

In the social value prism which is the model proposed, the interest group is composed by the stakeholders, thus government and nongovernment funders, volunteers, employees and beneficiaries, seeking for achieving the metagoal of reducing the structural problems of poverty and indigence, inequality, unemployment, discrimination; in the region in the long term, and in the short term the interest group is focused in solving or mitigating the priority problems of the vulnerable communities, sharing in this way, similar and measurable goal that this interest group possesses and the stakeholders become the interest group clearly defined.

Also, the social value creation prism balances the fact that nonprofit organizations have the particularity to obtain funding from one particular client while serving its service to another completely different type of client; funders and beneficiaries from the vulnerable community. The customer satisfaction will be assured due to the ability of the nonprofit firm in reduce the vulnerability index through the execution of specific programs or projects in a vulnerable community, It means, customer satisfaction of both clients funders and beneficiaries is fulfilled by the capability of the nonprofit organization in solving or mitigation the priority problems of the vulnerable communities, this approach establishes in some extend a customer based indicators, where both beneficiaries and funders are seeking for same result.

INTRODUCTION

The nonprofit organizations also known as nongovernment organizations present differences in their mission, vision, strategies and goals, respect to profit seeking organization. The nonprofit organizations have the mission of creating social value, taking the social responsibility as center of their process, meanwhile profit seeking organizations pursuit economic value which is relatively easy to measure, precise, and closely related to the strategic success of the company.

Talk about non for profit organizations, means to talk about a wide spectrum of social responsibility institution organized and separate from government, equipped to control their own activities, with non-profit distribution to their owners or directors and involving some meaningful degree of voluntary participation.

In general, the nonprofit are small size organizations focused on service with limited level of sophistication, managerial and technological tools, with big constrains in financial resources in an atmosphere of scarcity, without a rigid hierarchy but flexible participation and consensus, the relationship between outputs/inputs for specifics programs or projects are not clear, they have a strong dependence of third part for getting financial resources, this funding is usually allocated for a specific purpose and administrative cost sometimes are not considered. But also, the passion for helping is the greatest strength in which the creativity and energy are mixed for achieving their goal.

The creation of value in the long term is the most relevant goal for profit and nonprofit organization, however, financial performance is only one indicator of success. This is especially true for nonprofit organizations where their stakeholders hope an efficient, effective and transparent spend of resources in order to accomplish the creation of social value. In order to achieve this goal, the nonprofits take several managerial and technological tools from private sector including performance management system.

Performance management system is a complex mechanism designed to guide organizations towards their goals; analyzing if the objectives are coherent with available resources, comparing different ways to achieve objectives, measuring if organizational actions and behaviors can lead to achievements of goals. Through the use of this information and control systems there is a wide range of operational, strategic and managerial decisions that are supported.

Nonprofits in the past have been characterized by informality, however in recent years funders are becoming more demanding, and overall there is a consensus that pushes nonprofit firms to prove their effectiveness. These, added to other reasons, are making nonprofits look into performance measurement as a solution for their problems.

The great majority of performance measurement systems have been created for profit seeking firms; nonprofit organizations possess unique characteristics that make it especially hard to implement some kind of performance measurement systems.

In the past, nonprofit organizations used to believe that since they do not generally have to watch the bottom line, they could afford a loose control in management. However it is this particular trait the reason why a performance management system really is needed, since they do not have the strict control of generating profit. In general, for profit firms tend to evaluate performance by seeing the overall amount of revenues and profits generated for example through value based management, which is directly related to performance, however the absence of this in nonprofit firms make their overall performance evaluation more complicated.

The ideal performance assessment system in a nonprofit organization would acknowledge the existence of multiple constituencies and build measures around all of them. It would acknowledge the gap between mission and operative goals and develop objectives for both the short and the long term. It would guard against any of the previous traps outlined by developing an explicit but complex array of tests for performance measurement that balances clients and donors, board and professionals, group of managers, and any other constituents with a stake in the organization.

In the second half of the twentieth century Latin America has been shaped and influenced by globalization. This globalization process had a big influence on socio-economical and political changes in Latin America due to the political, cultural, and economical integration realized. This globalization step is characterized by liberation of international commerce, economic predominance of multinational companies, and expansion and movement of capitals.

The economic development was guided by a strategy of industrialization substituted by imports (ISI), which defines the state as the promoter of development, assigning it a central position in the modernization, the attraction of investments, the imports of capital goods supported by exports, income distribution, and population wellbeing. In more present years, there were economic reforms which have eliminated protection barriers and wealth distribution and opened up the economy.

The main problem with the economic politics created from the 1980's to the 2000, was the growth of inequalities, the diminishing quality of life of the vast majority of the population, and the impossibility to improve the current poverty conditions which now involves almost half of the population in Latin America. Paradoxically, these same economic politics that foment inequality are essential to elevate competition and to attract external investment required to foment economic development in the region.

The statistical numbers provided by ECLAC on the Latin American area state that the poverty rate in the region was 33% in 2008, which includes 12,9% who lived in extreme poverty, also known as indigence (as defined by ECLAC a person is defined as poor when the per capita income of the persons household cannot satisfy the basic needs, while a person is indigent when the income does not satisfy even the basic food need), this percentage when is compared to the total population is roughly about 180 million poor and 71 million indigents.

The results of these financial crises affected directly the income through the job market, on average because of a reduction in employment income, not as a result of an increase in unemployment. Changes in employment rates revealed two opposing trends in employment and activity rates (number of persons employed divided by economically active population); which shows that unemployment rate of employed people rose but there was an increase of employment of people who were inactive before, thus creating a bigger low working class and lowering average income.

The current crisis, which began at the end of 2008 with the collapse of the real estate mortgage sector in the United States, has had an impact on most countries in the region, but less deep when compared to the previous crisis. In the whole region employment rates dropped from 55.1% at the beginning of 2008 to 54.4% for the same period in 2009.

However the purchasing power of wages of the population has been kept afloat, mainly in part to low inflation rates. Taking these considerations in mind, the expected poverty and indigence level for 2009 has been calculated, and there is an expected growth of 1.1% in poverty and 0.8% in indigence.

There is little doubt left that, despite of the significant advances achieved by the countries in Latin America to strengthen human development in the region, it is not enough to break the barriers standing on the way of equality, integration and social adhesion. On the contrary, the model of development being followed by most of the countries in Latin America, by distributing unequally the opportunities and benefits of economic growth, only contributes to increase inequality and to broaden the gap between the social classes.

The last few decades have witnessed the appearance, growth and multiplication, in all Latin American countries of nonprofit organizations dedicated to work in social programs and projects outside of the State. These are private organizations that do not seek profit, and that act in areas in which the government is usually involved, such as social services or public goods like education, health, child nutrition, low cost living, community promotion, and environmental protection, etc.

Overall, these organizations are a very meaningful part of the social development of recent years in Latin American societies. They have become, from the 1990s important actors of political dynamics and suppliers of services in pretty much all countries in the region. A very large part of social groups, made up mostly of the poorest and most vulnerable individuals, depend on the work of these types of organizations in order to satisfy the most basic of needs.

The scope of the thesis is presenting a model for management performance system in nonprofit organizations which develop social activities in Latin America.

This model is focused in organizations belonging to housing and economic development, environment, social service, education and research, philanthropic Intermediaries and voluntarism promotion following the ICNPO which according to the study made the by authors, represent around 64% of the areas in which nonprofit organizations work in Latin America.

This model converge the principles of the performance management framework studied during the thesis and suitable for nonprofit organization, it balances the needs of nonfinancial indicators with measurable mission fulfillment, the operative perspective of nonprofit and the strategy dimension, the stakeholder and clients mismatch perception, and offers conceptual framework for building and information system supporting management performance in nonprofit firms.

Measuring and managing performance is a specially difficult task in nonprofit organization because the lack of possessing one privileged interest group that is clearly defined, and the interest of this group guides the firms policy.

In the social value prism which is the model proposed, the interest group is composed by the stakeholders, thus government and nongovernment funders, volunteers, employees and beneficiaries, seeking for achieving the metagoal of reducing the structural problems of poverty and indigence, inequality, unemployment, discrimination; in the region in the long term, and in the short term the interest group is focused in solving or mitigating the

priority problems of the vulnerable communities, sharing in this way, similar and measurable goal that this interest group possesses and the stakeholders become the interest group clearly defined.

Also, the social value creation prism balance the fact that nonprofit organizations have the particularity to obtain funding from one particular client while serving its service to another completely different type of client; funders and beneficiaries from the vulnerable community. The customer satisfaction will be assured due to the ability of the nonprofit firm in reduce the vulnerability index through the execution of specific programs or projects in a vulnerable community, It means, customer satisfaction of both clients funders and beneficiaries is fulfilled by the capability of the nonprofit organization in solving or mitigation the priority problems of the vulnerable communities, this approach establishes in some extend a customer based indicators, where both beneficiaries and funders are seeking for same result.

Also, the prism represents a useful framework in which funders, donors, employees, and beneficiaries could reach agreements about the goals they are seeking, measures of success, and basic measuring tools measures. It could help as mean of best practices communication tool, allowing benchmarking into nonprofit sector.

The prism aligns the inconsistent funding priorities because the vulnerability index, one of the biggest problems in the nonprofit organization is that funders tend to spread their money across a community. Therefore, several organizations find themselves struggling for capital as funders look for projects that fulfill a certain criteria instead of social impact results.

1. PREFACE

1.1 FORMULATION OF THE PROBLEM

In Latin America, many institutions which develop social responsibilities activities¹ do not have enough methodologies and advanced tools that in a systematic way, lets them an adequate performance management and determine, prioritize, and quantify the problems of the vulnerable communities that they help, thus, the management of the resources and the formulation, execution of the projects do not always mitigate or solve the priority problems of the communities.

Because of this, the structural and priority problems:

- The focus of the intervention projects depends on the strength of each institution, considering the offer of the institutions but without considering the needs of the communities, therefore the projects do not always go towards the priority problems.
- The resources invested in the projects are not sufficient, even though they are oriented on the right way.

Thus, the intervention is insufficient for solving the real needs or the impact achieved is lower compared to the objective.

It is important to consider the positive trend related to the social responsibility topic, everyday, there are more and more private and governmental companies, universities, and normal people compromise with helping social responsibility initiatives, willing to bring resources to nonprofit organizations which could offer effective solutions to the vulnerable communities.

If the nonprofit organizations possessed an adequate performance management system, they would achieve major impact results, they would manage the resources in the right

¹ Public Agencies and private institutions with a local or international influence that develop social activities and realize direct intervention in vulnerable communities.

way, people and institutions interested in helping to nonprofit organizations would bring their resources with major confidence thanks to their efficiency and effective solving the problems of the vulnerable communities becoming self-sufficient and insuring long term performing.

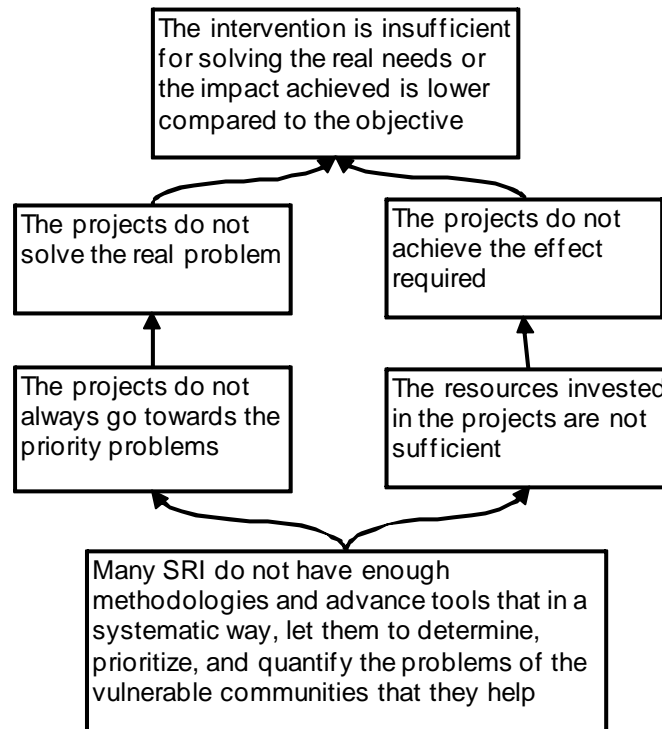


Fig. 1 Current reality tree

So, Considering management performance system as a mechanism designed to guide organizations towards their goals; analyzing if the objectives are coherent with available resources, comparing different ways to achieve objectives, measuring if organizational actions and behaviors can lead to achievements of goals, It is needed to design a management performance system supported by information and communication technologies – ICT for determining, prioritizing and quantifying the problems of vulnerable communities such as housing, health, education, employment and income generation, in order to formulate projects and execute them for solving or mitigating the priority problems and planning strategies in long term for minimizing the structural ones.

Solving or mitigating the priority problems of the vulnerable communities is the end scope of nonprofit organizations which work on development and housing area, this goal will be highlighted as the social value creation.

1.2 OBJECTIVES

1.2.1 GENERAL OBJECTIVE:

The scope of this thesis is to design a management performance system for nonprofit organizations in the Latin American context, helping them to achieve the metagoal of reducing the structural problems of poverty and indigence, inequality, unemployment, discrimination in the region.

1.2.2 SPECIFICS OBJECTIVES:

- To realize a bibliographic review of the concepts and methodologies of management performance system used by profit seeking and nonprofit organizations for getting reliable and relevant information for achieving the social value creation.
 - To choose the elements and common concepts of the nonprofit organizations that let them to get reliable and relevant information about the problematic of the vulnerable communities, in order to analyze and integrate them in the model.
 - To structure and document the model.
 - To validate the concepts documented during the research.
-

1.3 FRAMEWORK

The aim of this chapter is to introduce the main concept used during the thesis development and establishes the body of knowledge in order to create the support structure of the research.

Nonprofit organization is a wide spectrum of social responsibility institution organized and separate from government, equipped to control their own activities, with non-profit distribution to their owners or directors and involving some meaningful degree of voluntary participation. This concept is presented by the International Classification for Nonprofit organization ICNPO and will be adopted by the authors as nonprofit organization definition. The research will be focused in the group 6 “development and housing” of ICNPO because the characteristics of the Latin America social problems.

Performance management system is the tool proposed by authors for solving the problem formulated before, however, the great majority of performance measurement systems have been created for profit seeking firms; nonprofit organizations possess unique characteristics that make it especially hard to implement some kind of performance measurement systems

Performance management system is a complex mechanism designed to guide organizations towards their goals; analyzing if the objectives are coherent with available resources, comparing different ways to achieve objectives, measuring if organizational actions and behaviors can lead to achievements of goals. Through the use of this information and control systems there is a wide range of operational, strategic and managerial decisions that are supported.

The ideal performance assessment system in a nonprofit organization would acknowledge the existence of multiple constituencies and build measures around all of them. It would acknowledge the gap between mission and operative goals and develop objectives for both the short and the long term. It would guard against any of the previous traps outlined by developing an explicit but complex array of tests for performance measurement that balances clients and donors, board and professionals, group of managers, and any other constituents with a stake in the organization.

The scope of the thesis is then, focus performance management system in the Latin America context. In the second half of the twentieth century Latin America has been shaped and influenced by globalization. This globalization process had a big influence on

socio-economical and political changes in Latin America due to the political, cultural, and economical integration realized. This globalization step is characterized by liberation of international commerce, economic predominance of multinational companies, and expansion and movement of capitals.

The economic development was guided by a strategy of industrialization substituted by imports (ISI), which defines the state as the promoter of development, assigning it a central position in the modernization, the attraction of investments, the imports of capital goods supported by exports, income distribution, and population wellbeing. In more present years, there were economic reforms which have eliminated protection barriers and wealth distribution and opened up the economy.

The main problem with the economic politics created from the 1980's to the 2000, was the growth of inequalities, the diminishing quality of life of the vast majority of the population, and the impossibility to improve the current poverty conditions which now involves almost half of the population in Latin America. Paradoxically, these same economic politics that foment inequality are essential to elevate competition and to attract external investment required to foment economic development in the region.

Under this context Latin American nonprofit organizations are dedicated to work in social programs and projects outside of the State. These are private organizations that do not seek profit, and that act in areas in which the government is usually involved, such as social services or public goods like education, health, child nutrition, low cost living, community promotion, and environmental protection, etc.

Overall, these organizations are a very meaningful part of the social development of recent years in Latin American societies. They have become, from the 1990s important actors of political dynamics and suppliers of services in pretty much all countries in the region. A very large part of social groups, made up mostly of the poorest and most vulnerable individuals, depend on the work of these types of organizations in order to satisfy the most basic of needs.

2. RESEARCH METHODOLOGY

In this chapter is described the methodology applied during the research in order to support the model of performance management system for nonprofit organization.

The methodology could be schematized as follows:

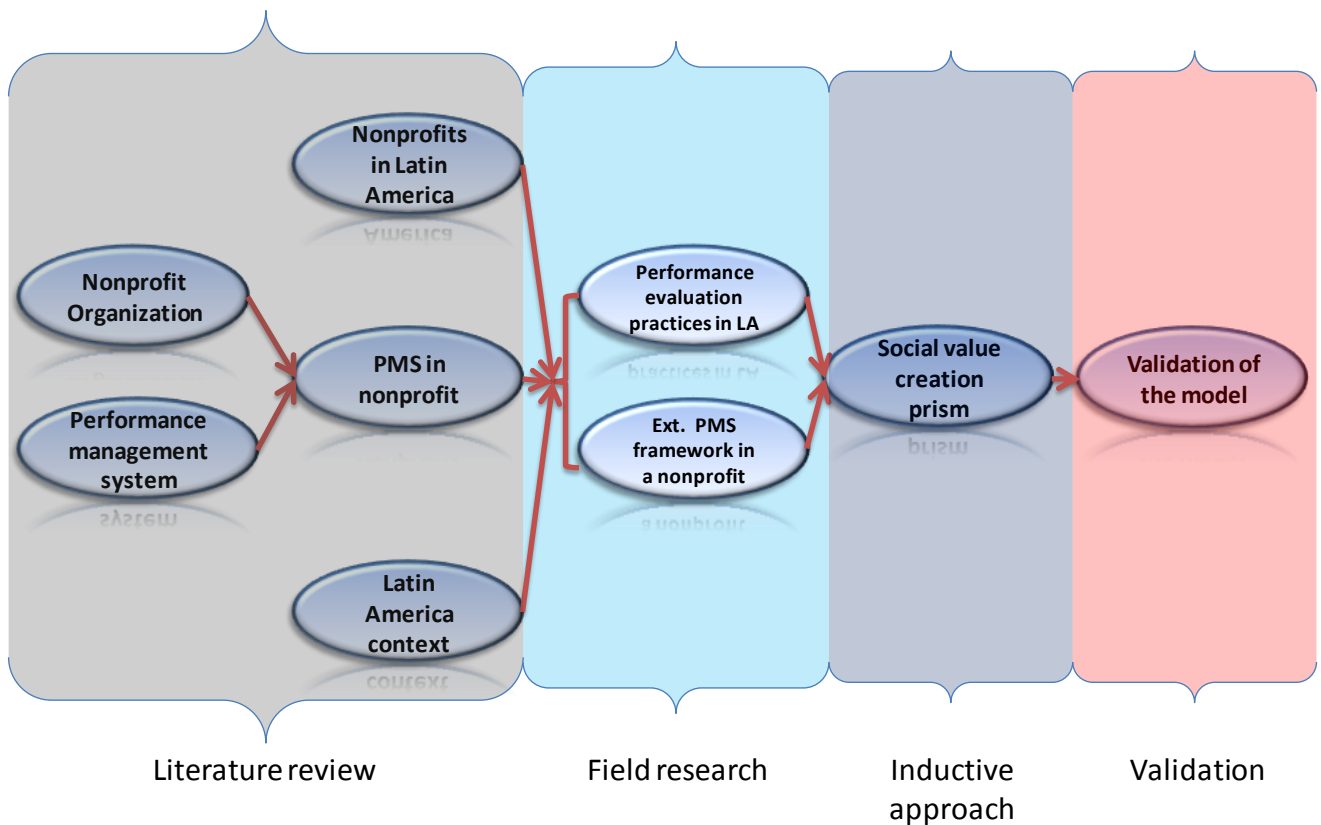


Fig. 2 Research methodology

The total time employed by nonprofit organization during the field research is around 4 hour divide in 3 hour filling the survey, and 40 minutes in the interview for applying the extended performance management framework in the nonprofit firm “Fundación Oleoductos de Colombia”.

For the validation, the nonprofit organizations spent around 27 hour, 24 reading the model and 3 hour fulfilling the survey.

Even though, the authors consider that the time spent in the research on field, it means interacting with the external institutions, it is not a good measure for understanding the

level of involvement of third parts in a research process. Traditional approach like case studies through personal interview or even telephonic could present higher number of hours but the conclusions obtained are the same, thus new tools and technologies i.e, information system, data bases, providers of online services, should be incorporated in the research process taking advantage of internet

LITERATURE REVIEW

A literature review discusses published information in a particular subject area, and sometimes information in a particular subject area within a certain time period.

A literature review can be just a simple summary of the sources, but it usually has an organizational pattern and combines both summary and synthesis. A summary is a recap of the important information of the source, but a synthesis is a re-organization, or a reshuffling, of that information. It might give a new interpretation of old material or combine new with old interpretations. Or it might trace the intellectual progression of the field, including major debates. And depending on the situation, the literature review may evaluate the sources and advise the reader on the most pertinent or relevant.

Literature reviews provide with a handy guide to a particular topic. If there is limited time to conduct research, literature reviews can give an overview or act as a stepping stone. For professionals, they are useful reports that keep them up to date with what is current in the field. For scholars, the depth and breadth of the literature review emphasizes the credibility of the writer in his or her field. Literature reviews also provide a solid background for a research paper's investigation. Comprehensive knowledge of the literature of the field is essential to most research papers.(University of North Carolina at Chapel Hill, 2010).

In the thesis, the literature review tries to understand as the first step, the wide spectrum of nonprofit organizations, answering to the question *what is nonprofit organization* through a systematic and chronological analysis of the theories which explain the origin of them. Also authors find an agreement of the elements which define nonprofit firms based on the International Classification of Nonprofit Organization – ICNPO.

Second, performance management system is analyzed. The literature in the area of performance management systems (PMS) and management control system (MCS) has developed a set of frameworks and tools recognizing the need for research to be based on more coherent theoretical foundations and provide a more systematic development of knowledge in the field.

One of the earliest approaches to performance management is analyzed. This system was developed in 1965 by Robert Anthony as a mechanism to guide organizations toward their goals; the model consisted in dividing control between strategic planning, management control, and operational control.

The second approach for performance management analyzed was proposed in 1999 by David Otley. Basically, his model highlights five central issues for performance management: the identification and assessment of key organization objectives and processes, the implementation and formulation of strategies, setting performance targets, the use of reward systems, and the information flows required.

Alternatively, Simons developed in 1995 his own levers of control framework as a tool for the implementation and control of business strategies. In his model he introduced four levels of control: core values, risks to be avoided, critical performance variables, and strategic uncertainties.

Analyzed more in depth is the more complete model proposed by Ferreira and Otley in 2009, the extended performance management framework. The focus of the framework is to provide a descriptive tool that can be used to amass evidence in order to base further analysis.

Finally, the balanced scorecard and the strategy map, proposed by Kaplan and Norton are focused. This system is studied as a complement for the extended performance management framework developed before.

Of all the five views on performance management introduced during this section, the first three are made as to show the evolution of the process and the different scopes and limitations each model possessed; while the last two are definite, more complete models.

Combining nonprofit organization and performance management, more in depth analysis is addressed in order to study performance management system in nonprofit organizations. In this section, the difficulties implementing performance measurement systems in nonprofit are addressed. The great majority of performance measurement systems have been created for profit seeking firms; nonprofit organizations possess unique characteristics that make it especially hard to implement some kind of performance measurement systems. The last section looks upon possible solutions, proposed by different authors, on the difficulties of implementing performance management system in nonprofit organizations.

Later, will be developed a general context of Latin America where will be analyzed the economic, social and political situation, in order to understand the reality of the area and the key problems that must be addressed. The chapter addresses roughly the development of Latin America and link trends in poverty and income distribution with social protection systems.

After developing the economic and social situation and explain the characteristics that make up Latin American society, will be introduced the elements which characterize nonprofit organizations in the region. The history behind the appearance of nonprofit organizations and their development will be analyzed, as well as their importance in tackling vital problems within the Latin American countries.

FIELD RESEARCH

Field research is defined as activities aimed at collecting primary (original or otherwise unavailable) data rather relying on published material. In marketing, it involves face-to-face interviewing, telephone and postal surveys, and direct observation. (businessdictionary.com).

In this step of the research, the authors wanted to analyzed performance evaluation practices in latin american nonprofit organizations which is addressed through an online survey.

Online surveys have numerous strengths and potential weaknesses, as highlighted in the figure presented by Joel R. Evans and Anil Mathur (Evans J. R., 2005) and expressed below.

The internet is a valued tool to obtain information from respondents living in different parts of a country or around the world, simply and at a low cost. Online surveys are quite *flexible*. They can be conducted in several formats: e-mail with embedded survey; e-mail with a link to a survey URL; visit to a web site by an internet surfer who is then invited to participate in a survey; etc. Online surveys can be administered in a *time-efficient* manner, minimizing the period it takes to get a survey into the field and for data collection.

Online surveys provide *convenience* in several ways. Respondents can answer at a convenient time for themselves. They may take as much time as they need to answer individual questions. Some online surveys let respondents start and then return later to the question where they left off earlier. It is relatively simple for respondents to complete online surveys and for their responses to be tabulated and analyzed.

Online surveys are capable of including dichotomous questions, multiple-choice questions, scales, questions in a multimedia format, both single-response and multiple-response questions, and even open-ended questions.

Given the simplicity with which messages can be e-mailed to respondents, the low costs of doing so, the availability of specialized research firms, and the access to global databases, online surveys can use large samples.

Online surveys can be constructed so that the respondent must answer a question before advancing to the next question or completing the survey, and so that instructions are followed properly (such as providing only one answer to a question). This eliminates item

non-response and the necessity to throw out answers that that been entered improperly. Studies indicate that online surveys have a much higher item completion rate than mail surveys; and answers to open-ended questions tend to be longer with online surveys than with mail surveys (Ilieva et al., 2002).

Online surveys can be constructed to ensure that respondents answer only the questions that pertain specifically to them, thus, tailoring the survey. This eliminates respondent confusion, because complicated instructions (for example, "If you answer yes to question 2, then continue with question 3. If you answer no to question 2, then go to question 10.") are not needed. In addition, the perceived questionnaire length is reduced by tailoring the survey.

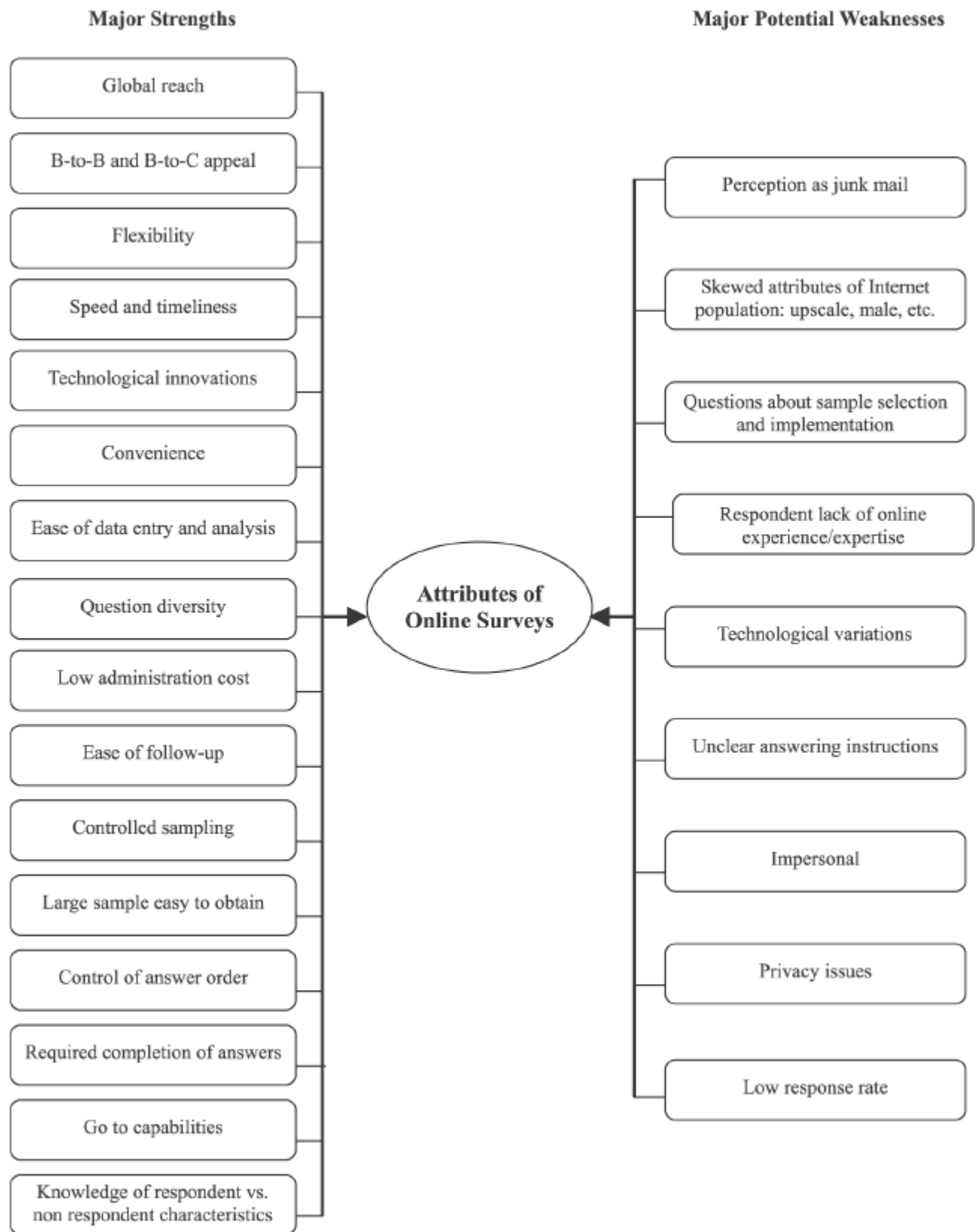


Fig. 3 Attributes of online surveys (Evans J. R., 2005)

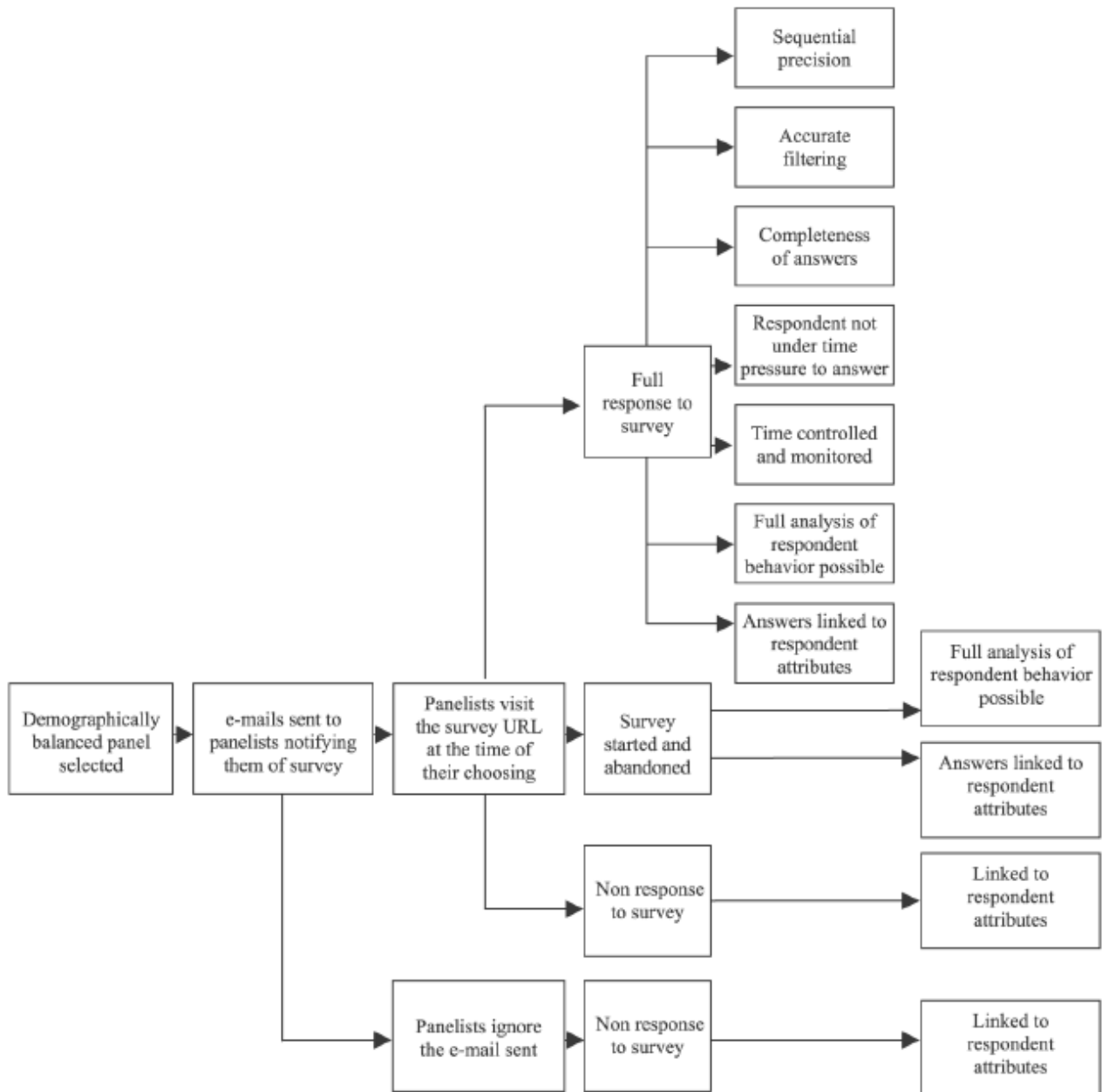


Fig. 4 Online surveys: respondent methodology (Evans J. R., 2005)

The survey was the first step in understanding performance measurement practices in nonprofit organizations in Latin America. In order to keep the response rate at a maximum, the questions asked to these organizations were simple and limited, hoping to obtain enough information to generate a framework of current practices and characteristics of organizations in the region.

The survey was left open in the internet through a period of over two weeks, after which the data was interpreted and analyzed. The conclusions obtained from the analysis will be useful to develop more thoroughly the more detailed interview to specific organizations; as

well as to understand the important characteristics in developing a model of performance measurement in nonprofit organization in Latin America.

The survey was conducted throughout a series of steps. The first step consisted of designing the questions to ask the respective organizations. The questions were developed taking several factors into account: the length of the questions, the formulation, and the type of information wanted.

The questions needed to be short and concise in order to be perfectly understood by the reader and to keep them from leaving the questionnaire unfinished. The questions needed to be formulated in a clear and concise manner, paying close attention to not generate any ambiguity or any miss logical answers. Lastly, one had to pay close attention to what is the most important information needed, since the questionnaire was needed to be short, only the most important questions were asked.

Once the questions were selected and reviewed, a database was generated in order to obtain the email and information of Nonprofit Organizations throughout Latin America.

With the finished database, the survey was then created using an internet survey creator and sent to all organizations in the database, consisting of about 400 emails, about 70 mails bounced back, meaning the address was no longer valid.

The e-mails were sent to nonprofits all across Latin America, with answers from 10 different countries including: Argentina, Chile, Paraguay, Bolivia, Peru, Ecuador, Colombia, Venezuela, Costa Rica and Mexico. Also there were 6 repliers whose I.P. address could not be determined and could have been from any country in Latin America.

The survey closed, and of about 330 nonprofits that were contacted, 30 firms, or about 9% answered the survey. This low response rate could be explained by several reasons: the closure of the nonprofit organization, or the lack of time to respond to surveys, or the lack of willingness to do so. The first reason goes to show the instability of the organizations in Latin America, while the other two show the poor resources that they possess or the unwillingness to share information.

However, according to supersurvey.com, by lpathia, Inc. from a meta-data for 199 surveys conducted using the SuperSurvey® cluster at <http://www.supersurvey.com>, the total response rate calculated as the percentage of invitations sent during a certain time period, (across all surveys) that resulted in a response is around 13.35%. So considering the

characteristics of nonprofit organizations, a response rate of 9% could be a significant response rate for the scope of the thesis.

With the results from the previous survey, a general understanding of characteristics and performance management systems in nonprofit organizations in Latin America is developed. However the information obtained is still broad, and it is useful to understand initial characteristics from performance measurement. In general the conclusions obtained are good but not sufficient to confidently address all the issues regarding the development of the model.

With the purpose of generating specific knowledge of performance management systems in nonprofit organizations in Latin America, interviews were conducted in which specific questions regarding the nature of the organization, as well as the performance measurement involved, were addressed. The questions asked were obtained from Otley's extended performance management system framework, discussed previously, and are designed to address specifically issues of performance measurement in the organization.

INDUCTIVE REASONING

Inductive reasoning works, moving from specific observations to broader generalizations and theories. Informally, it is sometimes called this a "bottom up" approach. In inductive reasoning, we begin with specific observations and measures, begin to detect patterns and regularities, formulate some tentative hypotheses that it can explore, and finally end up developing some general conclusions or theories (Trochim, 2006).

Merging the concepts studied of nonprofit organization, performance management system, performance management in nonprofit organization, the analysis of nonprofit firms in Latin America and their performance valuation practices, the model is proposed: management performance system for nonprofit organizations in Latin America.

This model is focused in organizations belonging to housing and economic development, environment, social service, education and research, philanthropic Intermediaries and voluntarism promotion following the ICNPO which according to the study made by authors, represent around 64% of the areas in which nonprofit organizations work in Latin America.

This model converges the principles of the performance management framework studied and suitable for nonprofit organization, it balances the needs of nonfinancial indicators with measurable mission fulfillment, the operative perspective of nonprofit and the strategy dimension, the stakeholder and clients mismatch perception previously mentioned, and offers conceptual framework for building and information system supporting management performance in nonprofit firms.

VALIDATION

Validation of the model is an essential parts of the model development process if model could be accepted and used to support performance management. Validation ensures that the model meets its intended requirements in terms of the methods employed and the results obtained. The ultimate goal of model validation is to make the model useful in the sense that the model addresses the right problem of performance management.

Unlike physical systems, for which there are well established procedures for model validation, no such guidelines exist for social modeling. In the case of models that contain elements of human decision making, validation becomes a matter of establishing credibility in the model (Center for Complex Adaptive Agent Systems Simulation, 2005).

The validation should be independent in the sense that it is conducted by knowledgeable people other than the original model developers and have accreditation, this means determining whether the model is useful for a particular purpose and is applicable to answering a specific set of questions.

In order to validate the model considering the aspect mentioned and the results obtained using the online survey, a new survey were issued with special focus on the nonprofit organization which participated in the first step of the research and based on the previous database of 330 nonprofit organizations. In this case, the value creation prism file were sent together with the link to online survey, after reading the model, the nonprofit firms were invited to fulfill the survey.

3. WHAT IS NONPROFIT ORGANIZATION?

Talk about non for profit organizations, means to talk about a wide spectrum of social responsibility institution which have the mission of creating social value, taking the social responsibility as center of their process. This chapter deals with the economic theories that explain the origin of non for profit organizations, also presents different definitions for this kind of institutions which are related with the evolution, place and historical moment. At the end of the chapter, will be specified the characteristics and the definition of non for profit organization chosen for to the purpose of this thesis.

3.1 THE ECONOMIC THEORIES

The first economic theory of the role of the non for profit organizations was offered by Weisbrod (1974, 1977), who suggested that non for profits serve as a private producer of public goods. Governmental entities, Weisbrod argued, will tend to provide public goods only at the level that satisfies the median voter; consequently, there will be some residual unsatisfied demand for public goods. Non for profit arise to meet this residual demand by providing public goods in amounts supplemental to those provided by government.

The **public good theory** open the possibility for understanding one of the most known label of non for profit organization, Non Governmental Organization. This is the term used to depict these organizations in the developing world, but it tends to refer only to a portion of what elsewhere is considered to be part of this sector-namely, the organizations engaged in the promotion of economic and social development, typically at the grass roots level.

However, the definition provided by public good theory left two question open. First, the services provided by many non for profits do not seem to be public goods but rather appear to be private ones and second, the theory doesn't explain why non for profit rather than for profit firms arise to fulfill an unsatisfied demand for public goods. What is it about non for profit firms that permits them to serve as private suppliers of public goods when proprietary firms cannot or will not.

Instead of public good theory, the **contract failure theory** explains the origin of non for profit organization as a result of the difficulty of evaluating the outcome.

The contract failure theory presented by Nelson and Krashinsky (1973, 1977) noted that the quality of service offered by a day-care center in the United States can be difficult for a parent to judge. Consequently, they suggested, parents might wish to patronize a service provider in which they can place more trust than they can in a proprietary firm, which they might reasonably fear could take advantage of them by providing services of inferior quality. The strong presence of non for profit firms In day-care industry, they argued, could perhaps be explained as response to this demand.

All types of organization arise in situations in which, owing either to the circumstances under which a service is purchased or consumed or to the nature of the service itself, consumers feel unable to evaluate accurately the quantity or quality of the service a firm produces for them. In such circumstances, for-profit firm has both the incentive and opportunity to take advantage of the costumers by providing less service to them than was promised and paid for. A non for profit, in contrast, offers to consumers the advantage that, owing to the non distribution constrain, those who control the organization are constrained in their ability to benefit personally from providing low-quality services and thus have less incentive to take advantage of their consumers. Non for profit arise where the value of such protection outweighs the inefficiencies that evidently accompany the non for profit form, such as limited access to capital and poor incentive for cost minimization, this means non for profit arise where ordinary contractual mechanisms do not provide consumers with adequate means to police producers.

The nonprofit definition suggested by the contract failure emphasizes the fact that these organizations do not exist primarily to generate profits for their owners. But these organizations sometimes do earn profits, i.e., they generate more revenues than they spend in a given year.

Another perspective offered by the **consumer control theory** suggest there are some types of non for profit, in particular, some types of mutual non for profit that do not seem to have arisen in response to contract failure. For example, it appears that exclusive social clubs, such as a country clubs, constitute a distinct exception to contract failure theory. In such organizations, the patrons seem as capable judging the quality as they would at, say, a resort hotel, The non for profit form is evidently adopted here simply as a means of establishing patron control over the enterprise. Such control serves the purpose of preventing monopolistic exploitation of the patrons by the owners of the firm. Consequently, if such a club were for profit, its owners would have an incentive to charge

a membership fee high enough not just to cover costs but also to capture some portion of the value to each member.

3.2 DEFINITION

The public good theory labeled non for profit organizations as Non Governmental Organization NGO's, meanwhile the contract failure theory labeled them as non for profit organizations highlighting the fact of nonprofit distribution constrain.

But also, other terms are used in order to describe the range of these institutions complementing the landscape and open the possibility for building the definition accepted for the purpose of the thesis.

- *Charitable sector* emphasizes the support these organizations receive from private, charitable donations. But private charitable contributions do not constitute the only, or even the major, source of their revenue.
- *Independent sector* emphasizes the important role these Organizations play as a "third force" outside of the realm of government and private business. But these organizations are far from independent. In financial terms they depend heavily on both government and private business.
- *Voluntary sector* emphasizes the significant input that volunteers make to the management and operation of this sector. But a good deal of the activity of the organizations in this sector in many countries is not carried out by volunteers at all, but by paid employees.
- *Tax-exempt* sector emphasizes the fact that under the tax laws of many countries the organizations in this sector are exempted from taxation. But this term begs the question of what characteristics qualify organizations for this treatment in the first place. In addition, it is not very helpful in comparing the experience of one country with that of another since it is dependent on the particular tax systems of particular countries.
- *Économie Sociale* is the term used to depict a broad range of nongovernmental organizations in France and Belgium, and increasingly within European Community institutions, but it embraces a wide variety of business-type organizations such as mutual in such as mutual insurance companies, savings

banks, cooperatives, and agricultural marketing organizations that would be considered parts of the business sector in most parts of the world.

- Social Enterprises are social mission driven organizations which apply market-based strategies to achieve a social purpose. The movement includes both non-profits that use business models to pursue their mission and for-profits whose primary purposes are social. Their aim – to accomplish targets that are social and or environmental as well as financial – is often referred to as the triple bottom line. Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social or environmental purpose remains central to their operation.

A final set of definitions emphasizes not the purpose of the organizations or their sources of income but their basic structure and operation. A wide variety of such structural features have been advanced as crucial to the concept of the non for profit sector, five of these have been identified as most compelling. Using these key features, the third sector is defined as a collection of organizations that:

1. Organized, i.e., institutionalized to some extent. What is important is that the organizations have some institutional reality to it. In some countries this is signified by a legal charter of incorporation. But institutional reality can also be demonstrated in other ways where legal incorporation is neither common nor readily available. These include some degree of internal organizational structure; relative persistence of goals, structure and activities; and meaningful organizational boundaries, i.e., some recognized difference between members and nonmembers. What are excluded are purely ad hoc and temporary gatherings of people with no real structure or organizational identity. Otherwise the concept of the nonprofit sector becomes far too amorphous and ephemeral to grasp and examine. ¹ We use the term “nonprofit” rather than “voluntary,” or “nongovernmental” etc., following United Nations (1993) terminology in the System of National Accounts (see Anheier, Rudney, and Salamon, 1993).

2. Private, i.e., institutionally separate from government. Nonprofit organizations are not part of the apparatus of government. They are “nongovernmental” in the sense of being structurally separate from the instrumentalities of government. This does not mean that they may not receive significant government support or even that government officials cannot sit on their boards. What is important from the point of view of this criterion is that the organization has an institutional identity separate from that of the state, that it is not an

instrumentality of any unit of government whether national or local, and that it therefore does not exercise governmental authority.

3. Self-governing, i.e., equipped to control their own activities. Some organizations that are private and nongovernmental may nevertheless be so tightly controlled either by governmental agencies or private businesses that they essentially function as parts of these other institutions even though they are structurally separate. To eliminate such situations, we add the further criterion that nonprofit organizations must be self-governing. To meet this criterion, organizations must be in a position to control their own activities to a significant extent. This implies that they must have their own internal governance procedures and enjoy a meaningful degree of autonomy.

4. Non-profit-distributing, i.e., not returning profits generated to their owners or directors. Nonprofit organizations may accumulate profits in a given year, but the profits must be plowed back into the basic mission of the agency, not distributed to the organizations' owners, members, founders or governing board. The fundamental question is: how does the organization handle profits? If they are reinvested or otherwise applied to the stated purpose of the organization, the organization would qualify as a nonprofit institution. In this sense, nonprofit organizations are private organizations that do not exist primarily to generate profits, either directly or indirectly, and that are not primarily guided by commercial goals and considerations. This differentiates nonprofit organizations from the other component of the private sector-private businesses.

5. Voluntary, i.e., involving some meaningful degree of voluntary participation. To be included in the nonprofit sector, organizations must embody the concept of voluntarism to a meaningful extent. This involves two different, but related, considerations: First, the organization must engage volunteers in its operations and management, either on its board or through the use of volunteer staff and voluntary contributions. Second, "voluntary" also carries the meaning of "non-compulsory." Organizations in which membership is required or otherwise stipulated by law would be excluded from the nonprofit sector. Similarly, "voluntary" implies that contributions of time (volunteering) and money (donations) as well as contributions in kind may not be required or enforced by law, or otherwise be openly coerced.

Needles to say, the five conditions identified in this structural/operational definition will vary in degrees, and some organizations may qualify more easily on one criterion than

another. To be considered part of the nonprofit sector under this definition, however, an organization must make a reasonable showing on all five of these criteria.

3.3 THE CLASSIFICATION

Also it is important to describe the international classification of non for profit organization as an instrument for comparing different institutions between them and focus the scope of the thesis in one of these groups proposed by the ICNPO.

The ICNPO was designed to differentiate entities that share five basic features described before and therefore make up the “nonprofit sector”.

The ICNPO uses the “establishment” rather than the “enterprise” as the unit of analysis since enterprises are frequently made up of many establishments, each of which may be engaged in a slightly different type of economic activity.

So far as the basis of classification is concerned, the ICNPO uses the “economic activity” of the unit as the key to classification. Units are thus differentiated according to the types of services or goods they provide (e.g., health, education, environmental protection). In accordance with a convention adopted for the ISIC (United Nations, 1990), the ICNPO classifies establishments by their major economic activity, usually measured as the activity that consumes the largest share of expenditures.

The ICNPO system groups the nonprofit sector as defined above into 12 Major Activity Groups, including a catch-all “Not Elsewhere Classified” group. These 12 Major Activity Groups are in turn further subdivided into 24 Subgroups. Each of the Subgroups has in turn been broken into a number of Activities.

The ICNPO makes possible to group and regroup organizations in order to shed light on components and dimensions of the nonprofit sector that might be important for national or comparative purposes. One important distinction often drawn in analyses of the nonprofit sector, for example, is that between “member-serving” and “public-serving” organizations. Under the ICNPO system, the member-serving components of the nonprofit sector are easily separated out by selecting Major Group 11 “Business and Professional Associations, Unions,” and Groups 1 200 “Sports” and 1 300 “Other Recreation.” Other countries may have a broader concept of “member-serving” and include Major Group 10 “Religion” and Group 7 300 “Political Organizations” under this component of the nonprofit sector. Similar adjustments can be made for other analytic purposes as well. For example,

the ICNPO can be adapted to fit into the broader concept of the “social economy” used in France, which includes, nonprofit associations, mutual associations like savings and insurance institutions as well as cooperatives. In this case, mutuals and cooperatives are classified parallel to the respective ICNPO groups containing nonprofit entities, allowing the researcher to examine the combined weight of the social economy in particular areas, while keeping each component separate. Thus, the modular character of the ICNPO makes it a useful tool for projects working with conceptions of the nonprofit sector that may be “broader” or more “narrow” depending on the topic and national context of the research.

For the purpose of the thesis, considering Colombia such as main framework in which the thesis will be discussed, the definition of non for profit organizations is build on the five features described before and using the ICNPO the focus will be on group 6: Development and housing.

Below is presented a brief description of the group:

GROUP 6: DEVELOPMENT AND HOUSING

Organizations promoting programs and providing services to help improve communities and the economic and social well being of society.

6 100 Economic, Social and Community Development

- Community and neighborhood organizations, organizations working towards improving the quality of life within communities or neighborhoods-- e.g., squatters' associations, local development organizations, poor people's cooperatives.
- Economic development programs and services to improve economic infrastructure and capacity; includes building of infrastructure like roads, and financial services such as credit and savings associations, entrepreneurial programs, technical and managerial consulting, and rural development assistance.
- Social development organizations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well being.

6 200 Housing

- Housing association development, construction, management, leasing, financing and rehabilitation of housing.
- Housing assistance organizations providing housing search, legal services and related assistance.

6 300 Employment and Training

- Job training programs organizations providing and supporting apprenticeship programs, internships, on-the-job training, and other training programs.
- Vocational counseling and guidance vocational training and guidance, career counseling, testing, and related services.
- Vocational rehabilitation and sheltered workshops organizations that promote self sufficiency and income generation through job training and employment.

3.4 SOME CHARACTERISTICS

In order to understand the non for profit organizations, it could be also useful describe them in a less formal way considering some characteristics observable in their culture.

The non for profit organizations have the mission of creating social value, taking the social responsibility as center of their process; this passion for achieving the mission is the most important strength and set the values driven.

These organizations work in an atmosphere of scarcity, the financial resources are limited and strongly linked to donations and fundraising activities.

In small-medium non for profit exists bias toward informality, participation and consensus because lack of formal hierarchy.

The program outcomes are difficult to assess because non for profits may have difficulty establishing outcome-oriented criteria for decision making.

Many nonprofit organizations are heavily dependent on third parties (government, foundations, and corporations) for funding. This funding is usually restricted, that is, allocated for a specific purpose. Often there is not sufficient money to cover administrative costs.

Many small to medium size nonprofits are dependent on volunteers to provide needed services or administrative support. While volunteers may be the heart and soul of many nonprofit organizations, they may have other work and personal commitments that can result in a lack of follow-through on tasks.

Main Differences Between Private Enterprises and Non for profit organizations²

ESSENTIAL FACTORS	PRIVATE ENTERPRISES	NON FOR PROFIT
Principal organization's criterion	Economic profit	Free social and humanitarian attention
What the organization offers to the market?	Products and services	Giving social and humanitarian help
Who are the clients?	Other companies and people in general	Public sector, cooperating companies, and people (who offer their effort and time)
How the organization manages to survive?	Being economically efficient and effective	Being socially efficient and effective
Processes	Structured oriented to the value chain	Structured by projects

Table 1 Main Differences Between Private Enterprises and Non for profit organizations

• Stakeholders:

In general, all types of non for profit organizations have a similar formation of stakeholders. Each of the non for profit organizations views differently the importance of each sector of stakeholders, yet they all have a certain degree of influence on the organization. The stakeholders are classified as:

- Government Institutions: The Government plays an important role in the life of any non for profit organization. Many of these organizations are either funded directly by the government or are helped with other measures, such as exemption from tax responsibilities. Another important reason is that the need for nonprofit organizations arises directly from the dissatisfaction of a public service/good from the government.

² The Strategic Social Map of a Nongovernmental Organization, GIL ESTALLO María de los Ángeles

- Employees: All the employees of the organization, whether managers or staff, paid or volunteered play an important role within the company.
- Formers: They are the creators, or current owners of the company. Differently to many profit seeking companies, the shareholders of the company also put work and effort into the organization.
- Private Companies: Private companies are fundamental financial supporters of non for profit firms.
- Other Non for Profit Organizations: Other non for profit organizations with similar characteristics or with overlapping objectives.
- Clients: The clients are divided into two sections. The Public for whom the public service of the non for profit organization in question is intended and the entities that fund the nonprofit operations.

There is a significant dilemma confronting the non for profit organizations regarding the stakeholders. The stakeholders are divided on how they evaluate the performance of the company; some evaluate whether the money is being used efficiently, while others are more concerned on how well the mission is being achieved. At the same time the company has to take into consideration the generation of enough funding to support their operational activities.

- **Mission:**

Nonprofits are organized around a social mission, and this mission is their sole reason of existence, this differs greatly with profit seeking entities, whose purpose of existence is mainly economical. This social mission must be clearly stated and understood within the company and clearly communicated to its stakeholders. The mission must emphasize the key issues that the non for profit organization is looking to solve.

It is important that the mission statement is both clear for everyone and focused on a problem of relative significance. If the mission statement is not clear, and collaborators within the company diverge on what is the company's mission, then internal conflicts will generate as there will be divergence of opinions on how the company should employ its resources. If on the other hand the mission is focused on a public issue of little relevance to the community it is intended for, (i.e. A company that focuses on providing scholarships

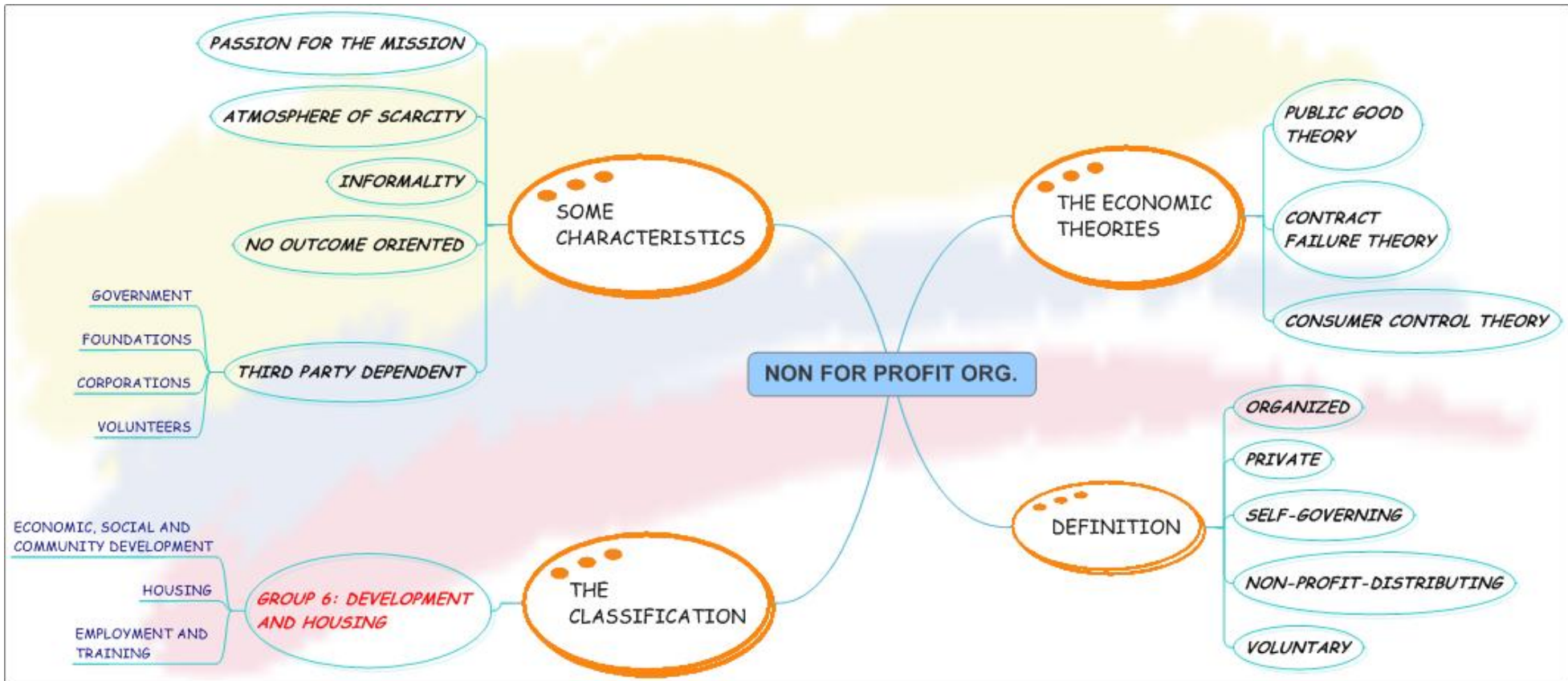
in a community whose biggest problem is malnutrition) then funders will withdraw their aid for the company as they become aware of this issue.

In particular our work is focused on nonprofit organizations in the Development and Housing sector (6 100 Economic, Social and Community Development, of ICNPO classification), this sector should have a clear and simple mission emphasizing the general improvements that they want to achieve on the communities that are required. The mission should be focused on the relative problems at hand, seeking to improve: Housing, Health and social security, education and job capacitating, job and income generation. However not being too centered in a specific problem, so that the efforts of the company can be focused on the most critical problem of the community applied.

- **Vision:**

In general, our target non for profit organization will have similar visions of what they want to achieve:

- As an organization: Each entity would like to be a center of excellence in the provision of services for economic, social and community development.
- For their mission: The final objective of each organization will be the overall satisfaction of the served communities in each of the areas of concern for the sector of nonprofits (quality housing, good health care, proper jobs and education).



Mindmap 1 Nonprofit Organization

4. PERFORMANCE MANAGEMENT SYSTEM

Performance management system³ is a complex mechanism designed to guide organizations towards their goals; analyzing if the objectives are coherent with available resources, comparing different ways to achieve objectives, measuring if organizational actions and behaviors can lead to achievements of goals. Through the use of this information and control systems there is a wide range of operational, strategic and managerial decisions that are supported.

Performance measures have long been used to provide operational control and external financial reporting in private sector organizations (Kuwaiti, 2004). More recently, pressure to compete in terms of value rather than cost has forced many businesses to consider their performance in terms of quality of service, flexibility, customization, innovation and rapid response (Neely, 1999). Operations management literature advocates performance measurement as integral to business improvement (Neely et al., 2001; Slack and Lewis, 2008).

For nearly 30 years, the performance measurement literature has focused on developing relevant, integrated, balanced, strategic and improvement-oriented performance measurement systems (Bititci et al., 2005). A plethora of frameworks has been developed that aim to provide a balanced view of a business (Bititci et al., 1997; Cross and Lynch, 1988/1989; Fitzgerald et al., 1991; Kaplan and Norton, 1992; Keegan et al., 1989; Neely et al., 2002).

This body of literature has made practical and theoretical contributions to performance measurement in private sector organizations. Still, consensus has not been reached as to the metrics or frameworks that can or should be used to evaluate private sector performance. Scholars advocate the continual evolution of measurement metrics and some remain skeptical about the longevity of any performance measurement system (Bititci et al., 2000; Kennerley and Neely, 2002).

³ For some authors, the difference between Performance Management System and Management Control System is not so nit, so these two terms are often interchangeable.

The fundamental purpose behind implementing management performance system is to improve overall performance.

Why performance should be measured

Robert d. Behn (2003) gives several reasons why performance should be measured:

- To evaluate how well the organization is performing. In order to evaluate performance, managers need to have in mind the goals that the firm is supposed to accomplish, in order to do so, a clear and coherent mission, strategy and objectives are needed. Then based on such information, managers have to choose how these activities should be measured. Evaluation process consists of two variables: the information about the performance of the company and a benchmark in order to compare the data and perform an analysis.
- In order to control the tasks being performed as well as the performance of those doing them. Many managers tend to design specific measurement systems that specify important actions to be taken by employees. These measurements then determine how well the employees have been following these measures, and by creating this measurement system the managers are controlling the employees to focus their attention on doing tasks that are measured.
- To budget. Budgets are also a crude tool in order to improve performance. Budgets cuts can sometimes be a disciplinary action in order to increase performance, and sometimes a budget increase will increase the performance in a given sector. However limited resources of an organization should not be spend in order to increase performance when it does not guarantee an overall efficiency increase, because performance might increase at the expense of resources but the increase in performance might not be worth the resources that could be invested elsewhere.
- Performance measurement system is a great tool in order to motivate people. Giving people significant goal and using performance measurement with targets in order to focus people and give an almost immediate sense of progress and accomplishment. Performance is directly and quickly evaluated so employees tend to increase efforts in order to improve the measurement.

- After the evaluation of the performance of the corporation and the analysis of information there is a process of learning in the mind of the employees and the organization. By analyzing everything, corporations are able to determine reasons behind its respective performance.
- To improve, companies tend to evaluate what should be changed in order to improve performance.



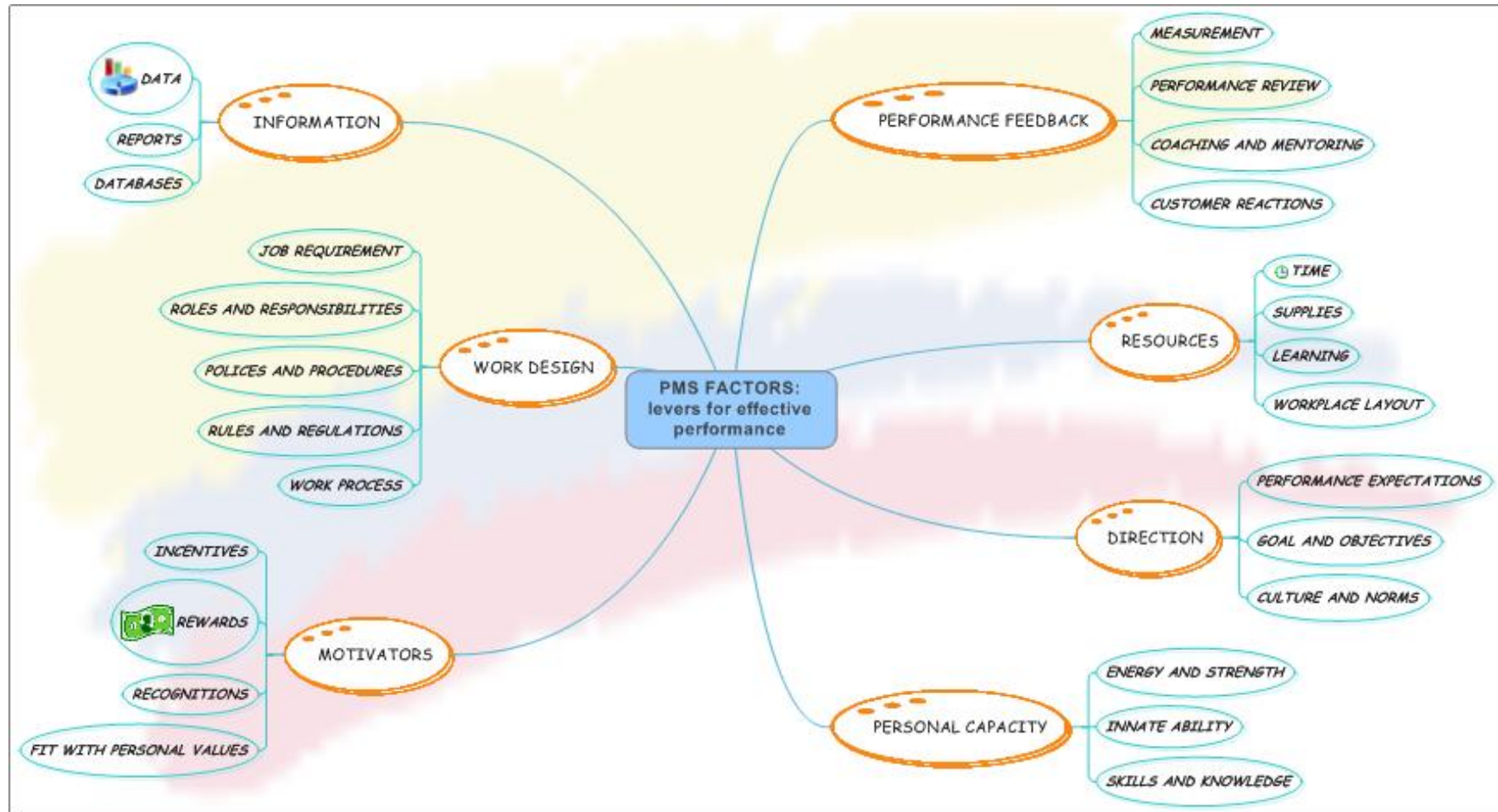
Fig. 5 Performance management cycle

There are several important principles behind performance measurement that should be kept under observation. The first is that all important work activity must be measured, unmeasured work cannot be managed. Desired outcomes for each work must be established, frequent performance reporting and variance analysis must be done to generate effective management control.

The key reasons to measure performance and the work performed is to know which areas need improvement, to create basis for resource allocations, to be able to compare with similar companies, to become aware of improvements or declining trends in operation and

to know which areas of your companies are effective and efficient and understand your own companies strengths and weaknesses.

Several performance measurement systems are in use today, each one has its own advantages and disadvantages and each particular organization has its preference on which to use. The Balance Scorecard (Kaplan, 1992) is a very popular performance measurement tool implemented in business wide organizations, while there has been evolution into a strategy map which shows a more integrated approach with the strategy and mission of the company. This tools are only the general framework of the performance measurement system that should be implemented by the company, in each specifical company the more important indicators that highlight the most vital areas of the company should be focused.



Mindmap 2 Performance Management System Factors

To measure performance is indeed a very hard and complicated process. Even to define performance is a complicated task, few people agree on what performance really means: it can mean anything from efficiency, to robustness or resistance or return on investment, or plenty of other definitions never fully specified (Michel, 1995). In order to implement a proper performance measurement system, several aspects must be taken into consideration, such as what constitutes important performance aspects and what will we gain from measuring them.

4.1 LITERATURE IN PERFORMANCE MANAGEMENT

The literature in the area of performance management systems (PMS) and management control system (MCS) has developed a set of frameworks and tools recognizing the need for research to be based on more coherent theoretical foundations and provide a more systematic development of knowledge in the field. It is important to understand the principles of each one for adapting these to the solution for nonprofit organization.

In the following section, the evolution of performance management systems will be analyzed through different frameworks and tools developed by a set of authors.

First, one of the earliest approaches to performance management is analyzed. This system was developed in 1965 by Robert Anthony as a mechanism to guide organizations toward their goals; the model consisted in dividing control between strategic planning, management control, and operational control.

The second framework for performance management analyzed was proposed in 1999 by David Otley. Basically, his model highlights five central issues for performance management: the identification and assessment of key organization objectives and processes, the implementation and formulation of strategies, setting performance targets, the use of reward systems, and the information flows required.

Alternatively, Simons developed in 1995 his own levers of control framework as a tool for the implementation and control of business strategies. In his model he introduced four levels of control: core values, risks to be avoided, critical performance variables, and strategic uncertainties.

Analyzed more in depth is the more complete model proposed by Ferreira and Otley in 2009, the extended performance management framework. The focus of the framework is to provide a descriptive tool that can be used to amass evidence in order to base further analysis.

Finally, the balanced scorecard and the strategy map, proposed by Kaplan and Norton are focused. This system is studied as a complement for the extended performance management framework developed before.

Of all the five views on performance management introduced during this section, the first three are made as to show the evolution of the process and the different scopes and limitations each model possessed; while the last two are definite, more complete models. Later on, while developing a model of performance management for nonprofit organizations, important characteristics of these models will be used, especially of the last two.

EARLY CONCEPTS OF MANAGEMENT CONTROL SYSTEM

One of the earlier approaches to performance measurement was management control system presented by Robert Anthony. Robert Anthony's (1965) work, divided the realm of control between strategic planning, management control, and operational control. He defined management control as "the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives" (p. 17).

Management control system (MCS) is a mechanism designed to guide organizations towards their goals. It's aims are to analyze if objectives are coherent with available resources, to compare different ways to achieve objectives and to measure if actions/behaviors can lead to goals achievement. Its roles may be clarified analyzing the typical phases of a decision process:

- Defining a planning of actions by planning goals, needed resources and risk can affect the goal achievement. In this phase MCS helps to asses compatibility among resources, goals and plans.
- Result measurement
- Variance analysis: between planned and actual data
- Feed-back and corrective actions.

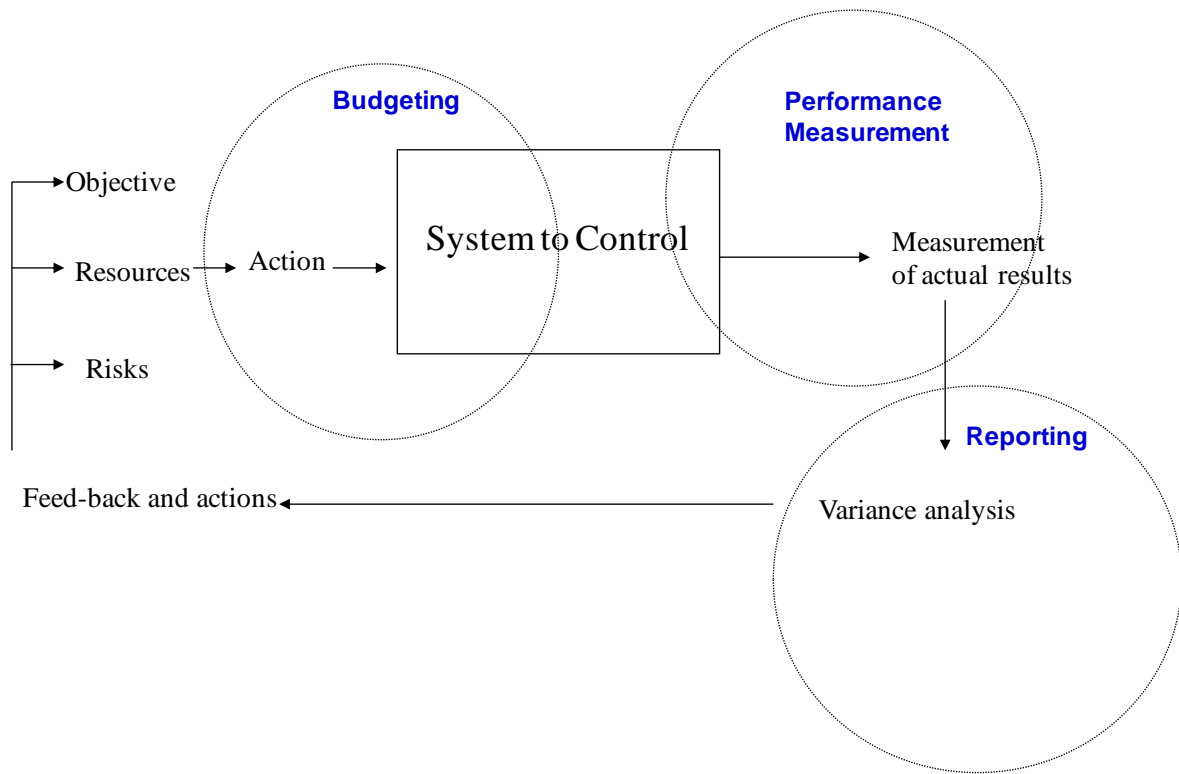


Fig. 6 Management control system cycle

However, according to Otley's point of view, this approach resulted in a disconnection between MCS and strategic planning and between MCS and operational control.

OTLEY'S (1999) PERFORMANCE MANAGEMENT FRAMEWORK

In 1999 David Otley proposed a generated framework for studying the operation of Management Control Systems. In essence, the framework highlights five central issues which he argues need to be considered as part of the process of developing a coherent structure for performance management systems.

The first area addressed by his framework relates to the identification of the key organizational objectives and the processes and methods involved in assessing the level of achievement in each of these objectives.

The second area relates to the process of formulating and implementing strategies and plans, as well as the performance measurement and evaluation processes associated with their implementation.

The third area relates the process of setting performance targets and the levels at which such targets are set.

The fourth area draws attention to rewards systems used by organizations and to the implications of achieving or failing to achieve performance targets. The final key area concerns the types of information flows required to provide adequate monitoring of performance and to support learning.

This framework provides a helpful structure for analyzing Management Control System because it considers the operation of the MCS as a whole and because it can be used with both for-profit and not-for-profit organizations. Instead of Otley's framework, others frameworks such as value based management focus only on for profit entities. Its application has been reported to be straightforward, the areas to be addressed are clear and unambiguous, and the questions asked appear meaningful at different levels of management (Ferreira, 2002).

However, Otley's framework presents a number of weaknesses (Ferreira and Otley, 2009). It does not consider the role of the vision and mission despite the fact that these may be key elements of the process of control in organizations. It is only via key objectives that the framework touches this area of the control system, although it does not explicitly address the issues of what mechanisms and processes are used to bring the objectives to the awareness of employees and managers. Second, the framework can be interpreted as being focused on diagnostic control systems. Third, the framework does not

stress the ways in which accounting and control information is used by organizations, as against the existence of formal control mechanisms. Fourth, the framework tends to look at control systems from a static perspective, perhaps giving a 'snapshot' at a point in time, but equally ignoring the dynamics of control system change and development.

SIMONS' (1995) LEVERS OF CONTROL FRAMEWORK

Simons (1995) proposed the levers of control (LOC) framework as a tool for the implementation and control of business strategies. According to Simons, the framework is an 'action-oriented theory of control'.

The four levers of control are: core values, risks to be avoided, critical performance variables, and strategic uncertainties. Each of these is directly controlled by a particular system. *Core values* are controlled by the beliefs system, which guides the creative process of exploring new opportunities. *Risks to be avoided* are controlled by the boundary system, which plays the negative, limiting role of circumscribing the domain where the company seeks new opportunities. *Critical performance variables* are controlled by the diagnostic control system, whose function is to monitor, assess and reward achievement on key areas of performance. Finally, strategic uncertainties are controlled by the interactive control system, whose role is to encourage organizational learning and the process of development of new ideas and strategies.

It has been pointed out that the framework strongly focuses on strategic issues and on its implications for the control system. It also offers a broad perspective of the control system by looking at the range of controls employed and how they are used by companies (Ferreira, 2002). The framework is strongly focused on the top level of management and that it does not cope well with the range of informal controls that exist in organizations, particularly in small ones (Ferreira, 2002) or on the operation of controls at lower hierarchical levels.

EXTENDED PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK

The extended PMSs framework by Ferreira and Otley (2009) presented below, represents a considerably improved tool to that originally developed by Otley (1999) for describing many important aspects of PMSs design and use.

The focus of the framework and its extension is to provide a descriptive tool that may be used to amass evidence upon which further analysis can be based. However, it is believed that the questions proposed provide a powerful means of relatively quickly outlining the main features of a PMS in a comprehensive manner, and the ways in which it is used in the context of a specific organization.

The extended framework, represents a progression from Otley's 5 'what' questions to 10 'what' and 2 'how' questions. The naming of the framework as 'performance management systems' aims to reflect a shift from the traditional compartmentalized approaches to control in organizations—such as Anthony's (1965)—to a broader perspective of the role of control in the managing organizational performance. It also aims to give a managerial emphasis, by integrating various dimensions of managerial activity with the control system. The 12-question PMSs framework is presented below:

1. *What is the vision and mission* of the organization and how is this brought to the attention of managers and employees? What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?

2. What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees?

3. What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?

4. What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?

5. What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?

6. What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?

7. What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?

8. What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?

9. What specific information flows — feedback and feedforward —, systems and networks has the organization in place to support the operation of its PMSs?

10. What type of use is made of information and of the various control mechanisms in place? Can these uses be characterized in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?

11. How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?

12. How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?

Extended PMS

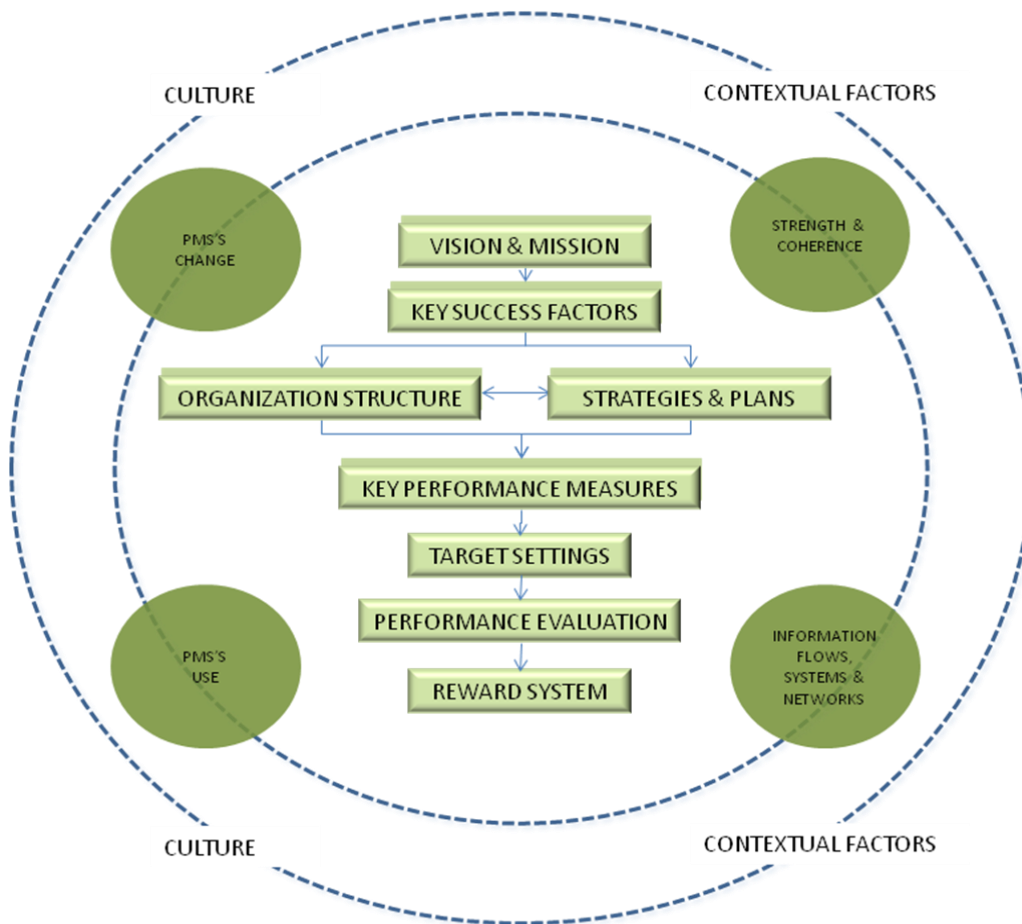


Fig. 7 Extended performance management system framework

Vision and mission

Performance management begins with purposes and objectives. It has been long established that a fundamental requirement for control is the existence of objectives, which are the used to evaluate performance (Otley and Berry, 1980). Organizations have to meet multiple and sometimes competing objectives (Chenhall, 2003), and these are typically set out by senior managers to meet key stakeholders expectations (Otley, 2008). The corollary of having to satisfy multiple objectives is that performance becomes a multi-dimensional concept for which no single overriding measure is adequate (Otley, 2008).

The mission outlines the “overriding purpose of the organization in line with the values or expectations of stakeholders”, while the vision sets out the “desired future state: the aspiration of the organization” (Johnson et al., 2005, p. 13).

Key success factors

The key success factors (KSFs) are those activities, attributes, competencies, and capabilities that are seen as critical pre-requisites for the success of an organization in its industry at a certain point of time (Sousa de Vasconcellos e Sá and Hambrick, 1989; Thompson and Strickland, 2003).

KSFs are a codification of the vision and mission in more concrete terms and in a more compressed timeframe, recognizing that control measures need to be reported on a routine basis. For instance, managers may regard growth of revenue in foreign markets as a KSF for a vision of becoming a global market leader, or the transferring of production to countries with lower operating costs for a vision of leading the industry in low cost.

Organization structure

There are multiple forms of organization structures and they involve choices regarding decentralization/centralization of authority, differentiation/standardization, and the level of formalization of rules and procedures, as well as configuration (Johnson et al., 2005). Configuration “consists of the structures, processes and relationships through which the organization operates” (Johnson et al., 2005, p. 396; emphasis added). Structures include the functional, the multidivisional, the holding company, the matrix, the transnational, the team-based, and the project based. Processes include supervision, planning, and market processes, while relationships refer to internal relationships and external relationships — outsourcing, strategic alliances, networks, and virtual organizations (Johnson et al., 2005). Organization structure determines the responsibilities and accountabilities of organizational participants; it equally defines the activities that individuals with specific roles should not pay attention to. It is then not surprising that these “arrangements influence the efficiency of work, the motivation of individuals; information flows and control systems and can help shape the future of the organization” (Chenhall, 2003, p. 145).

Organization structure decisions are linked to KSFs as well as to strategic decisions. The identification of KSFs requires organizations to assess the suitability of the existing structures. For instance, a KSF like “to have the ability to respond quickly to market conditions” may require the organization to embrace decentralization or to form team-based structures (structures), to reengineer processes (processes), or to form strategic alliances (relationships), all of which are examples of configuration changes as defined previously (Johnson et al., 2005).

Strategies and plans

Strategy is the direction the organization chooses to pursue over the long term as the means of achieving organizational objectives (Johnson et al., 2005; Thompson and Strickland, 2003).

The strategy literature argues that the organization needs to develop the strengths that match its KSFs (e.g. Ansoff, 1965; Porter, 1980; Sousa de Vasconcellos e Sá and Hambrick, 1989) to achieve the desired outcomes it sets for itself. A key element of this entails translating strategic goals into operating goals to attain alignment (Chenhall, 2003; Kaplan and Norton, 1996). Research also suggests that a match between the environment, strategy, and internal structures (such as MCS) is associated with higher performance (Govindarajan, 1988; Govindarajan and Gupta, 1985).

It is possible that we could observe that an organization has clear goals and objectives—perhaps expressed through mission and vision statements — and has identified the appropriate KSFs, but has not thought through what actions will be necessary to achieve such goals (i.e. a strategic planning failure). Alternatively, it may have explicitly decided that it will not operate through a detailed planning process, but adopt a more flexible, adaptive approach to respond to environmental uncertainties. That is, forecasting is believed to be so unreliable, that it is thought better not to plan, but to have the capacity to respond quickly to events as they unfold (e.g. as in agile manufacturing).

Lack of direction is one of the key control problems observed in practice (Merchant and Van der Stede, 2007) and failure to communicate strategies and plans to organizational members may result in a lack of understanding of how individual actions contribute to the overall strategy.

Key performance measure

Key performance measures are the financial or nonfinancial measures (metrics) used at different levels in organizations to evaluate success in achieving their objectives, KSFs, strategies and plans, and thus satisfying the expectations of different stakeholders. They are explicitly identified in the PMSs framework to reflect both the importance that is attached to performance measures in most contemporary organizations and the influence that such measures have on individual behavior. There is evidence that alignment between performance measures and strategy affect performance; in particular, the pairing of quality-based manufacturing strategies with the extensive use of subjective non-

financial performance measures was found to have a positive performance effect (Van der Stede et al., 2006).

Further, the number of such 'key' measures is also of relevance, as managers' limited attention span means that the use of many performance measures reduces their impact. For instance, the proponents of the balanced scorecard address this issue by recommending a maximum of 25 performance measures in total (Kaplan and Norton, 1996). The articulation of measures between organizational levels is also of interest, especially as non-financial performance measures may well have to be different at different organizational levels. Similarly, the explicit development of causal relationships between measures in some form of causal model (such as 'strategy maps' (Kaplan and Norton, 2000, 2004)) also provides evidence of how an organization views its performance measures.

Target setting

Target setting is a critical aspect of performance management (Ittner and Larcker, 2001; Otley, 1999; Stringer, 2007).

Research has found that target levels have effects on performance, with moderately difficult goals enhancing group performance (Fisher et al., 2003), with evidence that, in practice, targets tend to be 80 to 90 per cent achievable and this is regarded as desirable (Merchant and Manzoni, 1989).

Aggressive target setting in situations where there is need for cooperation between units is not associated with higher performance (Chan, 1998), as managers become less willing to make concessions and take longer to reach agreements (Smith et al., 1982). However, the embedding of continuous improvement into targets appears increasingly inescapable, as companies face competitive and globalised markets (Chenhall, 2003). Also, the use of benchmarking (Elnathan et al., 1996; Spendolini, 1992), particularly the use of external benchmarks, appears to provide a greater degree of legitimacy for targets, as shown by their use in the health sector (Northcott and Llewellyn, 2003), and has been strongly advocated by the beyond budgeting movement (Hope and Fraser, 2003b).

Performance evaluation

The area of performance evaluation represents a critical nexus in control activities. Managers tend to be most affected by areas that senior managers signal as important, with success in these areas potentially determining status and progression in the

organization. Thus both formal performance evaluation activities and informal indications of what is felt to be important are both covered in this question. It is particularly important to distinguish between performance evaluation routines (often orchestrated by the human resources function) and those actually operated by senior managers. Again, this is an area where subordinates' perceptions of what is believed to be the situation are even more important than the formal situation, with research showing that trust between the parties plays a major role (Gibbs et al., 2004). It is important to note that this question is not concerned exclusively with individual performance evaluations, even though they are likely to be the most observable. It also includes the evaluation of the performance of various groups of individuals (e.g. teams, departments, and divisions) and, more generally, the organization as a whole. Research shows that performance evaluations of business units that use balanced scorecards place greater emphasis on common measures than on unique measures (Banker et al., 2004; Lipe and Salterio, 2000) and that they are influenced by strategically linked measures only to the extent that business unit strategies are communicated in detail to evaluators (Banker et al., 2004). Research has also found that managers who are evaluated on the basis of company profits achieve higher joint outcomes when following a team orientation than an individualistic orientation (Schulz and Pruitt, 1978). There is also research that shows that cooperation and integrative problem solving among executives occurs more frequently when performance evaluations focus on corporate profits rather than on divisional profits (Ackelsberg and Yukl, 1979).

Reward systems

Rewards are typically the outcome of performance evaluations and as such reward systems are the next logical aspect to consider in the analysis of PMSs. The relationship between rewards, motivation and performance is complex, perhaps more so than it appears at first sight. It has been long recognized that reward systems are used to motivate individuals to align their own goals with those of the organization (Hopwood, 1972) and that desired behaviours that are not rewarded tend to be neglected (Kerr, 1975).

Information flows, systems and networks

Information flows, systems and networks are essential enabling mechanisms to any performance management system (Otley, 1999); they are the binding agent that keeps the whole system together. They act like the nervous system in the human body, transmitting information from the extremities to the centre and from the centre to the extremities.

Systems are used to organize accounting and other control information. They are part of the information system (IS) and information technology (IT) infrastructure that pervade contemporary organizations. Enterprise Resource Planning (ERP) systems, for example, are not accounting systems in the strict sense of the word, but they are interdependent with accounting and other control processes (Chapman, 2005).

It also needs to be recognized that the well-developed and reliable systems that are generally in place to provide financial information do not necessarily exist in such robust form for non-financial information. The quality of the non-financial information needs to be assessed, particularly in regard to its vulnerability to manipulation and misreporting. The relationship between accounting and IT is one of interdependence and mutuality, with accounting needing IT for both reporting and performance management purposes, and IT needing accounting to justify its existence (Dechow et al., 2007).

How performance and control information is structured is another key issue to be considered. In many organizations, performance management processes revolve around budgeting systems, however, increasingly organizations are moving towards broader PMSs, such as balanced scorecards.

Other operating systems, such as production, quality control, logistics systems, and customer-relationship systems may be part of the overall package of systems in use. There are also a number of additional issues to be considered that are related to the characteristics of the information flows in the PMSs. These includes issues such as information scope (i.e. narrow scope or broad scope), timeliness (i.e. frequency and speed of reporting), aggregation (i.e. by period and by functional areas), and integration (i.e. inter-relationships and interactions between subunits) (Chenhall and Morris, 1986). They also include issues such as the level of detail, relevance, selectivity, and orientation (Amigoni, 1978).

Networks represent another layer in the IT/IS infrastructure. Many organizations have organized their systems in networks that are made available to various parties within the

organization. However, information networks go beyond formal mechanisms. Informal networks of individuals can also play a key role in the dissemination of information within the organization. This is something that will be shaped by and shape the prevailing organizational culture.

PMSs use

The use made of information and controls is a cornerstone of the PMSs. Case study evidence suggests that the use of control information can be more significant than the formal design of the control system (Ferreira, 2002).

Broadbent and Laughlin (2007)⁷ have built upon the idea of 'transactional' and 'relational' uses of PMSs, and this provides an additional dimension of 'use' at an organizational level of analysis. Transactional use of a PMS "has a high level of specification of ends to achieve (e.g. through performance measures, targets etc.) as well often a clear specification of the means needed to achieve these defined ends", whereas relational use of a PMS "can be less specific about the ends to achieve and the means to achieve them if this is the view of the stakeholders designers but could be very precise if they so chose" (2007, pp. 25–26). Transactional and relational uses are the extremes of a continuum that represent ideal constructions which do not necessarily translate neatly into practice, but they are analytically distinct to the extent that they represent the domains of cultural elements of instrumental rationality and of communicative rationality (Broadbent and Laughlin, 2007).

PMSs change

Environments change, organizations change, and so PMSs also need to change in order to sustain their relevance and usefulness. The idea of change in the PMSs applies to both the design infrastructure that underpins the PMSs (e.g. the management control techniques and the key performance measures used) and also to the way performance management information is used (e.g. the aspects which are emphasized and those which are not). However, the issue is not the process of change itself, but rather the extent and type of change that has taken place in the PMSs design and use as a response to or in anticipation of changes in the organization and its environment. In other words, the question draws the attention to the antecedents (i.e. the causes) and consequences (i.e. the outcomes) of change in the PMSs, leaving issues of process aside. For instance, the observer may ask why performance measures were introduced or removed from the

PMSs and examine the economic and/or behavioural implications of those decisions, rather than dwelling on the detail of change processes.

Strength and coherence

The strength and coherence of the links within a PMS is crucial to understanding its operation and therefore an area that needs to be considered in the extended framework.

Like any other system, a PMS is greater than the sum of its parts and there is a need for alignment and coordination between the different components for the whole to deliver efficient and effective outcomes. Although the individual components of the PMSs may be apparently well-designed, evidence suggests that when they do not fit well together (either in design or use) control failures can occur (Ferreira, 2002).

BALANCED SCORECARD AND STRATEGY MAP

The extended performance management system described before, gives the framework for developing coherent structure for performance management system. In this chapter will be studied the strategy map proposed by Kaplan and Norton as a complement for understanding the management control system field.

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance.

The strategy map is an evolution of balanced scorecard, which describes how an organization creates value by connecting strategic objectives in explicit cause-and-effect relationship with each other in the four BSC objectives (financial, customer, processes, learning and growth).

Description of strategy maps:

1. All of the information is contained on one page; this enables relatively easy strategic communication.
2. There are four perspectives: Financial; Customer; Internal; Learning and Growth.
3. The financial perspective looks at creating long-term shareholder value, and builds from a productivity strategy of improving cost structure and asset utilization and a growth strategy of expanding opportunities and enhancing customer value.
4. These last four elements of strategic improvement are supported by price, quality, availability, selection, functionality, service, partnerships and branding.
5. From an internal perspective, operations and customer management processes help create product and service attributes while innovation, regulatory and social processes help with relationships and image.

6. All of these processes are supported by the allocation of human, information and organizational capital. Organizational capital is comprised of company culture, leadership, alignment and teamwork.

7. Finally, cause and effect relationships are described by connecting arrows.

By connecting such things as shareholder value creation, customer management, process management, quality management, core capabilities, innovation, human resources, information technology, organizational design and learning with one another in one graphical representation, strategy mapping help greatly in describing the strategy and to communicate the strategy among executives and to their employees. In this way alignment can be created around the strategy, which makes a successful implementation of the strategy more easily.

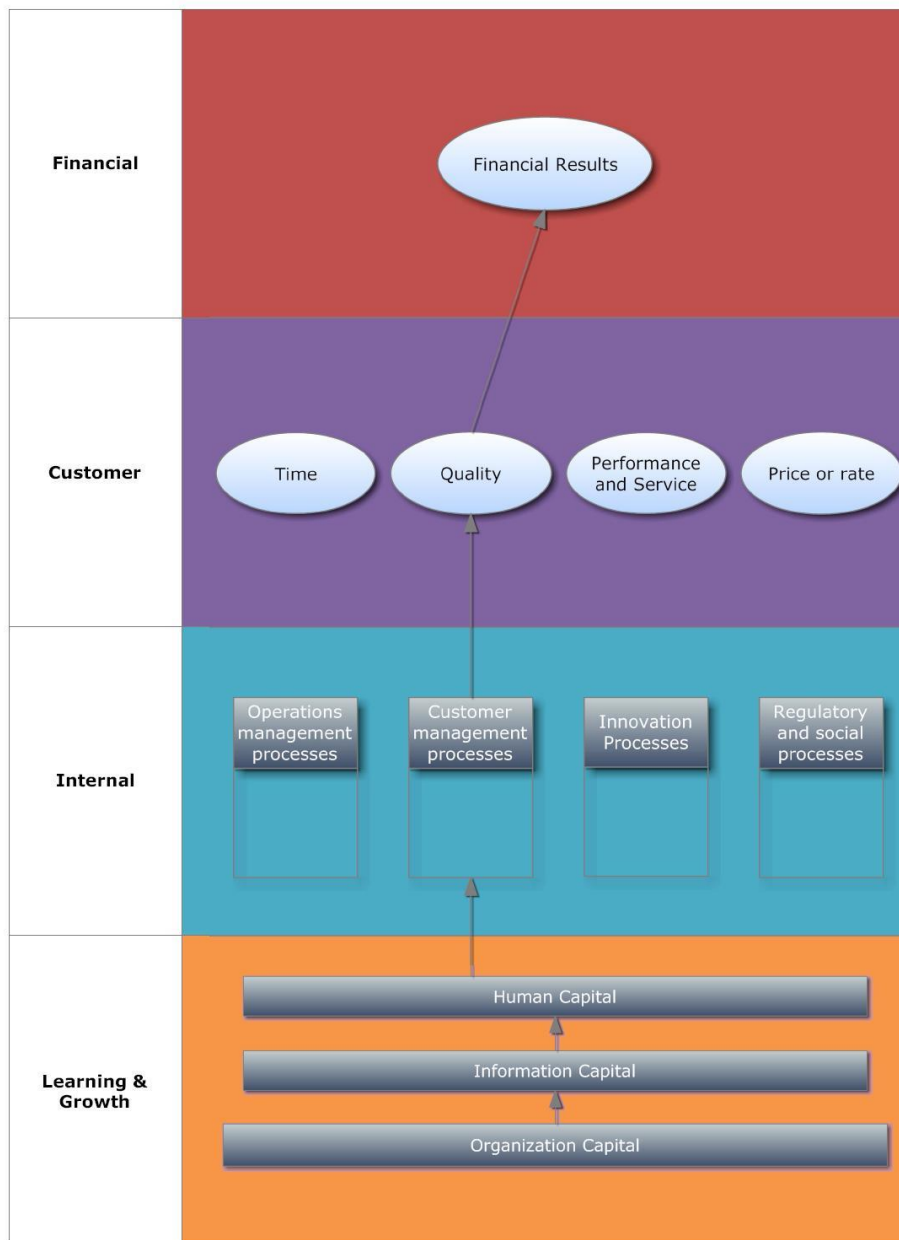


Fig. 8 Balanced scorecard

5. PERFORMANCE MANAGEMENT SYSTEM IN NONPROFIT ORGANIZATION

In the first section we see the elements that are forcing nonprofits to adopt performance management system. Nonprofits in the past have been characterized by informality, however in recent years funders are becoming more demanding, and overall there is a consensus that pushes not for profit firms to prove their effectiveness. These, added to other reasons, are making nonprofits look into performance measurement as a solution for their problems.

In the following section, the difficulties implementing performance measurement systems in nonprofit are addressed. The great majority of performance measurement systems have been created for profit seeking firms; nonprofit organizations possess unique characteristics that make it especially hard to implement some kind of performance measurement systems.

The last section looks upon possible solutions, proposed by different authors, on the difficulties of implementing performance management system in nonprofit organizations.

5.1 ELEMENTS INFLUENCING PERFORMANCE MANAGEMENT SYSTEM IN NONPROFIT ORGANIZATION

Pressure to measure performance is being placed on nonprofits by a range of stakeholders, including government and nongovernment funders, donors, volunteers, employees, users and beneficiaries (Wainwright, 2003). Pressure from government is becoming more significant as nonprofits progressively engage in the provision of state funded services (Cairns et al., 2005; Speckbacher, 2003). Since government has an obligation to keep track of state funded services, nonprofits are under pressure to measure performance (Lipsky and Smith, 1989/1990; Morris, 2000; Osborne et al., 1995). Funders and regulators are keen to be perceived as credible organizations that supported credible nonprofits. Many of the nonprofits are competing for funding against private and public service providers. They were keen to be perceived as cost effective and saw financial reporting as a way to demonstrate this.

There have been calls for nonprofits to be “more business-like in their operation and attitude” (Dart, 2004) when demonstrating their performance, but there is no clear indication of what this means. A study by Yates (2004) found that nonprofits were often particularly keen to be able to demonstrate their performance because they recognized that it had an important role to play in sustaining public trust and confidence in their work.

The current funding and political environment make it more important than ever for nonprofits to demonstrate the effectiveness of their work. Government leaders and the public express skepticism that social service programs have any discernible impact on the problems in our society (Colette E. Thayer, 2001). Public and private funding sources are being reduced. In fact, Brookings Scholar Paul Light writes “... a nearly unanimous consensus has emerged that non-profit organizations have to improve their performance” (Light, 2000). Many nonprofits have turned to program their evaluations to help communicate and improve results.

As we have seen before, non for profit organization are characterised by a general bias towards informality. Meaning that overall the hierarchical structural of the organization is poorly defined, and sometime without any real authority figure or any chain of command.

This specific characteristic of informality is thought to be one of the charms of working in a nonprofit organization, but often leads in confusing interactions among coworkers, as authority is not enforced. Differences in opinions or decisions will often lead in divergence of the overall objective of the project and will generally create discussion in decisions as to what direction should be taken.

Also there is less flexibility of financial resources in a mission oriented company. A profit oriented company can move its assets towards different areas in order to generate a larger profit; however a nonprofit organization has to keep its efforts focused on mission success. This just shows that a profit oriented company can adjust its mission for the sake of generating bigger profits, while a non for profit organization has its sole existence based on their mission and its fulfillment.

A high degree of transparency is needed in a nonprofit organization to generate the trust of the investors. There are several key important aspects that a nonprofit organization must take into account to appeal to investors and be considered as a successful nonprofit organization.

- The overall size and effectiveness of its projects.
- The efficiency in the use of investments. For instance, a low percentage expenditure of capital on administrative issues.
- Capability to demonstrate the previous results to the investors, thus gaining more money to keep fulfilling the mission in the long run.

The governing board in a typical nonprofit organization has both oversight and supporting roles, this mix in tasks makes the overall operations of the company complex and in general ineffective. This typical problem in a nonprofit is combined with the overall difference in skill within employees, which gives rise to a very complicated structure. This structure can become highly inefficient when not controlled, supervised or organized in some way.

Another dilemma that nonprofits face is related to goal conflict due to the fact that there are several constituents that make up the organization. The organization as a whole may also set up a vague goal, so that in the process they do not scare any potential donors. In the long run this may lead to overall ineffectiveness and poor goal satisfaction.

There is another dilemma that arises in the measurement of the effectiveness of the organization in helping the society, or the overall added social value that the nonprofit is generating. This is because there is little incentive to give feedback in this area. Ideally the nonprofits should receive a greater amount of donation depending on how effective and efficient they are and how important is the problem they are solving in the eye of the donors. However, in the selection process of a nonprofit by a donor, there is little attention paid to the overall performance of the nonprofit, the worthiness of the nonprofit activities tends to be assumed, and its mere existence is seen as an indicative of good work.

Furthermore, financially weak nonprofit organizations might use that circumstance as an occasion for rallying donors to contribute additional funds to shore up operations, simply because of the belief of the worthiness of the organization. Since nonprofits tend to believe in their own functioning, failure to achieve goals is taken not as a sign of weakness in the organization but as a sign that efforts should be intensified.

5.2 DIFFICULTIES FOR PERFORMANCE MEASUREMENT

In the past, nonprofit organizations used to believe that since they do not generally have to watch the bottom line, they could afford a loose control in management. However it is this particular trait the reason why a management control system really is needed, since they do not have the strict control of generating profit. In general, for profit firms tend to evaluate performance by seeing the overall amount of revenues and profits generated for example through value based management, which is directly related to performance, however the absence of this in nonprofit firms make their overall performance evaluation more complicated.

Measuring and managing performance is a difficult task in any organization; however there are important factors that make this process easier in profit seeking entities. First is the importance of *owners*, all business share the characteristics of possessing one privileged interest group that is clearly defined, and the interest of this group guides the firms policy (Speckbacher, 2003).

The second factor is the *similar and measurable goal* that this interest group possesses, for in general the owners of any profit seeking firm have as a goal to increase the value of the firm (Speckbacher, 2003)

The third is a *common currency for assessment*, such as financial indicators in the firm that show relatively the state of the organization to the manager.

Nonprofits on the other hand lack these 3 factors that make performance measurement easier. Nonprofit organizations have no clearly defined primary interest group, who is in accordance of what interest to pursue, and that the goals are easily measured and transferable into the organization. Nonprofits are more focused in their mission, which is not easily measurable and sometimes serving very different groups of peoples whose needs may be quite different, therefore the private sector tools for performance measurement are not easily applicable to nonprofit firms.

Additionally to the mentioned difficulties there are additional complications in the implementation of performance measurement for nonprofit firms:

Generally, nonprofit organizations tend to provide services rather than manufacture goods, but service is often intangible and hard to measure. Indeed, outcomes in some cases may be inherently unknowable. This issue is, of course, shared with for profit service organizations as well; however nonprofit firms have the particularity to obtain funding from one particular client while serving its service to another completely different type of client. Both of these types of clients are important to ensure financial sustainability and mission fulfillment for any nonprofit firm. Yet, in many cases, since the client that receives the service does not usually ask, nor pays, for it, its satisfaction is almost always assured to a certain extent, which generates the belief that measuring satisfaction is useless.

The intangibility of services is added to the fact that in nonprofit organizations the clients or beneficiaries (the recipients of services) possess a weaker influence compared to the clients of profit making organization. Since the income of nonprofit organization does not depend directly on fees for services, the customer based indicators tend to be neglected or play a non dominant role. On the other hand, the needs of donors (of money or time) play a bigger role in the eye of the nonprofits. Yet it is argued that the performance measurement of any service giving entity should be the overall customer involvement and satisfaction, instead of measuring financial resources.

The focus on financial resources sometimes makes result evaluation less important and in general, used to be avoided by several nonprofit organizations. However, the lack of evaluation of the effectiveness of services provided lets poor control over all performance within the company, problems are not detected and inefficiencies and ineffectiveness are not solved. In past years, given the higher competition within nonprofit firms, the need for transparency has risen, and nonprofit are tending to become more efficient using performance measurement while evaluating results and operating performance.

Another crucial concern raised by small nonprofit organization is that their limited staff and resources are stretched too thin by evaluation and reporting requests of funders. Donors sometimes fail to recognize that complex evaluation requirements can overwhelm small organizations (and even large ones at times), and that nonprofits size and capacity should be key factors in determining the scale of an appraisal. Onerous data requirements can lead nonprofit to develop monitoring and evaluation systems that, while satisfying donor needs for information, are viewed as irrelevant for internal NGO decision-making (Ebrahim, 2002).

Additionally to the mentioned problems, Riddel (1999) lists several reasons why nonprofits are skeptical about the need for and purpose of evaluation. On one side, nonprofit organization culture tends to emphasize action over analysis. Nonprofit organization staff are, by and large, “doers” that gain legitimacy by helping the poor than by conducting timeconsuming and costly evaluations. In addition, the tendency of donor evaluations to focus on discrete projects limits their relevance in examining longer-term processes. A reasonable donor response to such skepticism is, of course, that evaluations can help nonprofit staff become better “doers” by uncovering weaknesses in project planning or by developing more strategic interventions, and that evaluations can be designed to assess longer-term processes and outcomes rather than simply short-term outputs.

It is very important to understand that while several inside company analysis indicators might be similar for both types of organizations, the final goal of both types of companies are measured differently. For profit organizations are driven by the motive of generating maximum economic value, while nonprofit organizations are directed solely to fulfill its mission at its maximum, while also being capable of sustaining its operational activities in the long run.

While building a Balance Scorecard, or a strategy map, to measure the performance of a nonprofit organization we have to take into account that the final goal of the company is not to generate profit, but to fulfill its mission as much as possible. Certain aspects of the balance scorecard are similar in both types of institutions, for example: the efficiency in using funds, the overall capacity of the employees, indicators that measure the asset composition of the entities. While, on the other hand, there are certain aspects that are singular only to nonprofit organization, for instance, the overall amount of volunteers, the fundraising capacity, and the level of success of the projects.

The difficult part comes in measuring the accomplishment towards achieving the mission. The overall service received by the community or society can have different evaluations, based on the final customers or on the professional giving them, and neither is a direct measure of mission fulfillment but an approximation.

Often happens that when goals and mission are poorly defined, or very hard to measure, that the effectiveness criterion in itself becomes a substitute for the goal. This is generated from the need to operationalize goals in order to measure and track performance. While in doing so the general activities that produce effectiveness will improve, a high correlation

between these activities and the mission is needed in order to keep the company moving in the right direction, and satisfying the mission accordingly.

However we are seeing lately that the line of division between performance management of nonprofit and for profit is blurring (Lawton, 1994). There is greater attention paid to social value adding indicators in the for profit firms, and in some types of nonprofit firms there is a bigger attention paid to financial indicators, but this is only in types of nonprofits where it is applicable, such as the healthcare industry, where they also generate an operating income.

The existence of these dilemmas may be the reason for the very low use of control system in nonprofit organizations. But the difficulty of assessing performance should not impede the managers and board from trying to set objectives and assess results, if indeed they are performing well while achieving social value creation through their mission, for in the end, this should be the purpose of any nonprofit entity (Summers, 1994). And while building the ideal performance measurement, a nonprofit organization should take into account all its members, building a balanced approach that takes into consideration both the clients and the donors, and taking into consideration all the problems and dilemmas mentioned above.

The following table summarizes the key problems introduced in this chapter that nonprofits face while implementing a performance management system:

DIFFICULTIES	SOURCE
<p>In general, for profit firms tend to evaluate performance by seeing the overall amount of revenues and profits generated for example through value based management, which is directly related to performance, however the absence of this in nonprofit firms make their overall performance evaluation more complicated</p>	<p>Rosabeth Summers and David Moss Kanter M. (1994). Doing well while doing good:dilemmas of performance measurement in nonprofit organizations.</p>
<p>Nonprofit firms have the particularity to obtain funding from one particular client while serving its service to another completely different type of client. since the client that receives the service does not usually ask, nor pays, for it, its satisfaction is almost allways assured to a certain extenct</p>	<p>Maria de Los Angeles, Fernando Giner, Carles Gri Fulmiquela, "The Strategic Social Map of a Nongovernmental Organization", International Advances in Economic Research (2006)</p>
<p>Nonprofit organizations tend to provide services rather than manufacture goods, but service is often intangible and hard to measure. Indeed, outcomes in some cases may be inherently unknowable.</p>	<p>Rosabeth Summers and David Moss Kanter M. (1994). Doing well while doing good:dilemmas of performance measurement in nonprofit organizations.</p>
<p>Intangibility of services is added to the fact that in nonprofit organizations the clients (the recipients of services) posses a weaker influence compared to the clients of profit making organization</p>	<p>Rosabeth Summers and David Moss Kanter M. (1994). Doing well while doing good:dilemmas of performance</p>

	measurement in nonprofit organizations.
Since the income of nonprofit organization does not depend directly on fees for services, the customer based indicators tend to be neglected or play a non dominant role	Rosabeth Summers and David Moss Kanter M. (1994). Doing well while doing good:dilemmas of performance measurement in nonprofit organizations.
In the selection process of a nonprofit by a donor, there is little attention paid to the overall performance of the nonprofit, the worthiness of the nonprofit activities tends to be assumed, and its mere existence is seen as an indicative of good work.	Rosabeth Summers and David Moss Kanter M. (1994). Doing well while doing good:dilemmas of performance measurement in nonprofit organizations.
Since nonprofits tend to believe in their own functioning, failure to achieve goals is taken not as a sign of weakness in the organization but as a sign that efforts should be intensified	Rosabeth Summers and David Moss Kanter M. (1994). Doing well while doing good:dilemmas of performance measurement in nonprofit organizations.
Nonprofit organizations have no clearly defined primary interest group, who is in accordance of what interest to pursue, and that the goals are easily measured and transferable into the organization. Nonprofits are more focused in their mission, which is not easily measurable and sometimes serving very different groups of peoples whose needs may be quite different, therefore the private sector tools for performance measurement are not easily applicable to nonprofit firms.	(Speckbacher, 2003)

<p>Nonprofit performance measures are developed in isolation.</p> <p>Nonprofit measurement systems are resource intensive.</p> <p>Nonprofit performance measures focus on the short-term.</p> <p>Nonprofit measures do not support continuous improvement.</p>	<p>Claire Moxham (2009). Performance measurement</p> <p>Examining the applicability of the existing body of knowledge to nonprofit organisations.</p>

Table 2 Difficulties for performance measurement in nonprofit organizations

5.3 SOME APPROACH PROPOSED BY THE LITERATURE

In the following sections possible approaches towards performance management systems in nonprofit organizations are addressed.

The first part, the preliminary analysis, tries to understand the differences between nonprofit and profit firms from a theoretical point of view. Different definitions of the firm are analyzed in order to create an understanding of who has control in a nonprofit firm, and what definition is applicable in order to create a successful performance measurement adaptation.

In the subsequent section the different tools and approaches for performance management in nonprofits are introduced; tools that range from impact assessment, social auditing as well as specifically developed strategy maps and balanced scorecards.

5.3.1 PRELIMINARY ANALYSIS

Before going ahead with the different approach of scholars and practitioners, it's useful to take a look to the article of Gerhard Speckbacher (Speckbacher, 2003). The approach is based on the different point of views of the firm which are widely explained by Speckbacher.

The first model: The firm from a technological point of view

From this point of view, both nonprofit and for profit firms are similar because both utilize inputs in order to produce goods and services.

Now the question comes on how to evaluate if a process is efficient (does not produce waste) in a nonprofit organization. This is a very difficult process since outputs from nonprofit organization is usually intangible, and very hard to measure as was mentioned before.

The technological model takes into consideration the concepts of profit and profit maximization. Profit being a measure of the efficiency in the input/output relationship and an unanimous goal for all interest holders of the firm. It also takes into consideration a perfect competitive market where all inputs and outputs are priced equally for all firms.

This model is a very simple and approximate model and is used in practice by many profit seeking firms acting in a competitive market to understand and implement a performance measurement system.

Nevertheless this model proves very difficult to be implemented in nonprofit organizations because in general there is no market price for many of its outputs, and in general there is no market price for its inputs either (as in the case of volunteers). Non profit firms also possess different interest other than generating profit, which makes another good point against the applicability of this model for nonprofits.

As consequences, traditional accounting principles are only applicable in a reduced form. For instance, several priceable inputs of the organization can be taken under observation, but it is not possible to optimize the input/output relationship using simple profit calculations. This implies that budgeting and delegation is a much more difficult task. The nonprofit has no relatively simple financial goal that can be translated as subgoals and used as means of communication (Speckbacher).

Since there is not the common base of profit to compare decisions, each separate decision has to be considered with reference to the organization's mission.

This model does not aid in the clarification of the mission, and also leaves open the question as to who is responsible to clearly define the mission. So taken into account this factor, the technological model is not helpful in transforming the different forms of missions in nonprofit organizations into a clear performance measurement system to be implemented by such organizations.

The second model: The property right

Building on the theory developed by Coase (1960), scholars have developed a new institutional economic model that addresses some shortcomings from the technological view of the firm. In particular it shows the importance of property rights, transaction cost and information. The first models of this type were provided by Alchian and Demset (1972) and Jensen and Meckling (1976).

In this model the firm is seen as a nexus of interrelated contracts amongst the suppliers of the inputs and the purchasers of the outputs. This model stipulates that with the exception of the owners, the other parties of the firm are protected with a contract, which shows what each member has to contribute and what it will receive in exchange. The

owner on the other hand has to bear the risk of the firm and receives the residual income (profit).

Besides, this model shows that the owners of the firm have control of the firm, especially they can decide what to control outside of what is specified in the contract, also called residual control.

(Alchian & Demsetz, 1972) stress the importance of monitoring systems to guarantee that employers are do what are paid for, and also emphasize the importance of ownership as an incentive to monitor from the top of the hierarchy. This establishes a simple model of the classic profit seeking firm as an entity where the providers of capital have special rights and are privileged owners of the team.

This view of the model has important implications for performance measurement in modern firms. The technological model assumes that information is available at no cost in order to profit maximize, while in the other hand the property right theory takes asymmetric information into account. This view still takes into account that profit is measured as the market value of outputs minus the market value of inputs, the difference lies in that this model says that the presence of a meaningful measure of success does not guarantee the maximization of it. The reason for this is that interests in a firm can be conflicting and information is costly, in other words it takes into account that there can be organizational problems within a given firm.

This model is the backbone for today's shareholder value based performance management systems. However, because this model still utilizes the concept of financial profit based on market prices and relies heavily on incentives provided by ownership, it does not provide a useful theoretical basis in order to implement performance management in nonprofit organizations. In particular it also leaves open the question as to who has residual control as to how interpret the mission and to clarify organizations objectives.

Despite the facts that performance measurement based on nonprofit and incentives from owners is not transferable to nonprofit, the property right model also addresses a very important point for nonprofits: how can the goals of the organization be translated into actions from the members through monitoring and incentive systems. That is, how to focus the goals of the members of the organization in the right direction using the tools of monitoring and incentives.

Monitoring systems seem to be capable of being transferred to nonprofits organizations, as long as the organization has a clear idea of what it should be monitoring. However there are certain complications to monitoring for nonprofit, for instance, there is no clear owner so it becomes confusing as to who should monitor who. In particular, financial monitoring is not a sufficient device. On the other hand, one can also argue that managers and workers in a nonprofit organization need less monitoring because they are more committed to the mission.

Incentives are also hard to apply in nonprofit firms, as it is hard to measure when significant goals in nonprofit organization are achieved, as there are many different dimension to evaluate, not only financial performance. It also happens that in general, in many nonprofits, workers can accept to work in below market wages because they believe in the organization's mission. This can mean that incentives to employees are not as needed in nonprofits, and that employees are just motivated for the fact that they are supporting and realizing the company's mission.

The third model: the modern stakeholder view of organizations

More recently, a new economic theory of the firm, following the institutional economic tradition, has been developed by (Rajan & Zingales, 1998). Building on the previous model, they define a firm as a nexus of specific investments that cannot be replicated by the market. While the previous model focuses on the specific investment of owners, Rajan and Zingales explain that the firm is better explained as a mix of mutually specialized assets and people.

Many scholars have already emphasized the importance of specific investments for the nature of the firm and as a source of success (Alchian & Woodward, 1988). Combined with the fact that contractual relationships are often incomplete, the problem of managing specific investments becomes obvious. For example, in general contracts specify the initial wages and guaranteed conditions, but are incomplete in describing layoffs, or promotions.

There are times when employees make firm specific investment in the hope of achieving a particular wage or job security, and there are also times that customers are willing to pay an extra price for conditions not always agreed in the contract, but in the hope of a better service or relationship, all this examples fall under specific investments that are not clearly stipulated in the contract.

After making the investments, the investor is trapped, and the investments per se are at stake, since the value of this investment is much higher inside this relationship than outside. The value of the investment within the relationship and the next best offer outside is called the *quasi-rent* (Speckbacher). The incompleteness of contracts means that after they are written there is room for both parties to fight over the quasi-rent, as it is not properly specified beforehand. Owners of human capital and physical assets can only expect to make a specific investment that generates firm value if they expect to get an adequate share of return. Therefore, using this last model, the core of performance management is to balance the share of investment of all stakeholders and determining the level of fulfillment of each one of them. This theorem of incomplete contracts makes the basis for the model of stakeholder view performance model.

This model is capable of answering who has residual right to control the firm in a case of multi-interest view, which can be applied to nonprofits. The model seen before in contrast assumes that every stakeholder except the owner is fully protected by owners so the control should fall directly into the hands of the owner. In this approach it states that decisions should be made by the principal stakeholder's investors whose investment cannot be guaranteed otherwise (Zingales, 1998).

One can argue that in for profit organizations, this is true for shareholders, so their goals and objectives are prioritized on the firm, which is similar to the previous model; however this model has more applicability for nonprofits given its flexibility.

Incomplete contracts, specific investments and residual rights are all transferable to nonprofit organizations. Donors and volunteers are always making specific investments that they cannot recover or redirect.

The expectations of the investments are not met if stakeholder's effort is waster because of mismanagement or other reasons. Stakeholders will only make investments toward the firm if they think that the firm will fulfill in return certain expectations. Performance management has to be able to keep a track of stakeholder's expectations and define tradeoffs in case of conflicting goals.

Following the previous approach, all constituents that make investments that are important in order to fulfill the organization's mission are defined as stakeholders, and those stakeholders who have the biggest specific investment are defined as key stakeholders.

These key stakeholders are only expected to make investments towards the organization objective if somehow this investment is protected by giving them a certain information and decision right. In particular they have the right to interpret the mission in the case of controversial decisions.

5.3.2 DIFFERENT APPROACH TO PERFORMANCE MANAGEMENT SYSTEM

ACCOUNTABILITY: MECHANISMS FOR NGOs (Alnoor, 2003)

Disclosure statements and reports

Disclosure statements and reports are among the most widely used tools of accountability and are frequently required by federal or state laws in many countries. In the United States, for example, nonprofit organizations that seek federal tax exempt status are subject to the requirements of section 501(c)(3) of the Internal Revenue Code. With some exceptions, nonprofits must provide quite detailed information on finances, organizational structure, and programs through an annual information return known as Form 990. This information is provided to the Internal Revenue Service in order to ensure that the organization is in conformance with tax exemption law, and especially to demonstrate that its activities are primarily for educational, charitable, religious, or scientific purposes and for public, rather than private, benefit. Furthermore, state law provisions also often include registration and reporting statutes that involve annual financial reporting. Such legal disclosures enable some degree of accountability to donors, clients and members who wish to access these reports

Such reports and legal disclosures are significant tools of accountability in that they make available (either to the public or to oversight bodies) basic data on NGO operations. Their distinct and tangible nature makes them easily accessible. Yet, the bulk of this reporting emphasizes upward reporting of financial data, with only limited indication of the quality of nonprofit work and almost no attention to downward accountability to stakeholders. These are external approaches to accountability, enforced through punitive threats such as the loss of nonprofit status or revocation of funds. While important, these external approaches have only limited potential for encouraging organizations and individuals to take internal responsibility for shaping their organizational mission, values, and performance or for promoting ethical behavior (Alnoor, 2003).

Performance assessment and evaluation

Ebrahim Alnoor (Alnoor, 2003) also proposes performance and impact assessments as tool for facilitating accountability in nonprofits, distinguishing between external and internal evaluations.

Donors commonly conduct external evaluations of nonprofit work near the end of a grant or program phase, and are increasingly employing midterm assessments as well. Such evaluations typically aim to assess whether and to what extent program goals and objectives have been achieved and are pivotal in determining future funding to nonprofit organizations. These appraisals may focus on short-term results of nonprofit intervention (i.e., “outputs” or “activities”) or medium- and long-term results (i.e., “impacts” or “outcomes” such as improvements in client income, health, natural resource base, etc.) (Levy, Meltsner, & Wildavsky, 1974; Roche, 1999, p. 22) Internal evaluations are also common, in which nonprofit staff gauge their own progress, either toward the objectives of externally-funded programs or toward internal goals and missions. Hybrid internal and external evaluations are not uncommon, with nonprofit staff working jointly with external evaluators.

Both external and internal evaluations run into a series of problems concerning measurement and relevance. First, there are conflicts among nonprofit organizations and funders over whether they should be assessing processes such as “participation” and “empowerment” or whether they should measure more tangible products such as the numbers of schools built, trees planted, and land area irrigated. For the most part, donor appraisals tend to focus on products—they are short-term and emphasize easily measurable and quantifiable results over more ambiguous and less tangible change in social and political processes (Alnoor, 2003).

An appraisal tool increasingly used by bilateral donor agencies is logical framework analysis (LFA). The logical framework is a matrix in which a project’s objectives and expected results are clearly identified, along with a list of indicators that are to be used in measuring and verifying progress toward achieving those objectives and results. While LFA can be productively used as a tool for initially framing a project, and it has been helpful in enabling many nonprofit organizations to articulate better their objectives and expected results, the framework’s tendency toward simplification and quantification make it inadequate for monitoring complex development interventions.

Participation

As an accountability mechanism, participation is quite distinct from evaluations and reports because it is a process rather than a tool, and it is thus part of ongoing routines in an organization. In examining participation, it is helpful to distinguish between different levels or kinds of participation (Alnoor, 2003).

At one level, participation refers to information about a planned project being made available to the public, and can include public meetings or hearings, surveys, or a formal dialogue on project options. In this form, participation involves consultation with community leaders and members but decision-making power remains with the project planners. A second level of participation includes public involvement in actual project-related activities, and it may be in the form of community contribution toward labor and funds for project implementation, and possibly in the maintenance of services or facilities. At a third level, citizens are able to negotiate and bargain over decisions with nonprofits, or even hold veto power over decisions. At this level, citizens are able to exercise greater control over local resources and development activities. Finally, at a fourth tier of participation, are people's own initiatives which occur independently of nonprofit sponsored projects.

The first two forms of participation are commonly espoused by state agencies, donors, and nonprofits, and are based on an assumption that poverty can be eliminated by increasing local access to resources and services. At both of these levels, very little decision-making authority is vested in communities or clients, with actual project objectives being determined by nonprofit and funders long before any "participation" occurs (Alnoor, 2003).

While participatory methods—such as participatory rural appraisal (PRA) and participatory learning and action (PLA)—have been part of the "toolkit" of most development agencies for several years now, the mere use of these tools is inadequate for ensuring downward accountability. 4 For example, Edun's (2000) examination of six health care projects in Nigeria (funded by the World Bank and the bilateral development agencies of the United Kingdom, United States, and Canada) concluded that although each of the projects claimed "community involvement," their various failures showed that they did not adequately consider community needs, strengths, and conditions prior to design and implementation. In addition, Roche's (1999, p. 148) study of several participatory impact assessments observed that "participatory exercises in groups can neglect some people's views (for instance, women's or children's) and, moreover, validate and legitimate the views of dominant groups, thus increasing their power vis-à-vis others." He noted that for participatory tools and methods to reflect differences in power and perspective, they must be part of a more deliberate intervention and research strategy.

Part of this leverage is obtained through tools such as participatory appraisal and asset mapping which can, at least in part, reverse or moderate conventional relations of

authority and power. Actual sharing of power, however, would require both of these projects to go even further not only by requiring dialogue and open access to all project-related information, but also by enabling communities to share in programmatic and financial decision-making through voting membership on key decision bodies, and even by recruiting community members into management staff.

Downward accountability can also be enhanced through participatory evaluation. As previously noted, communities are unable to hold nonprofit organizations or donors accountable by threatening to withdraw funding or by imposing conditionalities. As such, systematic involvement of communities in evaluating nonprofit firms and funders is a key mechanism that can serve to increase their leverage. Similarly, downward accountability of funders to nonprofits requires that evaluations systematically integrate nonprofit views on the performance of funders with the traditional “top-down and bureaucratic” funder evaluations of nonprofit organizations (Roche, 1999). In this way, tools of evaluation can be combined with processes of participation to develop complex downward accountability mechanisms.

Social auditing

Social auditing refers to a process through which an organization assesses, reports, and improves upon its social performance and ethical behavior, especially through stakeholder dialogue (Gonella, Pilling, & Zadek, 1998, p. 21; Volunteer Vancouver, 1999, p. 1). It is not simply a kind of evaluation social auditing is a complex process that integrates elements of many of the accountability mechanisms discussed above, including disclosure statements, evaluations, participation, and standards of behavior.

A variety of models for assessing and improving upon social performance have arisen over the past decade, with significant differences among them. For example, the “Ethical Accounting Statement” developed by Pruzan and Thyssen (1994) in Denmark, focuses largely on stakeholder dialogue and perceptions, with limited use of systematic accounting and external benchmarking. This model was already in use by about 50 organization throughout Scandinavia by 1994 (Mayo, 1996, p. 17). Similarly, “Social Performance Reports” and their variants used by a range of companies such as Ben and Jerry’s ice-cream and multinational corporations such as Shell International and British Petroleum, include stakeholder perspectives and a limited degree of external benchmarking and systematic accounting but without a common standard.

The “Social Auditing” processes developed by the Institute of Social and Ethical Accountability (ISEA) in London combines stakeholder dialogue with development of indicators and assessment protocols. The organization developed a formal standard for social auditing in 1999, which it revised in 2002 (ISEA, 1999, 2001). Despite their differences, each of these approaches involves (to varying degrees) five key elements of the process: stakeholder identification, stakeholder dialogue, use of indicators and/or benchmarks, continuous improvement, and public disclosure (Gonella et al., 1998, p. 22).

Proponents of social auditing offer numerous reasons why nonprofit organizations should adopt the process. First it offers internal management advantages in terms of monitoring performance (Pearce, 1996, p. 7 as cited in Volunteer Vancouver, 1999, p. 8). A key component of social auditing is the development of social and environmental information systems. This is particularly useful for nonprofit firms that do not already have systems for analyzing and reporting on their social performance. Second, as a mechanism of accountability, social auditing enables views of stakeholders (such as communities and funders) to be considered in developing or revising organizational values and goals, and in designing indicators for assessing performance (i.e., downward and upward accountability).

Third, social auditing can serve as a valuable tool for strategic planning and organizational learning if the information on stakeholder perspectives and social performance is fed back into decision processes (Mayo, 1996, p. 9). Fourth, the external verification of social audits provides a way for nonprofits to enhance their public reputations by disclosing information that is based on verified evidence rather than on anecdotes or unsubstantiated claims (Pearce 1996, p. 7 as cited in Volunteer Vancouver, 1999, p. 8). This disclosure and verification function is especially important not only as a response to public fears about the quality and integrity of nonprofit work, but also as a means of tempering exaggerations by nonprofits of their own achievements (Alnoor, 2003).

Despite the apparent advantages of social audits, a number of factors have constrained their adoption by nonprofit organizations. Perhaps the most important factor is cost. The social auditing process can impose significant burdens of time and money, especially on small organizations, particularly if external certification. On the other hand, the effort and resources spent are likely to diminish with time as the auditing process is integrated with other related systems such as strategic planning and evaluation, annual reporting, and financial auditing (Dawson, 1998).

Another key challenge to the adoption of social auditing is the lack of convergence on appropriate and externally verifiable standards. The variety of emergent approaches has led to a proliferation of standards which, while indicative of a growing field, make it difficult to compare performance across organizations. Some of the standards, such as ISEA's Accountability (AA) 1000 and the International Standard Organization's (ISO) 14001 Environmental Management Systems standards, are "process-based" in that they specify the "processes that an organization should follow to account for its performance, and not the level of performance the organization should achieve" (ISEA, 1999, p. 13). Such standards aim to assist organizations in institutionalizing processes such as indicator development, information collection and analysis, integration of findings with decision processes and, in the case of AA 1000, stakeholder involvement. These standards do not actually rank the social or environmental performance of an organization in relation to some external benchmark. Performance-based standards, on the other hand, attempt to set common benchmarks that allow for such comparisons. Examples of these include the Global Reporting Initiative's new Sustainability Reporting Guidelines and Social Accountability International's (SAI) 8000 standard for workplace conditions in supply chains.

These standards, along with many others, have been accompanied by a growth in training and auditor certification programs offered by organizations like ISEA and SAI, with accounting giants such as KPMG developing special divisions for "Social, Environmental, and Ethical Performance" directed largely at corporate, rather than nonprofit, organizations.

Nonetheless, the integrated nature of social auditing makes it a potentially valuable mechanism for enhancing accountability. It combines a series of tools (e.g., use of disclosures and evaluations) with processes (e.g., participation of various stakeholders). Given its voluntary and emergent nature, the impact and relevance of this management approach will depend largely on how it is marketed by its key promoters and certification agencies, as well as by how it is used by implementing organizations. social audit can improve upward and downward accountability only if its users seek systematically to incorporate stakeholders into dialogue, indicator development, and performance assessment. It can increase organizational transparency if information that is collected and analyzed—including evidence of failure—is disclosed to stakeholders or the public. As a mechanism for internal accountability, social auditing offers a coherent framework for integrating organizational values and goals with governance and strategic planning only to the extent that its users are committed to acting on findings.

The table presented below by Ebrahim Alnoor (Alnoor, 2003) summarized the key characteristics of the concept analyzed before.

Accountability mechanism (tool or process)	Accountability to whom? (upward, downward, or to self)	Inducement (internal or external)	Organizational response (functional or strategic)
Disclosures/ reports (tool)	<ul style="list-style-type: none"> —Upward to funders and oversight agencies —Downward (to a lesser degree) to clients or members who read the reports 	<ul style="list-style-type: none"> —Legal requirement —Tax status —Funding requirement (external threat of loss of funding or tax status) 	—Primarily functional, with a focus on short-term results
Performance assessment and evaluation (tool)	<ul style="list-style-type: none"> —Upward to funders —Significant potential for downward from NGOs to communities and from funders to NGOs 	<ul style="list-style-type: none"> —Funding requirement (external) —Potential to become a learning tool (internal) 	—Primarily functional at present, with possibilities for longer-term strategic assessments
Participation (process)	<ul style="list-style-type: none"> —Downward from NGOs to clients and communities —Internally to NGOs themselves —Significant potential for downward from funders to NGOs. 	<ul style="list-style-type: none"> —Organizational values (internal) —Funding requirement (external) 	<ul style="list-style-type: none"> —Primarily functional if participation is limited to consultation and implementation —Strategic if it involves increasing bargaining power of clients <i>vis-à-vis</i> NGOs, and NGOs <i>vis-à-vis</i> funders
Self-regulation (process)	<ul style="list-style-type: none"> —To NGOs themselves, as a sector —Potentially to clients and donors 	<ul style="list-style-type: none"> —Erosion of public confidence due to scandals and exaggeration of accomplishments (external loss of funds; internal loss of reputation) 	—Strategic in that it concerns long-term change involving codes of conduct
Social auditing (tool and process)	<ul style="list-style-type: none"> —To NGOs themselves (by linking values to strategy and performance) —Downward and upward to stakeholders 	<ul style="list-style-type: none"> —Erosion of public confidence (external) —Valuation of social, environmental, and ethical performance on par with economic performance (internal) 	<ul style="list-style-type: none"> —Functional to the extent it affects the behavior of a single organization —Strategic to the extent it affects NGO-stakeholder interaction, promotes longer-term planning, and becomes adopted sector-wide

BALANCED SCORECARD (Speckbacher, 2003)

The ideal performance assessment system in a nonprofit organization would acknowledge the existence of multiple constituencies and build measures around all of them. It would acknowledge the gap between grand mission and operative goals and develop objectives for both the short and the long term. It would guard against any of the previous traps outlined by developing an explicit but complex array of tests for performance measurement that balances clients and donors, board and professionals, group of managers, and any other constituents with a stake in the organization. (Moss Kanter & Summers, 1987). A possible tool that could be used from the description is the balanced scorecard as well as the strategy map.

The balance scorecard seems to be easily transferable to nonprofit organizations because it deals mostly on nonfinancial indicators. A previous adaptation should be considered for nonprofit organizations, which is to move financial indicators from the top importance to the bottom and focus on the mission driven indicators within the scorecard (as complicated as these indicators might be to develop).

As it has seen the importance of stakeholders in the firm, the balance scorecard adopts this view and places the shareholders financial perspective on top of the balanced scorecard. The balance scorecard is intended to represent the firm's strategy and using a cause and effect relationship that shows how any given firm builds on human resources, customer relationship and internal business process in order to increment the shareholder value of the firm. However the cause and effect relationship in this type of profit driven balance scorecard is unidirectional and its whole motive is to generate profit and shareholder value. This instrument is not defined to clarify the primary goals of an organization but rather as ways to achieve certain objectives.

In nonprofits the balance scorecard is harder to implement since there clearly defined stakeholder group with similar objectives that can be placed at the top of the hierarchy (as opposed to profit firms where shareholders seek increase in long term value). Nonprofit have to start one step earlier, and have to define the key stakeholders in the organization and analyzing their goals and objectives. This means that, according to the incomplete contract model, the stakeholders that have made the biggest investments have to be considered at the top of the balanced scorecard and base the performance measurement

system on the completion of their expectative. In each different nonprofit, the key stakeholders should decide the strategic goals of the company, in particular, to clarify the mission and interpret it.

After the strategic goals are clear, corresponding strategic measures, targets, and action plan must be defined, in short, the firm must define how to go about fulfilling its mission. While creating a balance scorecard for nonprofit organizations, the unidirectional approach of traditional balance scorecard is dropped, and a more cyclical approach is pursued. For example, the increase in training of volunteer results in a better service for the community, which in turn might results in more funding and a better level of satisfaction for volunteers.

For a performance management system it is very important to define what each individual stakeholder must give the organization in order to help it achieve its mission and what they expect in return. Every time an important strategic decision must be made the implications of the decision to each key stakeholder must be explained in order to follow the best path. In this sense the balance scorecard can be used to make known the effects of each decision on the organization; for instance mission fulfillment, effectiveness, efficiency, etc. By using this tool, transparency of the organization and overall satisfaction could be increased, as the mission progress is made clearer to the stakeholders.

THE STRATEGIC SOCIAL MAP (MARIA DE LOS ANGELES GIL ESTALLO, 2006)

Maria de los Angeles Gil proposed the strategy social map. This map has been developed, taking into account the basic principles needed to describe any strategic map [Kaplan and Norton, 2004]. However, considering the specific issues concerning nonprofit organizations, top boxes (in black letters) represent the parcels, dimensions, or critical areas in order to develop a strategy towards social efficiency; bottom boxes represent possible strategic goals linked to each dimension or critical area; ellipses represent possible operational goals within each main objective; and sentences underneath each ellipse represent the most critical actions to be undertaken in order to get the operational goals defined and, therefore, the strategic goals as well. nonprofits look forward to staying in the market, not because they wish to become financially profitable, but because of their capability to be efficient and effective as far as getting social results are concerned. Nonprofit organization's goals are to soothe any kind of unattended need a group of people may have around the world. For the former reason, nonprofits cannot supply their services unlimitedly to the general market. Their service supply has a limitation as it is conditioned by their own specialization and closeness to the attended groups. Furthermore, the nonprofit will target a specific group in order to assist them immediately or continuously, or also getting the means to increase the level of social progress. The project by itself is directly related to the creation and development of the nonprofit. This project, as an organizational method, puts together and coordinates the resources allocated to get the predefined goals.

Everything mentioned until now would not have been possible if it were not for the clients. They act as sponsors, putting enough financial resources into the nonprofit, which will permit them to develop the projects. Moreover, human resources are a key element because their commitment is based on values. Therefore, people involved in the nonprofit organization will put a lot of effort and time into it, enabling the project to go on successfully.

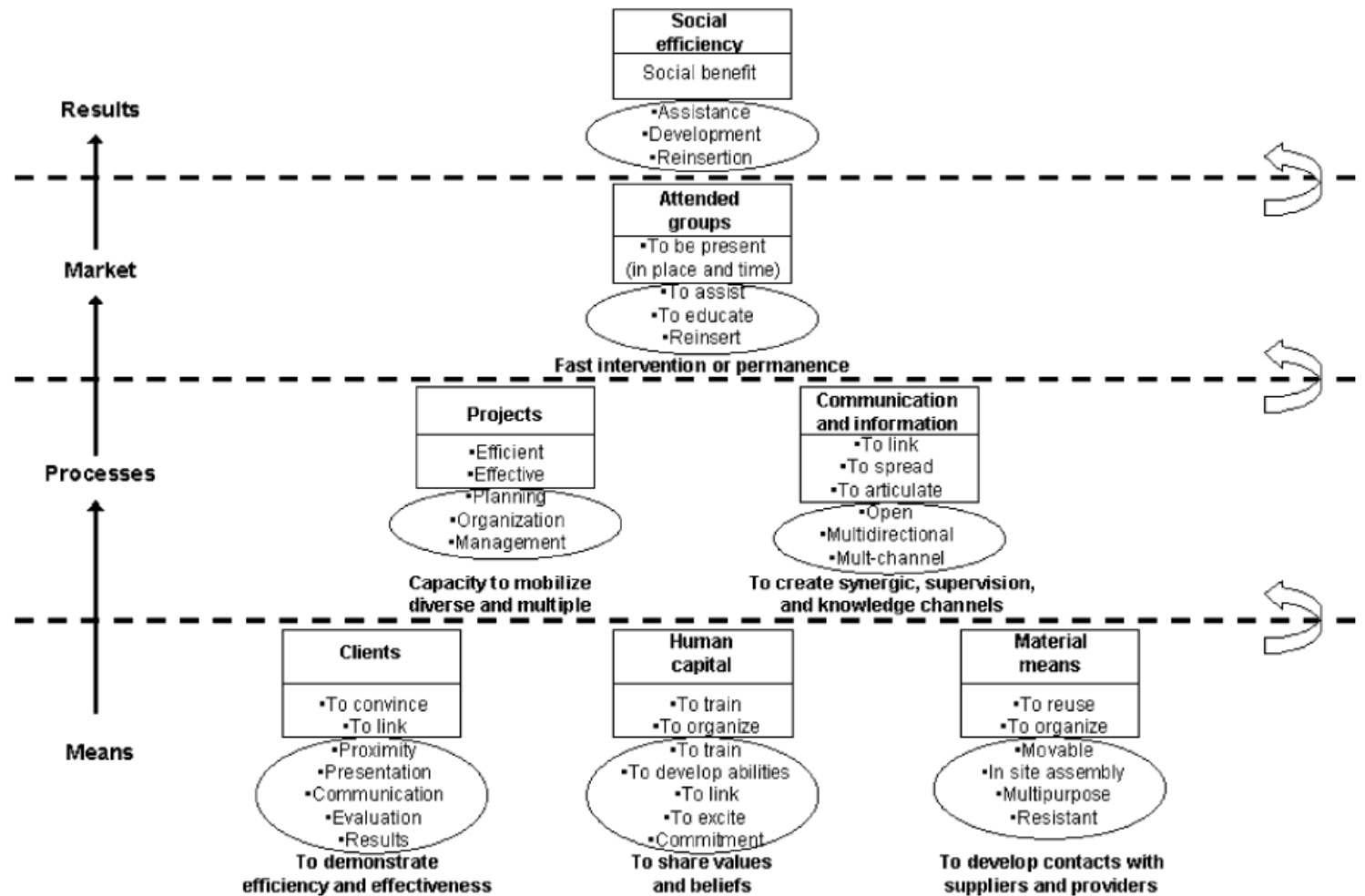


Fig. 9 The strategic social map

Measurement System and Indicators

In order to determine which degree of fulfillment of every strategic map is, it is necessary to know how actions will drive to the consecution of the goals.

Furthermore, it is also necessary to know the degree of the goals' fulfillment. Information is the right tool to know what actions and goals are involved within the strategic map. Table below shows an example on how a group of measures and their related indicators will help evaluate the strategic map, as well as the predefined actions and goals.

Independently of the kind of nonprofit organization, the proposed measurements can be adjusted to each reality through specific indicators. The aim of the measurements concerning the critical area clients is to demonstrate to them that the nonprofit organization activity is necessary.

Moreover, it is important to demonstrate to them that the nonprofit gives relevant outputs because of its activity. On the other hand, the influence and social and political commitment of the organization through its actions will be evaluated.

As far as the proposed measurements related to human capital are concerned, they should evaluate the availability, intervention, and commitment. Measurements related to material resources are focused on the reevaluation of their level of use and their duration.

Another purpose is to evaluate if stable commitments with suppliers are achieved. As far as the measurements related to projects, they try to establish the level of efficiency and effectiveness of the nonprofit, as far as organization and actuation are concerned.

As far as information is concerned, it focuses on an internal aspect consisting of the use of communication channels. On the other hand, it focuses on an external aspect, such as the nonprofit presence in media. For the attended groups, there are several critical measurements related to the evaluation of the degree of dispersion of the nonprofit's actions. Evaluation on the effects of nonprofit's assistance will also be taken.

CRITICAL AREAS	MEASUREMENT	INDICATOR
Clients	Intervention level	Number of attended conflicts Number of attended people Response time
	Effectiveness	Cost for attended conflict
	Stability and commitment	People rotation Evolution of diseases
	Continuity social and political commitment	Alphabetization level Stock value Number of stable commitments
Human capital	Availability	Available time per person Available people per kind of need
	Specialization	Number of courses and conferences
	Evolution values	People who share same values according to value typology
	Stock of materials antiquity	Middle times by material
	Number of actions taken	Number of actions by each type of material
	Commitment of the suppliers	Suppliers expertise
Projects	Effectiveness	Achieved versus planned goals
	Efficiency	Average investment per project
	Distribution channels	Level of success per project People (average) involved per project
Information	Presence in media	Average communications by channel Number of press conferences

		Number of reports Appearances by kind of media
Attended groups	Dispersion of assistance	Typology of assistance Average time per assistance
	Effects of assistance	Situation variability
	Group dependency	Degree of backward movement in case of interrupted assistance
Social results	Level of contribution	Contribution to the assistance Contribution to the development Contribution to the reinsertion

Table 3 Strategic social map indicators

6. THE LATIN AMERICAN CONTEX

In this chapter will be developed a general context of Latin America where will be analyzed the economic, social and political situation, in order to understand the reality of the area and the key problems that must be addressed. The chapter addresses roughly the development of Latin America and link trends in poverty and income distribution with social protection systems.

The chapter will also focus on the impact of public transfers, trends in social spending, and generate an understanding of social vulnerability. Throughout the chapter we will introduce social indicators, obtained by ECLAC (Economic Commission for Latin America and the Caribbean) also known as CEPAL (Comisión Económica para América Latina y el Caribe), that show the reality and fragility of the population in Latin America, and address specific problems vital to develop a healthy community in the area.

After developing the economic and social situation and explain the characteristics that make up Latin American society, will be introduced the elements which characterize nonprofit organizations in the region. The history behind the appearance of nonprofit organizations and their development will be analyzed, as well as their importance in tackling vital problems within the Latin American countries.

6.1 SOCIOECONOMICAL DEVELOPMENT IN LATIN AMERICA

In the second half of the twentieth century Latin America has been shaped and influenced by globalization. This globalization process had a big influence on socio-economical and political changes in Latin America due to the political, cultural, and economical integration realized. This globalization step is characterized by liberation of international commerce, economic predominance of multinational companies, and expansion and movement of capitals.

The economic development was guided by a strategy of industrialization substituted by imports (ISI), which defines the state as the promoter of development, assigning it a central position in the modernization, the attraction of investments, the imports of capital goods supported by exports, income distribution, and population wellbeing. In more present years, there were economic reforms which have eliminated protection barriers and wealth distribution and opened up the economy. These economic reforms resulted in negative consequences for a broad range of society, since when an economy is opened there are always losers and winners, and the losers tended to be the majority of the population for most Latin American countries.

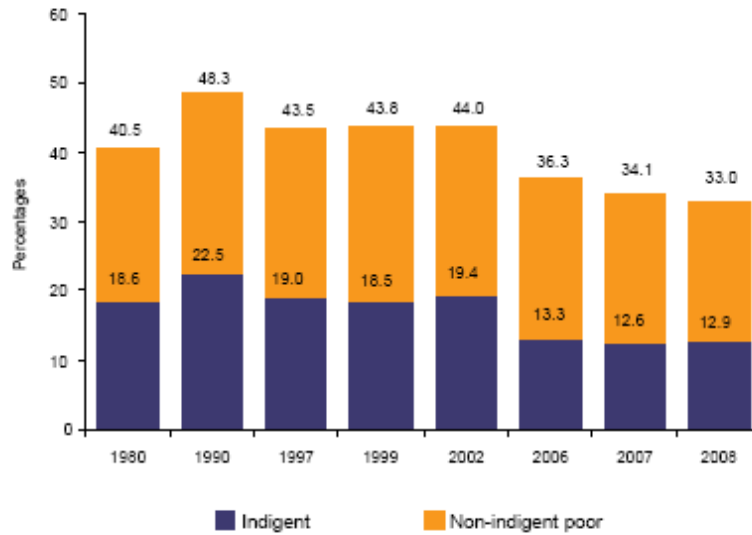
The main problem with the economic politics created from the 1980's to the 2000, was the growth of inequalities, the diminishing quality of life of the vast majority of the population, and the impossibility to improve the current poverty conditions which now involves almost half of the population in Latin America. Paradoxically, these same economic politics that foment inequality are essential to elevate competition and to attract external investment required to foment economic development in the region.

Poverty and Inequality in recent years

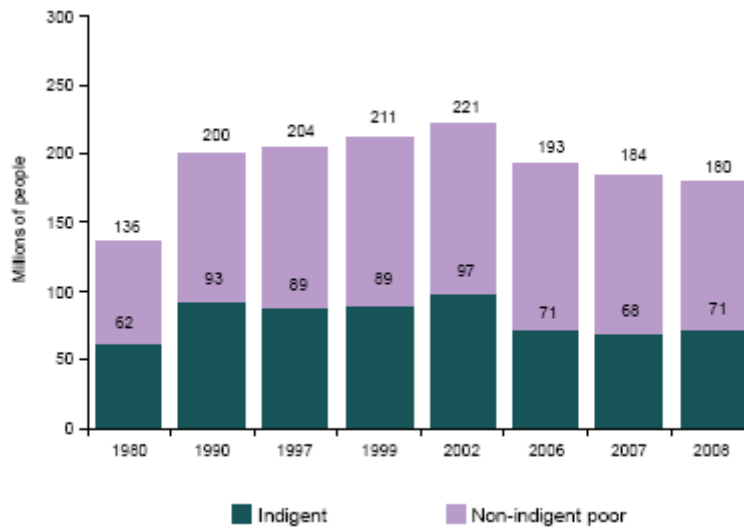
The statistical numbers provided by ECLAC on the Latin American area state that the poverty rate in the region was 33% in 2008, which includes 12,9% who lived in extreme poverty, also known as indigence (as defined by ECLAC a person is defined as poor when the per capita income of the persons household cannot satisfy the basic needs, while a person is indigent when the income does not satisfy even the basic food need), this

percentage when is compared to the total population is roughly about 180 million poor and 71 million indigents.

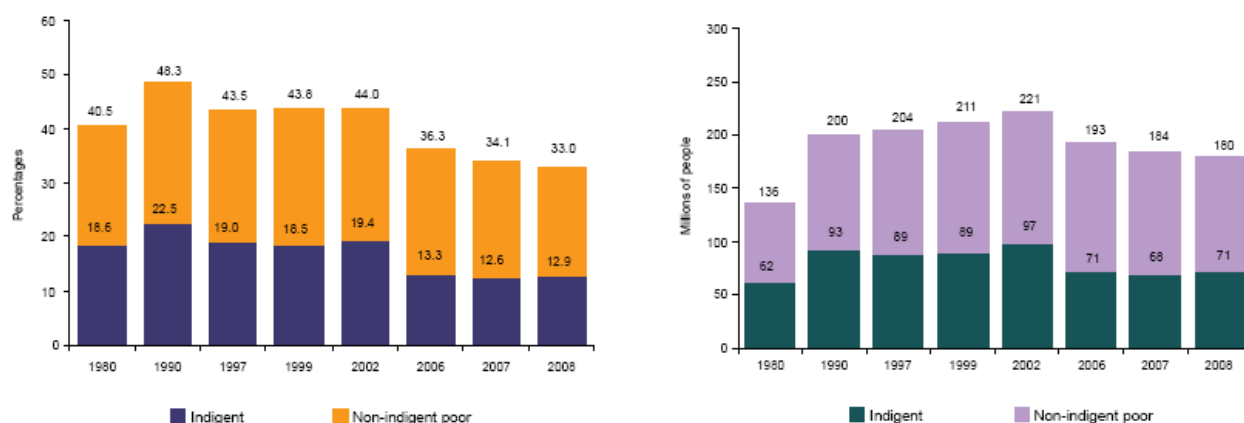
Latin America: Poverty and Indigence (percentage and population)



Source ECLAC: Social Panorama of latin America



Source ECLAC: Social Panorama of latin America



Source ECLAC: Social Panorama of Latin America

These figures show a slowdown in the poverty reduction rate, as well as an increase in the case of indigence, which contradicts an improvement made on the area since 2002. The decline in the poverty rate from 2007 to 2008 is half the annual decrease seen from 2002 to 2007. The indigence rate rose after being in decline of about 1.4 percentage points per year since 2002. The main reason behind the increase in indigence was the overall price increasing of the basic food basket in the area (Barcena, 2009).

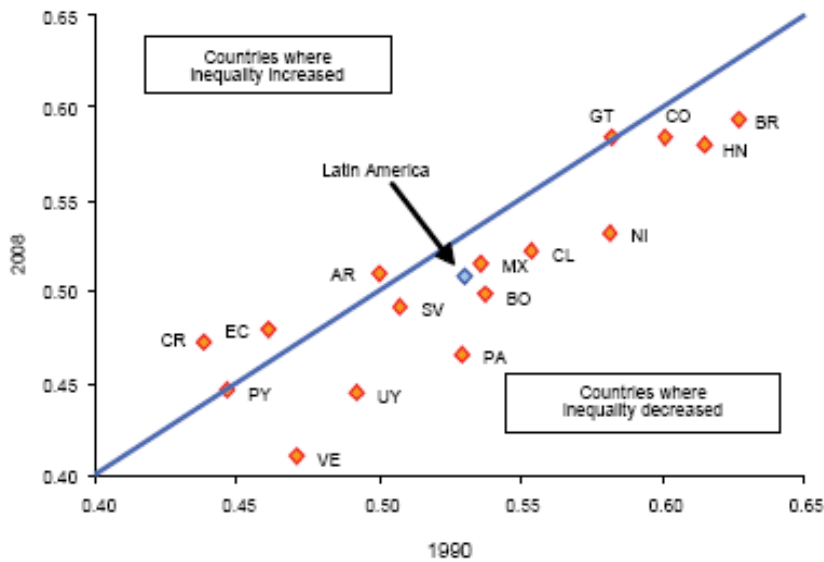
Despite the slowdown in the decrease of poverty and indigence, these figures are still an improvement with respect to 2002 and the decades before them. The poverty and indigence rates are far below those recorded in 1990, and in absolute population terms the number of poor have fallen by 20 million in the last 20 years.

If compared these numbers with those in 1980 it's seen that the poverty rate and especially the indigence rate have declined considerably, although the absolute numbers are increased given the high population growth of the same years. Analyzing the data reported by ECLAC more specifically for the last year (2008 vs. 2007), in Brazil, Peru and Uruguay, the poverty rate fell by at least 3%; in Costa Rica and Paraguay it declined by 2%; and in Venezuela and Panama it dropped by 1%. Colombia's poverty rate came down by 4% but in the period from 2005-2008. In the Dominican Republic and Ecuador, the rate did not vary significantly. The only country in which the situation worsened was Mexico, as the poverty increased by 3.1% from 2006-2008. There was an overall increase in indigence, with the exception of Brazil, Paraguay and Peru which managed to reduce the figures by about 1%.

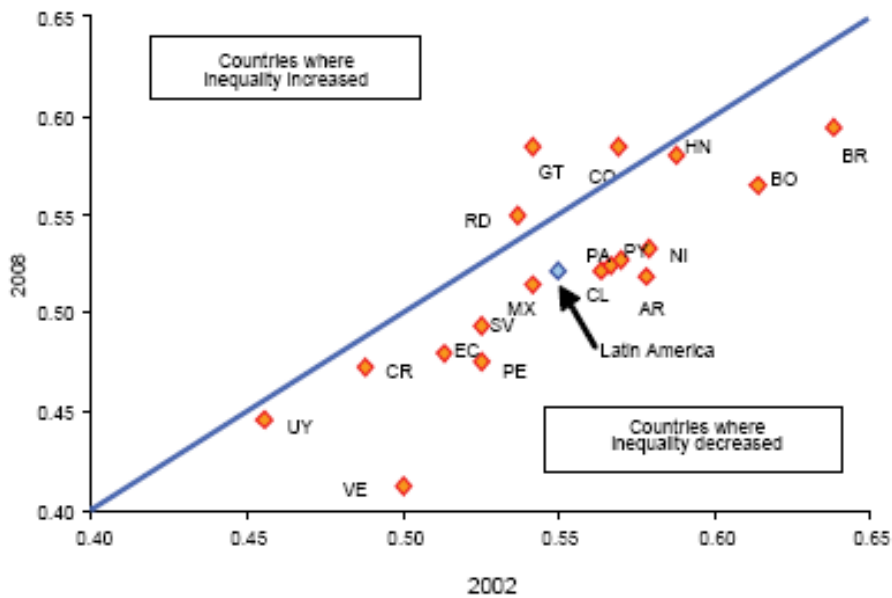
When it comes to income distribution, recent figures show an improvement compared to the data collected from previous years. The Gini index (a statistical index that measures

inequality) decreased by an average of 5% during the period analyzed. A number of countries showed significant decrease, at least 8% for Argentina, Venezuela, Nicaragua, Peru, Panama, Paraguay and Bolivia. On the other hand the countries whose income concentration increased where Colombia, Dominican Republic and Guatemala.

Latin America: Gini Index comparisons (2008 vs. 1990; and 2008 vs. 2002)



Source ECLAC: Social Panorama of latin America



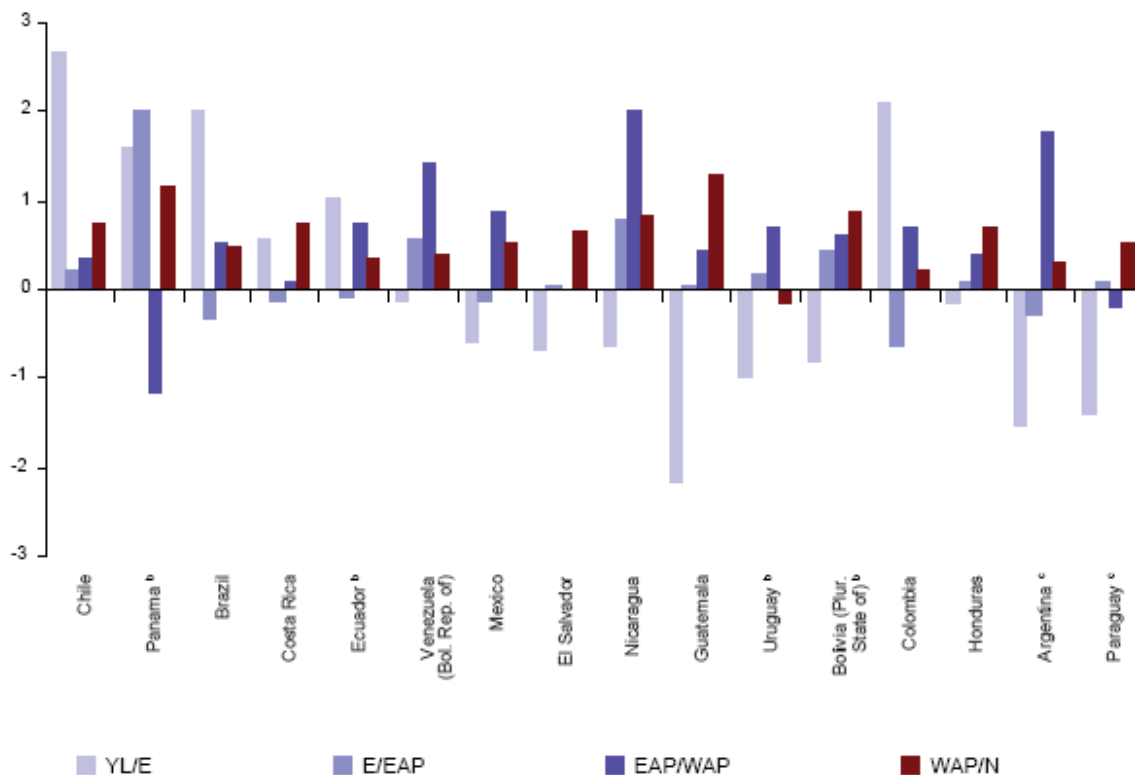
Source ECLAC: Social Panorama of latin America

Income distribution also improved compared with 1990, with an average drop of 4% in the Gini index. In this comparison, the more improved countries were Venezuela, Nicaragua and Uruguay; on the other hand Argentina, Costa Rica and Ecuador show deterioration. Despite the progress made in recent years, the hard fact is that Latin America income concentration levels are amongst the highest in the world.

Some changes in income distribution contributed partially to poverty reduction. The variations in poverty and indigence rates are composed of two variables: growth of average income and changes in the way income is distributed. When decomposed in the two variables we can see that the decline of poverty between 1990 and 2008 was explained mainly by the growth of the average income, which accounts for 85% of the decrease, while the distribution effect only changed the poverty reduction by 15% (Barcena, 2009).

Job income contributed most to poverty reduction between 1990 and 2008. The countries that saw the bigger increase in income per worker among poor households are the same that saw the biggest decrease in poverty, such as Brazil, Chile, Costa Rica, Ecuador and Panama. Colombia, however is an exception, given that even though the income per worker increased the poverty decreased at a slower rate, this is mainly explained by an increase in the unemployment rate.

Latin America: Annual Variation in employment-income components per person

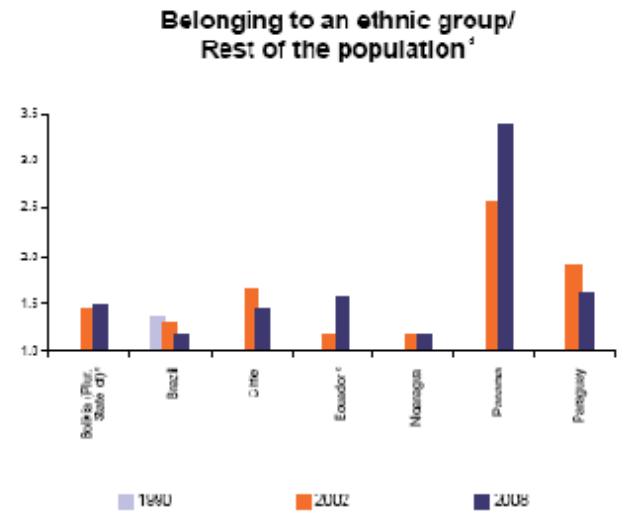
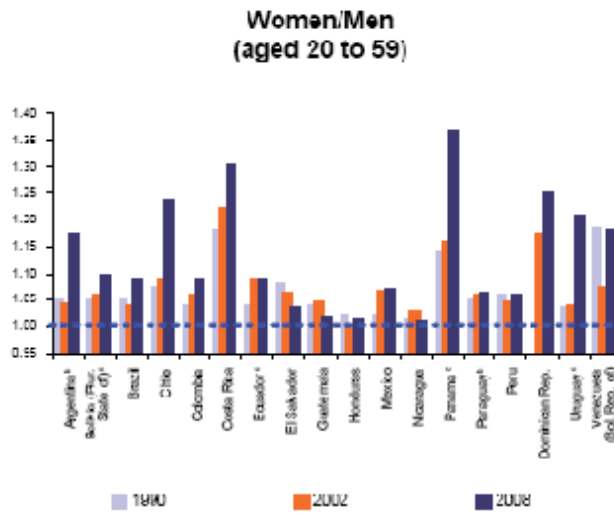
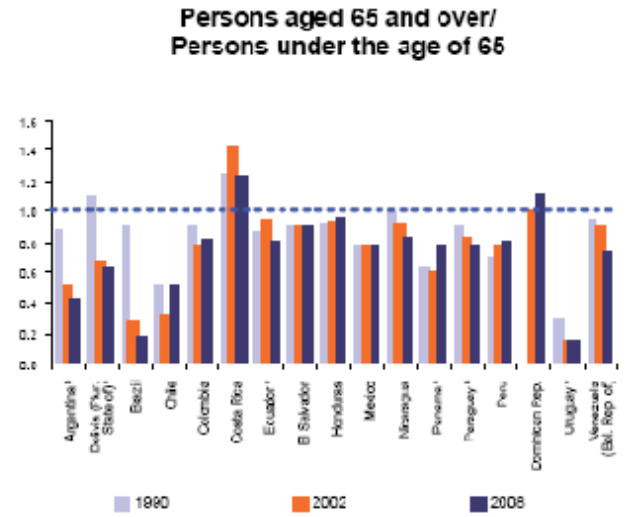
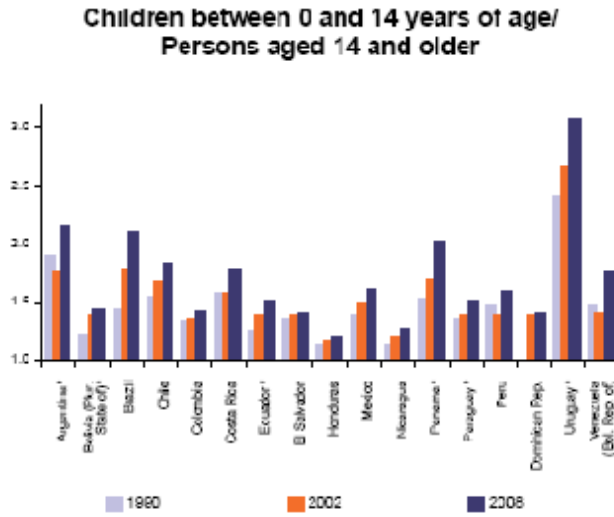


YL=Employment Income E= number of employed EAP= economically active population WAP= Working age population
N=Total Population

Source ECLAC: Social Panorama of Latin America

A characteristic of particular concern of poverty in Latin America is the recurrent vulnerability gaps related to demographic characteristics, particularly age, sex and ethnicity. There is a high rate of fertility and dependency within poor families, which place children in a particularly disadvantageous situation. On average there are 1.7 times more children under the age of 15 in poverty than there are adults, and this indicator only worsened between the years of 1990 and 2008.

Latin America: Ratio of poverty rates of different subgroups (1990, 2002, 2008)



Source ECLAC: Social Panorama of Latin America

From the previous graph, poverty in every Latin-American country is greater for children than for adults, and in general this proves to be exactly opposite for persons aged over 65.

Although this indicator shows that the number of elderly poor is low, there are several elements that have to be taken under consideration. For elderly adults, retirement funds and pensions are indispensable sources of income, however, this type of income tends to generate an inequality in distribution created by the job market, given that the amount of retirement income are tied to contributions made and often lack any sort of basic universal coverage. Furthermore, the region faces a growing burden of time spent caring for the elderly, which strains the capacity to meet the basic needs of other adults.

Women in all countries of the region are more likely to be poor than males. It should be noted that these gaps do not reflect the entire problem, because the methods used to measure poverty do not take into account the allocation of resources within the household, which is one of the settings in which the greatest gender disparities are present (Barcena, 2009). Ethnicity correlates closely to poverty, in the countries in which the data is present; poverty is higher amongst indigenous and African descending groups.

The effect of Economic Crisis in Latin America

In the last few decades the regions went through three periods of wide decline in per capita GDP. During the 1995 Mexican peso crisis, per capita GDP dropped by an average of 1.2%. Then in 1999, as a result of the Asian crisis, there was another contraction of an average of 1.2%, mostly felt by South American countries between 1998 till the year 2000. Another recession happened in the year 2001 and 2002 by 1.1% and 1.8%, as a result of problems in the international financial markets and the Argentine Crisis.

Experience of studies made on vulnerable people during the crisis show that poor households have been hit harder during economic recessions. There are numerous examples that show the poor group suffering an above average drop in income, comparing them with the totality of households; with Argentina (1999-2002), Ecuador (1997-1999) and Dominican Republic (2002-2004) being perfect examples in this aspect. In addition, when average incomes did rise, those of low income households rose less than the average population (Barcena, 2009).

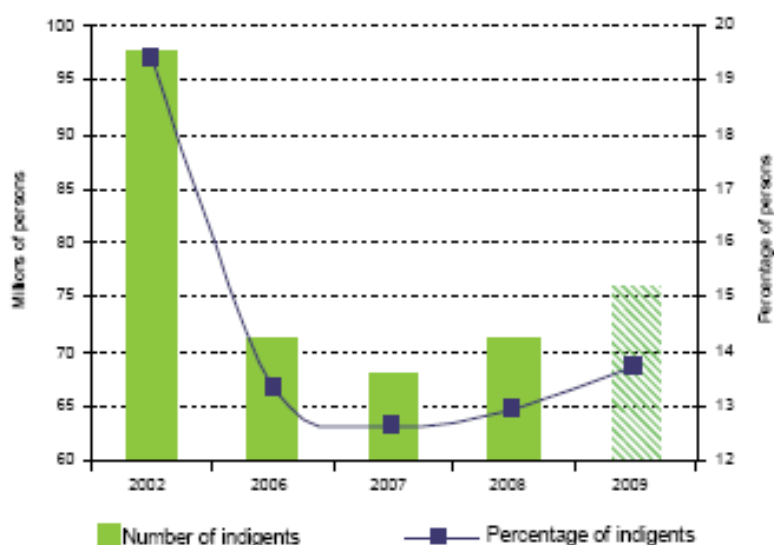
The results of these financial crises affected directly the income through the job market, on average because of a reduction in employment income, not as a result of an increase

in unemployment. Changes in employment rates revealed two opposing trends in employment and activity rates (number of persons employed divided by economically active population); which shows that unemployment rate of employed people rose but there was an increase of employment of people who were inactive before, thus creating a bigger low working class and lowering average income.

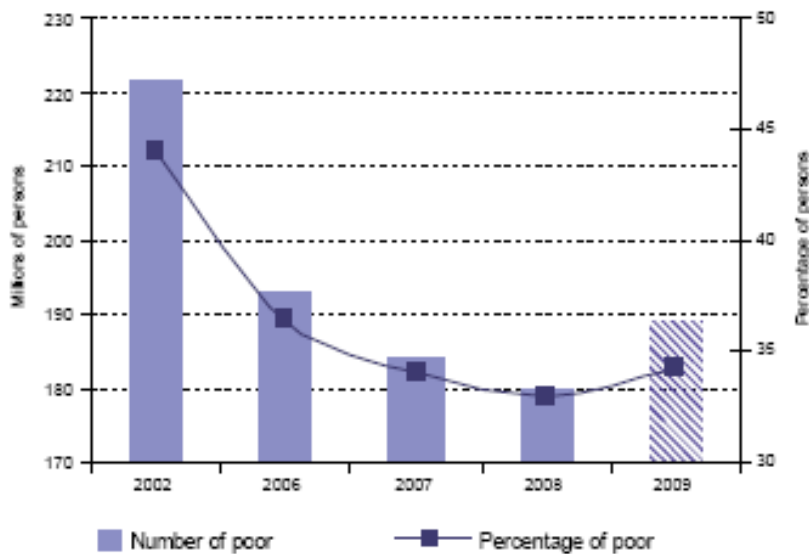
The current crisis, which began at the end of 2008 with the collapse of the real estate mortgage sector in the United States, has had an impact on most countries in the region, but less deep when compared to the previous crisis. In the whole region employment rates dropped from 55.1% at the beginning of 2008 to 54.4% for the same period in 2009.

However the purchasing power of wages of the population has been kept afloat, mainly in part to low inflation rates. Taking these considerations in mind, the expected poverty and indigence level for 2009 has been calculated, and there is an expected growth of 1.1% in poverty and 0.8% in indigence.

Latin America: Expected effect of the economic crisis on poverty and indigence



Source ECLAC: Social Panorama of latin America



Source ECLAC: Social Panorama of Latin America

These averages hide the facts from specific country, such as the case of Mexico, which shows the greatest increase in poverty and indigence because of its much lower GDP. Another poor case is that of Venezuela, who shows an increase in poverty because of the decrease in the purchasing power of wages.

If the predictions made by ECLAC are correct, the current crisis will have much less of an impact in poverty than other previous crises. From 1997 to 2002, the period marked with heavy crises, the growth elasticity of poverty was in -1.6%, while the expectations for this crisis shows poverty growth at -1.1%

Inequality

Information provided by ECLAC collected from 18 countries in Latin America, shows that perceptions of unfair income distribution by citizens are attributed primarily to the opinion that there are no basic economics or social guarantees, which marks the need for States to take action to close social gaps. The perception of highly unfair income distribution generates distrust in political institution and believe that governments serve more the elite than the majority.

Despite the positive trends of the region in the reduction of distribution inequality in recent years, the level of perception of inequality is still high. In 1997, 2002, and 2007 the great majority of Latin American people were of the opinion that income distribution was very unfair or unfair (80%, 87% and 78%, respectively). The main factors that were attributed

to the unfairness of income were the perception of lack of basic guarantees of social security, assistance and solidarity with the poorest segments, and the absence of job opportunities. This indicates the need for the States to play a more active role in providing basic protection.

Social Spending in Latin America

In recent years there has been an increasing importance on social protection, especially against income interruption, income poverty and social exclusion. These new approaches in social protection also seek to reduce poverty and struggle against inequality while promoting social cohesion, by a series of social programs that support social security, social services and assistance programs.

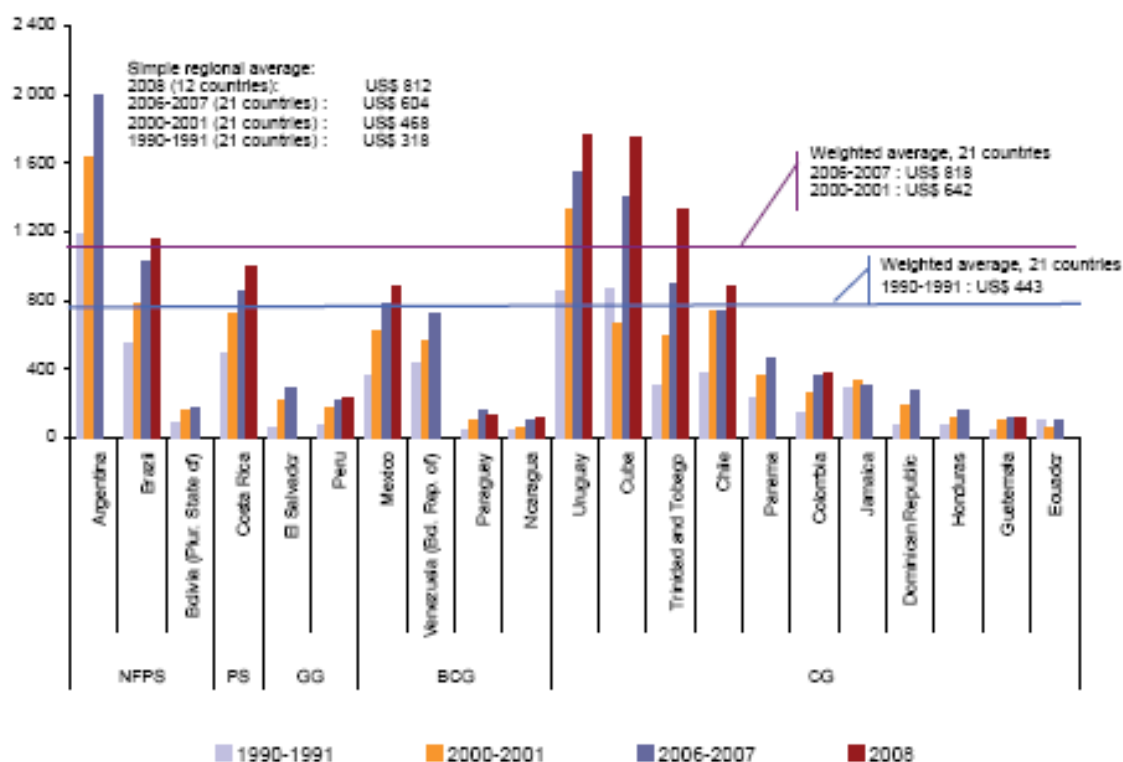
After five years of positive reduction of poverty, unemployment and income inequalities, the new crisis has shown once again the importance of the State as a regulating agent in response to market failures and asymmetries. In the context of the crisis, the dynamics of social spending are reexamined, as the impacts of monetary transfers on primary household income.

The crisis Latin America underwent in the early 1980 imposed financial constraints on public spending, and typically governments chose to reduce public spending in order to reduce the fiscal gap, but this has had an adverse effect on social spending and a deterioration in general human development in the area. By the middle of 1990, governments began to understand the importance of social spending as an instrument to transfer resources to the poorest segments of the population, and of the important role social development has in stimulating economic development.

With that came an upward trend in public spending in countries in Latin America, allocating more funds to social spending, giving them stronger funding guarantees and more stability and legitimacy. The efforts to collect public funds match to a high degree the level of development of each country, there is a direct relationship between each government's capacity to collect revenue and the public funds available for social spending. The region in general has a big problem collecting the low taxes it charges, which places limitations on budgets. However, through tighter fiscal discipline the governments are making great efforts to increase public funding, especially those directed to social functions.

Since the 1990s social spending in the region has been increasing. Analyzing the per capita spending of the countries in the region we see that in general it almost doubled from the 1990s to present times. Nevertheless there are enormous disparities amongst countries regarding their social spending.

Latin America and the Caribbean: Per Capita Social Spending 1990-1991 and 2008.

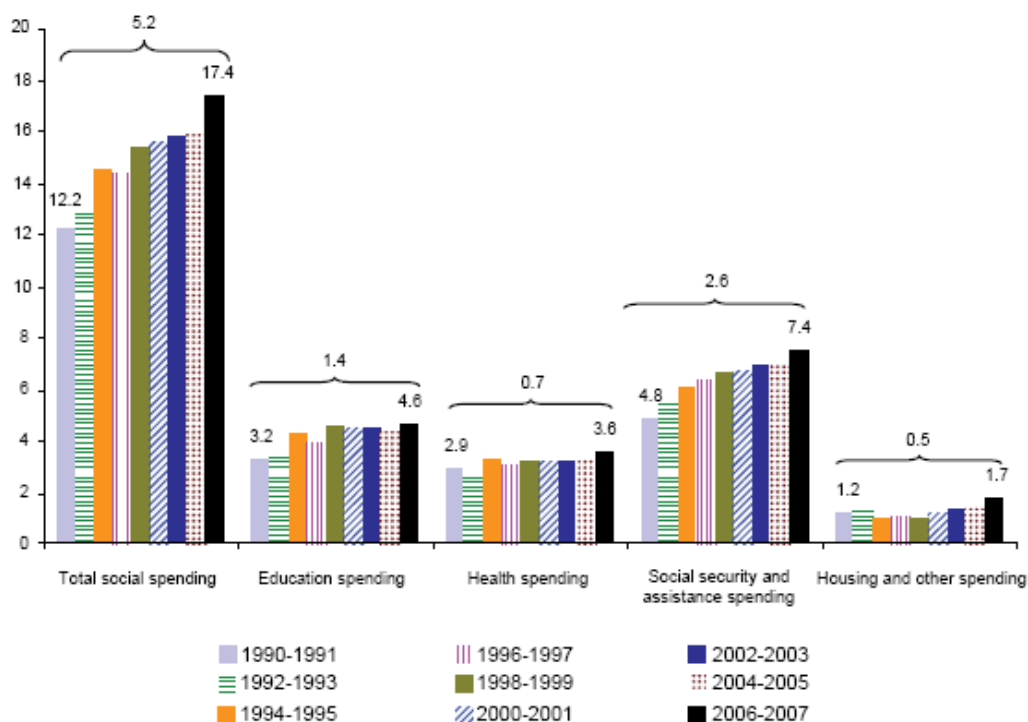


Source ECLAC: Social Panorama of Latin America

Despite efforts to increase allocation of resources for social development, social spending has been cyclical in the region, with freezing and shrinkages in times of crisis. This reflects the budget constraints of the poorest countries, which have less capacity to implement countercyclical measures during economic downturns, to help recuperate the economy.

If it's analyzed social spending by sector, social security and assistance, followed by education are the main priorities. This reflects the effort of the States in each country to reduce poverty and increase social protection in the area.

Latin America: Public Spending by Sector (Percentages of GDP)



Source ECLAC: Social Panorama of Latin America

The sectors that are targeted by public spending vary according to the development and socio-demographic structure of each country, and according to the populations most dire needs. Despite the major efforts in increasing public spending, it has not been enough to substantially reduce inequality and poverty. This raises the question as to in which areas should public spending be focused and what steps to be taken to increase well being and inequality amongst Latin American citizens.

Cash transfers to households

The main source of inequality that make Latin America and the Caribbean the most unequal region of the world is the primary income of households, and the distribution of assets and lands. In addition to concentration of property in the hands of a few, segmentation of the market generates unequal opportunities that characterize the region. The recent progress in economic growth and employment has not changed the features of the market that generate these inequalities.

Modern societies and States have a series of mechanisms to prevent families from going directly to poverty when they are unable to participate in the labor market or own property. The distribution of income is somewhat corrected through income redistribution

mechanisms that can be activated since taxes are based on current income, property, profits and consumption. There are also voluntary, solidarity based redistribution measures that work not only as donations to private households, but as a measure of improving participation and communities in itself.

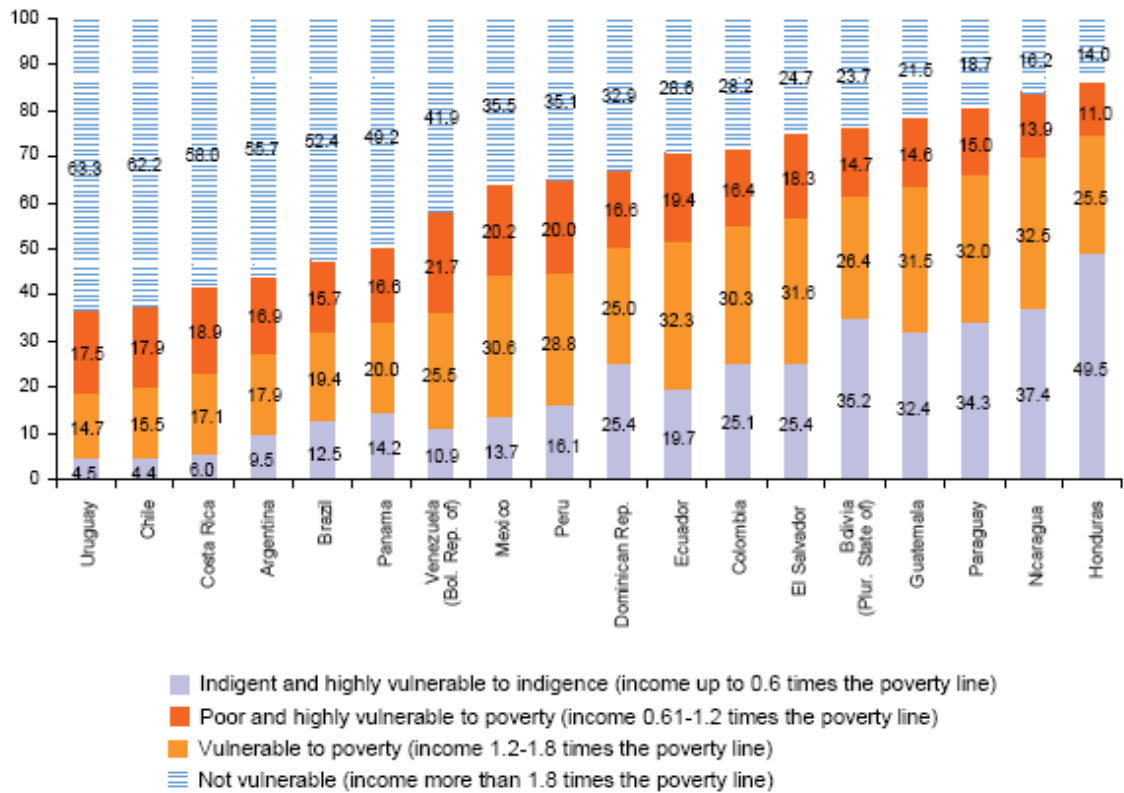
Transfers have a de-concentrating effect in nearly all countries, to the point that they increase income in 40% in the poorest households. The countries which benefit the most from this income redistribution programs are the ones that possess the most developed and comprehensive social security system. The effect of transfers on poverty reduction is very important for the social position of communities amongst Latin America. In general the transfer programs are divided into two types, one of them are retirement funds for the elderly, which are an important income for retirees who cannot work anymore; the other beneficiaries are poor families with children, and the goal of these types of transfers is to decrease poverty in the long run. The problem is that currently the government is more focused in reallocating resources to elderly than to reducing poverty in the long run, which is indeed a necessary thing and reduces poverty greatly in the short run, but is not solving the problem in the long run.

Monetary transfers made through donations from non-governmental organizations are progressive in relation to primary income. However, public monetary transfers have a broader coverage and in general have a higher impact on poverty levels.

The vulnerability of the social structure

Although there has been a marked reduction in poverty in the recent years, most of those who just left poverty, are only barely living above it. That means that there is still a large percentage of people that are vulnerable to falling back into poverty.

Latin America: Poverty Vulnerability (percentage)

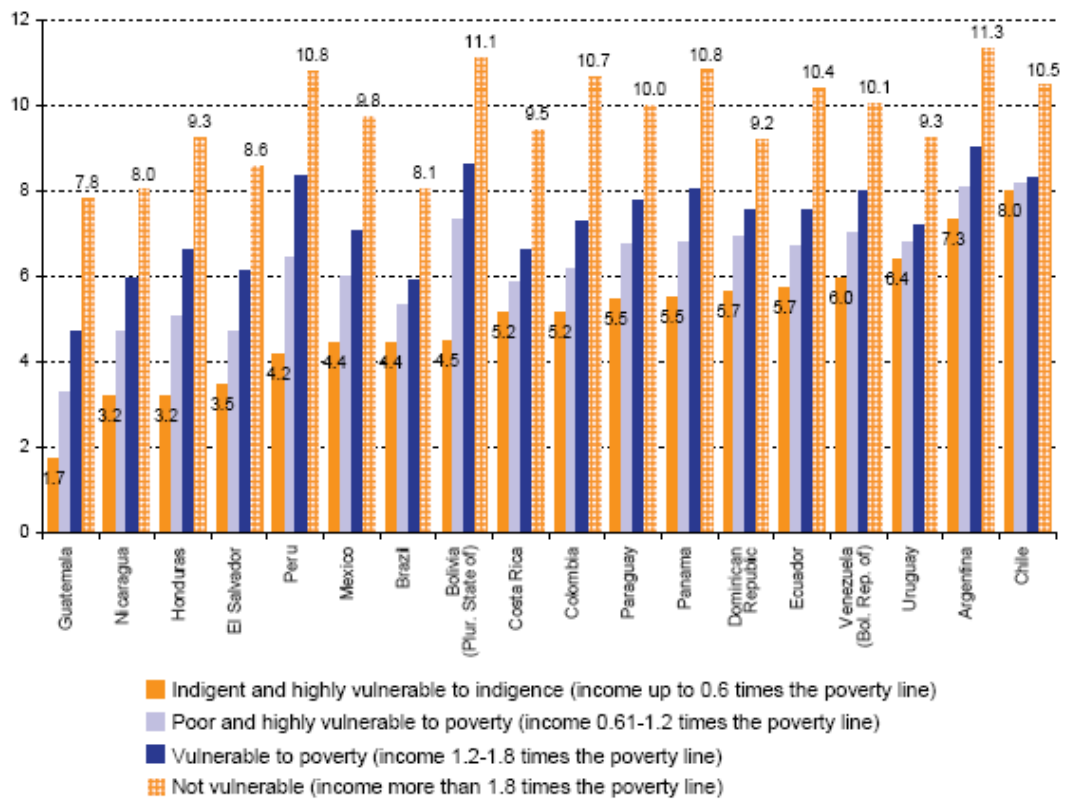


Source ECLAC: Social Panorama of Latin America

In some poorer countries in Latin America, jobs does not guarantee an escape from poverty or from vulnerability, this is explained by the low productivity and low wages in some sectors of these poorer countries. In contrast, in other more developed countries, employment usually means escape from poverty and risk of falling into it. Household structure and dependency (non working persons per working person) also varies from country to country, and in all countries, except Chile, the ratio is higher to one.

As a result of the high number of dependent people in each household comes one of the worrying realities of Latin American countries. There is a high number of children that live in cases of extreme poverty, poverty or vulnerable. In order to prevent these children from reaching adulthood in poverty, which might make it inescapable, there must be some corrective measures from the state to try to prevent it. However, one of the results of poverty in childhood results in poor education, thus reducing future opportunities of integrating society.

Latin America: Average number of years of schooling



Source ECLAC: Social Panorama of Latin America

6.2 HUMAN DEVELOPMENT AND THE MULTIDIMENSIONAL CHARACTERISTICS OF POVERTY IN LATIN AMERICA

Human development arises from the need to view more completely the development of each country and separate it from its economic growth. A notion of human development was then constructed which takes into account different options that a person has, to reach a healthy and prolonged life, acquire knowledge, learn skills and to enjoy necessary resources to achieve a better life quality.

There is little doubt left that, despite of the significant advances achieved by the countries in Latin America to strengthen human development in the region, it is not enough to break the barriers standing on the way of equality, integration and social adhesion. On the contrary, the model of development being followed by most of the countries in Latin America, by distributing unequally the opportunities and benefits of economic growth, only contributes to increase inequality and to broaden the gap between the social classes.

This is added on the fact that, due to the fragility of the states in Latin-American countries, they are incapable of responding to the demands, needs and aspirations of the population. As analyzed by Gascó: "Effectively, on the first place, the legal system still is, without a doubt, weak. As affirmed by O'Donnel, it's a tricked legal system. So, in most of the countries, the State is incapable of protecting the rights and obligations in all territories.

The legality of the state does not reach all regions, and sometimes when it is present, it is applied discriminatorily against determined groups, like indigenous or women. "The negation of political, social and economical rights has as a result a significant expansion of poverty, as well as the reproduction of inequality, one of the worst evils of the region" (Gascó, 2004). To have a long and healthy life, education, access to resources to enjoy a worthy life and to participate in the community, are essential conditions; like wealth and opportunity distribution, political, social and civil rights and democratic quality. If we measure all these aspects in Latin America today, we see that it fails in most aspects.

"Social Apartheid" is a term employed by Cristovan Buarque to describe the separation caused by the economic growth model installed in Latin America, between the social groups integrated in the development and those outside it. According to Buarque,

“Perhaps this is the first moment in humanity history in which the social groups of the same country are growing apart socially and economically instead of coming together. The breach of inequality is becoming bigger. And the phenomena has become universal. With the actual model of economic growth, the rich and middle classes of the poor countries are becoming more like the rich and middle class of the rich countries, and every time they are becoming more different than the poor people in their own country. This inversion from the tendency of the past is forming separated societies, each one with their own golden curtain that separated the population” (Buarque, 1998).

THE MULTIDIMENSIONAL CHARACTERISTICS OF POVERTY

Poverty is socially complex, both from its analysis and to the configurations of politics, strategies and initiatives of the social interventions oriented to fix it. The changes of the social politics in the region incentivized the construction of instruments directed to improve the measure of poverty and to distinguish the groups of society that suffer from it. The review of human development as well as some key indicators that perceive their evolution during the last two decades, allows us to discern a series of human privations, which go beyond the lack of income, fundamental to evaluate the phenomena of human poverty.

As pointed out by Salama, in the descriptive studies of poverty some key indicators with limitations but that allow us to measure the evolution and to characterize the structure of poverty, are employed. These studies are formed from an objective definition of poverty, in which poor people are considered to be those that cannot satisfy their basic needs. Later on, in the social panorama of Latin America, published by ECLAC, poverty is re-understood as a complex and multidimensional phenomena, constructed by the privation of a wide specter of aspects related to individual and collective wealth being.

However even these latest study shares the belief that it is important to quantify the privations using the analysis of the capability of people to satisfy the most basic needs, using indicators such as income and household consume, which is also capable of simplifying measurements and results. Another choice would be to separately measure each individual characteristic that constitutes poverty, such as alimentation, education, health, living, water supply amongst other variables; this provides a much clearer view of what lacks in each specific area, but does not possess a simple comparable figure in order to evaluate poverty in each area.

As pointed out by the OECD, the different dimensions of poverty are related with different classes of personal and familiar capabilities. The different dimensions are as following:

- *Economic Capabilities*: The capacity to generate income, consume and possess goods.
- *Human Capacities*: Based on health, education, nutrition and clean and protected water.
- *Political Capacities*: Human Rights, voice and some influence on politics.
- *Socio-Cultural Capacities*: Capacity to participate as an esteem member of a community.
- *Protection Capacity*: Capacity to resist external economic shocks.

7. NONPROFIT ORGANIZATIONS IN LATIN AMERICA

The last few decades have witnessed the appearance, growth and multiplication, in all Latin American countries, of organizations dedicated to work in social programs and projects outside of the State. These are private organizations that do not seek profit, and that act in areas in which the government is usually involved, such as social services or public goods like education, health, child nutrition, low cost living, community promotion, and environmental protection, etc.

Overall, these organizations are a very meaningful part of the social development of recent years in Latin American societies. They have become, from the 1990s important actors of political dynamics and suppliers of services in pretty much all countries in the region. A very large part of social groups, made up mostly of the poorest and most vulnerable individuals, depend on the work of these types of organizations in order to satisfy the most basic of needs.

These organizations in Latin America are particularly needed to fulfill several aspects in social service that the state fails to provide properly. Latin America is marked with high poverty levels and is one of the most unequal regions in the world. The States of the region are, in general, ineffective to solve this problem, and sometimes completely marginalize the most vulnerable parts of the population to focus on the interest of the high income population. This is where these organizations come into play, trying to support the marginalized population and providing support in areas where the respective State fails to.

NGO, as these nonprofit organizations are also commonly referred by, are mostly concentrated in social sectors. 78% of nonprofit organizations in Latin America are concentrated in six sectors, education, health, child nutrition, housing, community development and environment (Navarro, 1994). It is also very frequent to find an organization working for a series of combination of these types of activities in the same community, like a sort of integrated services for the low income population in the region.

The sectors mentioned before usually are within the responsibility of the respective government, and the first question that arises, is why there is a non profitable private firm offer on these services where the government is involved and possesses increased legitimacy to do so. A clue on this appeared when three Latin American countries where

analyzed more specifically as to their respective NGOs sector composition (Navarro J. , 1994).

In Venezuela there were relatively little nongovernmental organizations working on the sectors of environment and housing, while the contrary occurred in Costa Rica, where these sectors were privileged. At the same time, there was little activity to be found on the grounds of education in Costa Rica, while in Venezuela the activity in this sector is strong and varied. These characteristics correspond accordingly to the particular institutions in each of these countries. However in order to foresee NGO activity in a country there are two basic characteristics that must be analyzed on the state: The satisfaction level of the access and quality of social services given by the State, and the respective political model that rules the respective social sector (Navarro J. C.).

Taken into account those areas, i.e. Venezuela, despite the expansion of the education program during the decades of the 40, 50 and 60s, lacked a good level of quality in basic education and preschool, particularly in inaccessible social sectors, thus foreshadowing the appearance of NGOs in the sector 30 years later. So to a certain extent, the appearance of services in the third sector could be explained by the answer to the lack of efficiency or equality in public provision by the State.

Venezuela, for instance, had characterized till the 1980 for very aggressive programs of housing construction for low income sectors by the part of the State, which probably inhibited for some time the appearance of NGOs in the sector, although now a day's activity in the sector is visible in Venezuela. On the other hand, in Costa Rica there was, since the 70s, a design of public housing programs that incorporated community organizations integrated in the construction scheme. Costa Rica is also known for having an outstanding education level for a country of its level of development, and being developed with means of public supply of the State, leaving little room left for NGOs (Navarro J. , 1994).

Non Profits and reform in Latin America

The rise of nonprofit organizations in Latin America has to be analyzed in a wide spectrum of processes that affect society and the role of the State within them.

One of the tendencies arisen from NGOs deals with the extension and deepening of the democratization process, mostly from the still partial incorporation of new voices in the politics formation process, and from a bigger participation in the gestation of services. Whether these changes occur in the education sector, health, infrastructure, o any other, there is a clear displacement of politics towards models that focus locally and participative on the problem at hand (Navarro J. , 1994).

Relating with the increase in participation, there are increasing demands towards a greater and a better efficiency from all public entities of societies in general. All of this leads to the introduction of new ideas to the region, as the distinction of public responsibility for the social and state financing, or the introduction of competitive pressure in different social service areas. There is also an increase in associative models for the attack of poverty and other social problems, in which nonprofit organizations cooperate with the state or with the profit sector to gain from the competitive advantages of each and increase efficiency, producing “synergies” (Evans, 1996).

All of these tendencies act towards a greater and more organic incorporation of Nonprofits towards the social service sector in Latin America.

NGO Behavior

There is still a lot to know as to what the NGOs in Latin America do in particular. It is very hard to generalize what are the characteristics of the actions of the entities that give social services. Although the analysis on this type of organizations is extensive, the focus on the service provision of these is little, in comparison to the attention being paid on them as political actors or cultural movements.

This being said, we can assume to a certain extent that the action of NGOs as service providers are somewhat accompanied by innovation, in the methodologies and incorporation of social programs, and frequently of actions coordinated with state social programs (Navarro J. , 1994). With innovation meaning all the diversity of initiatives within

each country, region, locality or field in which the NGO operates. The hardest thing in Latin America would be to find several NGOs that follow a similar pre-established model within a determined sector, or even harder would be to find NGOs that follow the State's model without serious modifications. The very few exceptions can be found in those models of organizations very successful and then inspired their adoption, such as the educational model of Venezuela, which is now implemented in over 10 countries, or the model of microenterprises by the foundation Carvajal of Colombia which has been used as a program base in other countries.

However it has been common the case in which the State, stuck in severe limitations in their social benefit network has asked for help to experienced NGOs, including them in some of their programs. This modality of mutual help occupies today a considerable space in the social politics in many governments of the region, such as in the cases of the execution of the Social Emergency fund in Bolivia, the program of youth training and education in Chile, the programs of child care in Venezuela, Housing programs in Costa Rica, and several other examples (Navarro J. C.).

Given the limitations of the States resulting in the cutbacks of public funding from the 1980s, it is very likely that several of these programs, successfully implemented now, would have failed or underperformed if it were not from the aid of developed NGOs in the process.

Effect of NGOs on social politics

In Latin America we have seen a political unbalance, since the great inequalities that characterize the region generated as a result that the majority of the people with low income lack a voice and pressure capacity to contribute to shape the social politics, while the other groups, in higher income levels, have captured the budget and programs of redistribution.

This problem is the root of other consequences for Latin America, such as that in general, social politics have favored higher education level versus lower ones, or that labor laws have protected overall the higher organized workers, marginalizing a considerable proportion of the working population, and in general excluding the most vulnerable portion of the population.

Another problem with social services provided by the government in democratic scenarios is that the provision of services to the population is attached to gaining political vote in return.

The entrance of NGOs in political scenarios has created opportunities for the transformation of these characteristics of social politics in Latin America, because in general NGOs take root and performs actions on the excluded social groups, exactly on those that the public social offer is inadequate. Also, one side effect of the NGOs work is that the excluded social sectors can now gain a voice in the political decision process.

Since the NGOs do not work or originate from the bases of the struggle for political power, they have the potential to generate and extend a different type of relationship around the social programs, a more universal relationship where the basis of who receives the social aid is based on a professional choice, detached of any political interest.

These type of social relationship, promoted by NGOs, where the beneficiary of the social program or service is being treated as an adult and responsible citizen, has been less common in state programs, but there are experiences of political reform in state organisms because of NGOs influence, where they have been influenced to adopt a more humanized approach to their service provision and limiting their political manipulation (Navarro J. , 1994).

The way that the NGO's treat the citizens is not only different on the political aspect. There is evidence provided (Irrazabal, 1994) that the users of social services given by nonprofits perceive an "integral" treatment, they feel that they are treated humanely and considerably and not only as one of numerous cases. The evidence behind the improved relationship by nonprofit organizations can provide support for a change in State driven programs, since they are commonly associated with generators of low self esteem on those that they intend to help. To these we have to add that many NGOs consider their work as an instrument of social development, for these entities the main objectives usually is social development, the increase in capacity of social organizations in those communities and individuals with whom they work.

This kind of goal in social development has won more importance recently with the introduction of "Social Capital" (Social Capital refers to social networks and the norms of reciprocity and trustworthiness that arise from them) by Putnam (1993) and with the emphasis on institutional development and informal trust networks as fundamentals for economic development (North, 1981). This kind of approach has been much harder to

generate from state organizations, and is a very important contribution from NGO to the social politic of the region.

The entrance of nonprofit organizations as service providers brings a potential to increase efficiency considerably. The multiplication of providers creates condition for competition between them, which should result in the improvement in efficiency of social services, by the competition with other NGOs when donors compare their performance or when it is compared to the performance of the State in the same area, as well as by the imitation of successful NGO models and dispersal of best practices.

Punctual studies that compare state providers and nonprofit organizations within the same area of service in several countries of the region indicate that NGOs can be more efficiently, measured as the cost-effectiveness ratio, than the corresponding state agencies (Irrazabal, 1994). Although it would be rush to generalize about this issue with the partial evidence at hand, this findings are consistent with most of the theoretical and empirical evidence from other sectors and regions of the world that have approached the problem of relative efficiency between state and non state service providers (Mueller, 1989) (Le Grand, 1991). Even in markets that work in a very imperfect way, like health or education, the separation of some functions and the introduction of some competition elements can have beneficial effects in the use of resources and user satisfaction.

The overall discussion balance shows that the presence of nonprofit organizations as significant actors of social service production possesses a considerable constructive potential. In an era in which there are constantly more supporters for political, education and health services reforms, nonprofit organizations have become to a certain extent change agents that indicate the direction for which the reform should be going: less control by the government, more participation, better effectiveness, better quality in service, greater equality, and greater efficiency in resource use.

Despite these favorable conditions behind the existence of NGOs, there is still room for improvement for several of these organizations. Many of these are still highly inefficient and ineffective when it comes to information sharing, resource allocating and program results. Besides the need for improvement, there is also a risk that the involvement of the state with several of these organizations might derail them from their initial objective.

Non Governmental Development Organizations (NGDOs)

In Latin American countries there is a fairly long tradition of nonprofit organizations dedicated to elaborating and executing research and action programs designed to tackle the various social problems affecting the region, especially those resulting from the underdevelopment in which a large proportion of the population lives (Balbis, 2001). Some of these organizations have solid experience and have contributed on development models in their respective countries, while other, more fragile institutionally, carry out smaller scale projects, without making major impacts on their respective society. In recent years, the number and types of NGOs in the region has been increasing and more diversified, as well as their recognition and funding, mainly from international organizations. The increase in the number of NGOs is such, that it becomes harder to classify them, since they span from various types of institutions: philanthropic associations and charities, cultural associations, sports club, and even some companies disguised as NGOs.

Even if we focus on NGOs that have as a goal of promoting the benefit of the most vulnerable sectors in society, for a better approach towards the issue of development in the region, we have to focus on a sub category of Nonprofits of specific importance: Non Governmental Promotion and Development Organizations, more usually known simply as Non-Governmental Development Organizations (NGDOs). This makes the distinction between nonprofits that offer assistance and charity and those that offer promotion and social development. According to Mario Padron, NGDOs are specifically involved in the study, design, execution and assessment of development programs and projects, in direct action with social groups and organizations (Padron, 1985). These specific organizations focus on giving the groups involved more social power, and focusing the needs of individuals, families, groups and communities as well as promoting social values.

In reality, this is a small group of organizations that accounts for only 10% of all NGOs, but from the 1970s onwards they have come to play an increasingly important role in dealing with various economic and social issues, consolidating democracy and proposing alternatives for development in the region (Balbis, 2001). These organizations may emerge from various sectors of ideological beliefs, and might be dedicated to different subject areas (housing, poverty, social exclusion, health, education, democratization, employment, childhood, environment, gender, etc), but they are fundamentally focused on carrying out programs that promote social and economical development in the least

favoured sectors of society. We have also seen NGDOs within the ICNPO classification framework, in group number 6: *development and housing*.

Although there are several differences in the process of their generation and development from one country or region to another the surge of the first NGDO in Latin America dates back several decades ago. Over time, they have been strongly characterized by a tendency to deal with a constant set of problems affecting the region, with a constant review and adjustment of strategies and intervention approaches. The appearance of these organizations can be explained with a specific social and political analysis of each country in particular, however there are also certain similar characteristics in the different regions in Latin America over the decades that explain to a certain extent their origin and development.

Latin America has always been characterized with high levels of inequality and a wide sector of poor, extremely poor or vulnerable population. In the 60s and 70s there were several NGOs focusing on the poorest sectors of society. From the midst 70s onwards NGDOs began to take off in Latin America. The 1980s were marked by a process of institutionalization of NGOs (Balbis, 2001), when many institutions were created that sought to solve the crisis based on a direct relationship with the working classes, with more complex operational mechanisms, with more systematization and less improvisation.

The importance of Non Governmental Development Organizations

As we have seen from the Latin American analysis, the region is marked with a high rate of poverty, indigence and an overall large vulnerable population. According to the graph, the inequality in the region is considered to be the largest one in the world, since the richer population keeps getting richer, while the poor remain relatively constant; in fact economic growth in Latin America is commonly called, “growth with poverty” because of these characteristics. The problems of the poorest sectors of the population in Latin American countries are not only low income levels, but are more complex and range from poor housing, low quality or lacking health institutions, very low education levels, to social and political exclusion from the rest of the population. In general almost all of the countries in the region have a deficient service provision in at least one of these sectors; and in most of the countries all of the services are deficient for a very large portion of the population (see chapter 6).

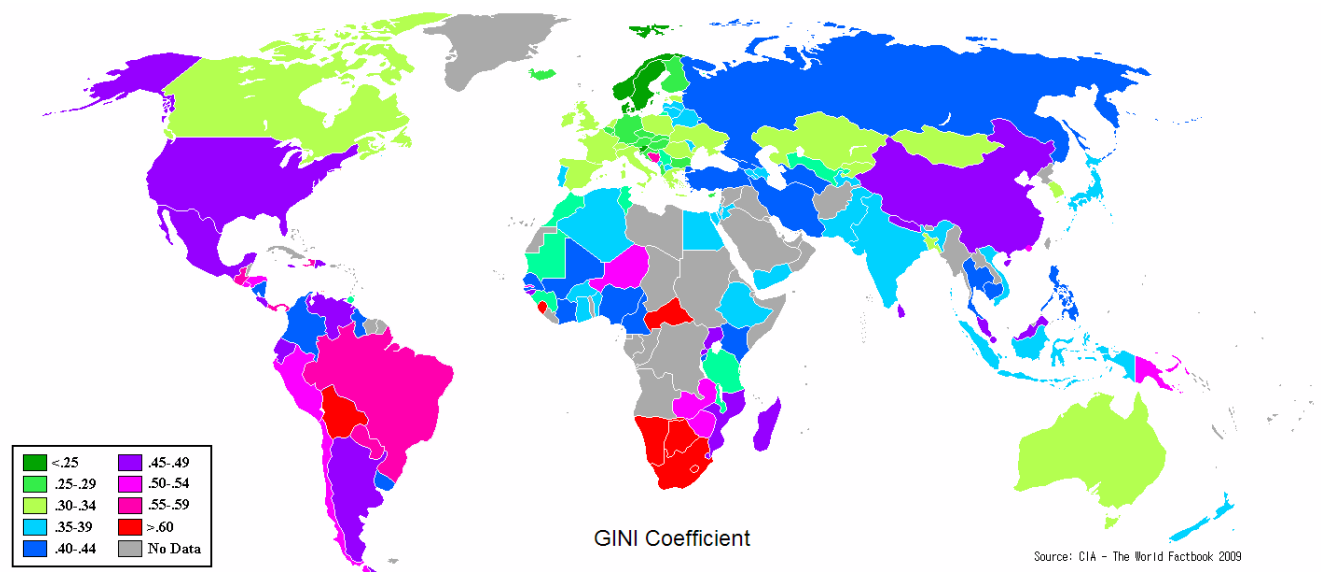


Fig. 10 GINI coefficient – Source: CIA The world factbook 2009

Nonprofit organizations arise from insufficiency of the state to solve the problems of the population in the mentioned areas; trying to fill the gap of the current state of affairs to the desired level of living for the population. NGOs in particular approach the typical problems in the excluded sectors of Latin America society, varying from country to country depending on the urgency of each particular area. These types of organization try to solve the problem of exclusion for the poorest sectors of society and provide a medium and long term solution for poverty and human development in Latin America. NGOs organizations tackle specifically the deepest problems of poverty and social exclusion in Latin America society from the root, making these organizations of vital importance for the development of the region towards a more equal and stable area, minimizing poverty and including all sectors of society in the long run.

These organizations, despite of their importance for the Latin America development, are not performing on the level that they could be performing. The great majority of them are of small size and of little impact to society, they have several problems leading effective projects and obtaining appropriate funding to fulfill their objectives (Balbis, 2001). Many of them lack a thorough organization structure and just run their projects in their respective communities with their best effort, but without the efficiency and effectiveness needed to impact the community in its fullest. Although the intention of these organizations is correct, they tend to lack a developed model for creating their projects and managing them.

That is why we chose them as our target for developing a model for performance measurement in nonprofit organizations, for the potential benefit that they can generate in the region as well as the potential for improvement that they possess. By creating a standardized model for performance in which they can analyze the long term importance of their projects and aligning their resources more effectively in achieving results.

In this way we plan to generate a type of standard model which NGDO can use in order to measure their performance. The goal of this model will be to focus their projects in the right direction, to use resources more efficiently, to be able to identify areas where improvement is needed and it will standardize practices so it can be interchangeable and communicable throughout different organizations.



Mindmap 3 The Latin American context

7.1 PERFORMANCE MANAGEMENT IN LATIN AMERICAN NONPROFIT ORGANIZATION

In order to develop an appropriate model of Performance Measurement for Nonprofit Organizations in Latin America, it is imperative to understand the current practices and limitations that nonprofit organizations in the area possess. In the available literature content about nonprofit organizations in Latin America, information about current performance measurement practices is scarce, incomplete and hard to interpret. This is mainly due to the characteristics of these organizations in the region, since they tend to be relatively new, of small size and of varying personality.

Two different studies were conducted in order to gain a better understanding of performance management of nonprofit organizations in Latin America. The first was a general survey consisting of basic questions about performance measurement characteristics, in order to develop a general understanding of performance measurement in the nonprofit sector as a whole. The second was a more in depth analysis consisting of interviews with selected nonprofit organizations in order to gain a better insight of performance management in the area, and the limitations and problems implied.

7.1.1 PERFORMANCE EVALUATION PRACTICES IN LATIN AMERICAN NONPROFIT ORGANIZATIONS

The survey was the first step in understanding performance measurement practices in nonprofit organizations in Latin America. In order to keep the response rate at a maximum, the questions asked to these organizations were simple and limited, hoping to obtain enough information to generate a framework of current practices and characteristics of organizations in the region.

The survey was left open in the internet through a period of over two weeks, after which the data was interpreted and analyzed. The conclusions obtained from the analysis will be useful to develop more thoroughly the more detailed interview to specific organizations; as well as to understand the important characteristics in developing a model of performance measurement in nonprofit organization in Latin America.

METHODOLOGY OF THE SURVEY

The survey was conducted throughout a series of steps. The first step consisted of designing the questions to ask the respective organizations. The questions were developed taking several factors into account: the length of the questions, the formulation, and the type of information wanted.

The questions needed to be short and concise in order to be perfectly understood by the reader and to keep them from leaving the questionnaire unfinished. The questions needed to be formulated in a clear and concise manner, paying close attention to not generate any ambiguity or any miss logical answers. Lastly, one had to pay close attention to what is the most important information needed, since the questionnaire was needed to be short, only the most important questions were asked.

Once the questions were selected and reviewed, a database was generated in order to obtain the email and information of Nonprofit Organizations throughout Latin America. The initial database consisted of 207 nonprofit organizations. These 207 organizations were obtained from information on two sources, "Federación Antioqueña de ONG's" and "Colombia Incluye". These two sources contain a listing of many affiliated nonprofit organizations working in Colombia, and were selected because of previous relationships with them and because they tend to include the typical nonprofit organizations for which the intended performance model is developed.

The database had to be extended later on, given the low response rate to the survey from the previous organizations. For this an additional 182 organizations from all across Latin America were added, obtained from the website "Idealistas.org", which is a website that intends to unite, classify and communicate all nonprofit organizations and volunteers in Latin America. The organizations obtained from the websites mentioned before belong mostly to the housing and development sector, and they were selected for this characteristic since it is most relevant to the model being developed. The final database developed consisted of almost 400 organizations, with about 220 from Colombia, 50 from Argentina, Mexico and several others from Venezuela, Chile, Peru, and almost every country in Latin America.

THE QUESTIONNAIRE

The Survey conducted consists of 10 multiple choice questions. All the questions, except question number 3 allows for multiple answers. The first three of these questions are made in order to categorize and find information regarding the characteristics of the nonprofit organization. The remaining seven questions are regarding the performance management practices and their attributes in each organization. The questions were written in Spanish to send to the respective organizations and then were translated for the analysis in this report.

The First three questions, dealing with general information of the nonprofit organization are as follows:

Question

1:

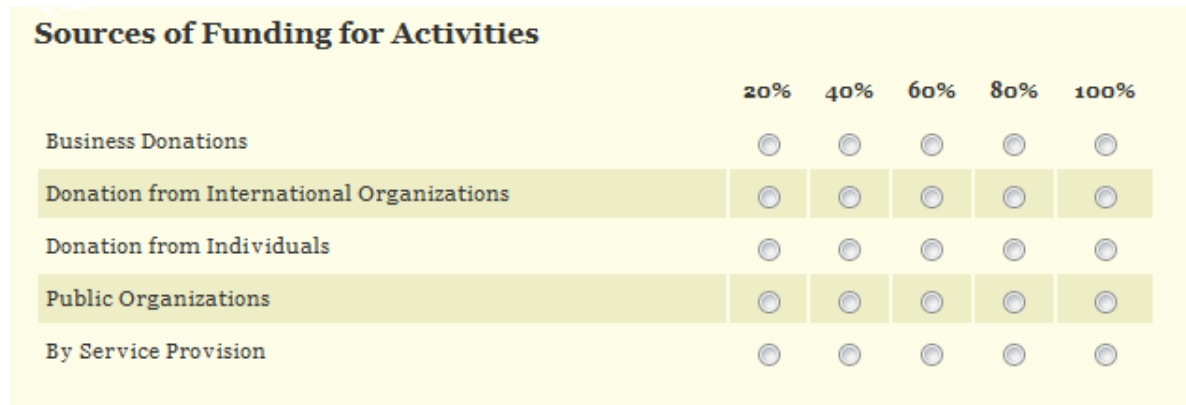
According to the International Classification of nonprofit organizations, your organization works on the area of: *

- Culture, Art and Recreation
- Education and Research
- Health
- Social Services
- Environment
- Housing and Economic Development
- Law, Advocacy, and Politics
- Philanthropic Intermediaries and Voluntarism Promotion
- International Activities
- Religion
- Business, Professional Associations and Unions
- Development ICT

The first question was made in order to confirm that the nonprofits indeed belonged, at least partially, to the Housing and Developing sector. This question also allows gathering an insight of behavioral patterns in organizations, and understanding if some organizations cross between sectors or belong exclusively to one. All the possible options were selected from the ICNPO classification framework.

Question

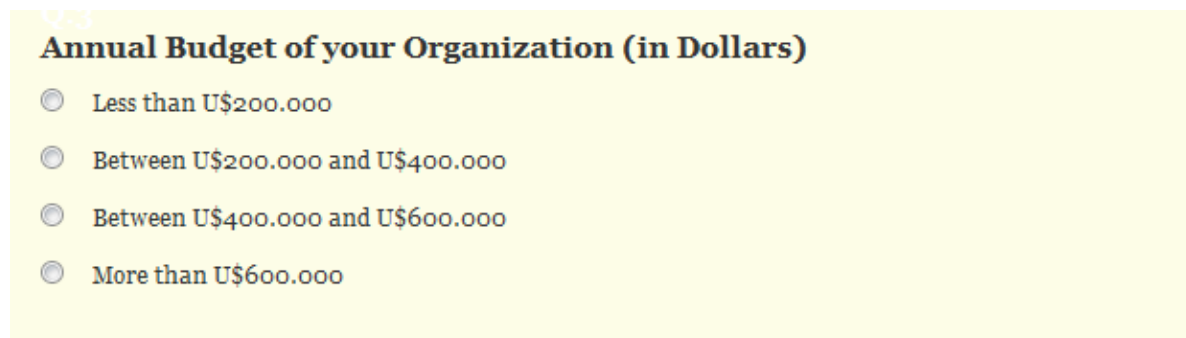
2:



The second question was made to find out what are the sources of funding for the organizations; in this way it is possible to understand the most common type of relationship between a funder and a nonprofit organization. This type of information will be useful as most organizations have problems maintaining an effective and efficient program while communicating results to funders. This question was formatted to be made in percentages and multiple choices so each organization can establish the composition that makes up the funding of their projects.

Question

3:



The third question was made in order to establish the size of a nonprofit organization. The size was categorized in multiples of U\$200.000, which was thought to be a good number to evaluate the difference between small, medium, and larger organizations.

The following seven questions, regarding the performance management practices in nonprofit organizations are:

Question

4:

Objective of the evaluation conducted on programs and projects of your organization *

- Evaluate the effectiveness of the programs
- Evaluate the level of satisfaction of the beneficiaries
- Obtain feedback on how to improve the programs
- Strategic Planning
- Obtain financial information
- Demonstrate Service Quality
- Generate trust between Stakeholders
- To obtain more funding

This question is meant to acquire insights on the motivations behind current performance measurement systems. If an organization develops a model just to fulfill a poor motivation, such as an obligation to a funding institution, then the model will probably be poorly developed and the whole potential behind it will be lost.

Question

5:

Who do you present reports about the projects and programs conducted by your organization

	Monthly	Quarterly	Half-Yearly	Yearly	At the end of each project/program
Regulatory Organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Funding Organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community Intervened	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Volunteering Organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal Use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

With the data obtained in this question, it can be determined which are the objectives of performance measurement practices, and also the frequencies of such measurements.

Question

Do you consider your evaluation processes to be:

- Useful
- Credible
- Satisfactory

6:

The answer to this question will reflect the opinion of the organizations on their own evaluating practices. However the answer to this question depends also on their objectives for the evaluation, since for instance an organization conducting evaluations for financial purposes will find it more easily satisfactory than an organization that conducts evaluation to assess the effectiveness of the projects.

Question

7:

Who participates in the evaluation process

- Beneficiaries
- Funding Organizations
- Program or Project Staff
- Executive members of the Organization

This question will help to understand the relation between the responsible for the conduction of the evaluation process and their satisfaction. It was suggested from a previous study analyzed, that there is a positive correlation between the acceptance of an evaluation and the involvement of several stakeholders.

Question

8:

Q78

Do you possess any reference framework to realize the evaluations on programs and projects

- Balanced scorecard
- Strategy map
- Global Reporting Initiative
- Prisma
- Ad hoc - Developed internally by the Organization
- Ad hoc - Developed externally by a Regulation Organization
- None

This is an important question to understand the current practices of performance evaluation. This question will assess the potential for improvement of nonprofit organizations in the area, since it is expected for most of them to have lack an adequately developed performance measurement system.

Question

9:

Q79

Which do you consider the critical success factors for the success of your organization

- Identification and prioritization of the problems in the vulnerable community
- Financial Management of Resources
- Management of Projects and Programs
- Acquiring of resources
- Staff Competence within the Organization

The critical success factors of the organizations should be aligned with the motivation behind evaluation in the organization in order for it to have an important effect. Also this question hopes to determine if the critical success factors of the mission are related to financial survival or to a fulfillment of the mission in the nonprofit sector.

Question

10:

Do you use an Information System for

- Accounting
- Management of Projects and Programs
- Management of Volunteers
- Evaluation
- None

This question is related to the use of information systems in the organization, a lack of this type of systems in many areas is an indicator of underdevelopment of the organizations and could show the potential for improvement that these organizations possess.

RESPONSES

With the finished database, the survey was then created using an internet survey creator and sent to all organizations in the first database, consisting of about 210 emails. This first email was sent out the 11th of May, which also marked the beginning of completion of surveys on the internet site. Due to the slow response of nonprofits, the database was increased and a second mail was sent to an additional 180 organizations on the 17th May. Of the 400 mails sent, about 70 mails bounced back, meaning the address was no longer valid. The survey finally closed the 29th of May, and of about 330 nonprofits that were contacted, 30 firms, or about 9% answered the survey.

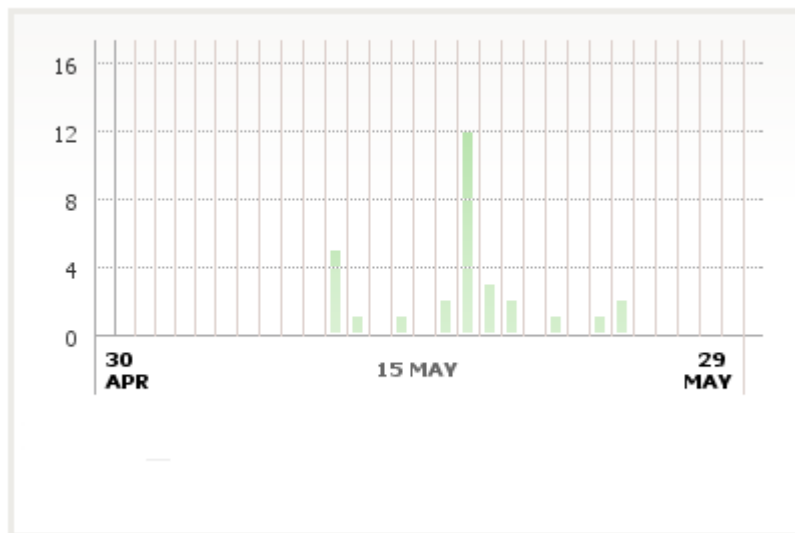
The emails were sent to nonprofits all across Latin America, with answers from 10 different countries including: Argentina, Chile, Paraguay, Bolivia, Peru, Ecuador, Colombia, Venezuela, Costa Rica and Mexico. Also there were 6 repliers whose I.P. address could not be determined and could have been from any country in Latin America.



Fig. 11 Map of responses

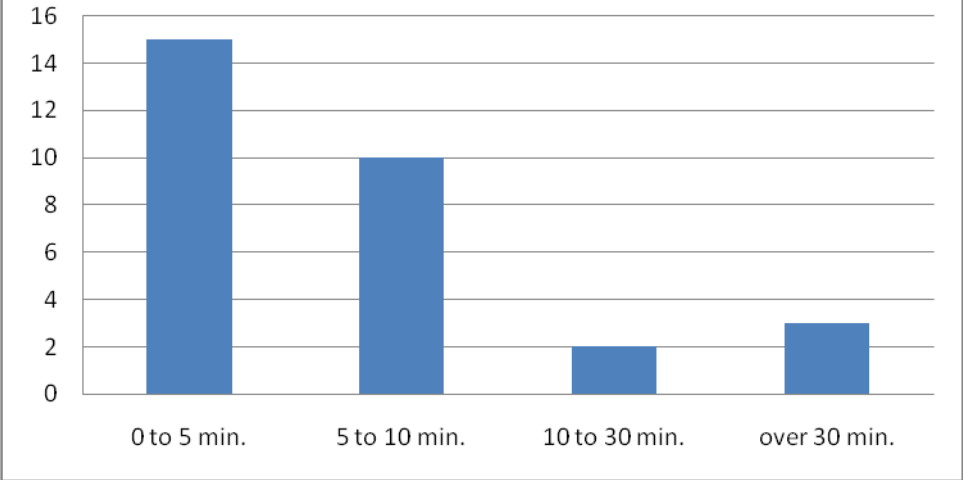
The respondents started answering the survey right after the emails were sent. The two highest peaks of survey completion were the days in which the emails were sent, with 5 respondents on the 11th of May and 12 respondents on the 17th. In between and after these dates the respondent rate slowed down, with only about 1-3 respondents a day, until the 26th of May when there were no longer any additional repliers.

Respondents

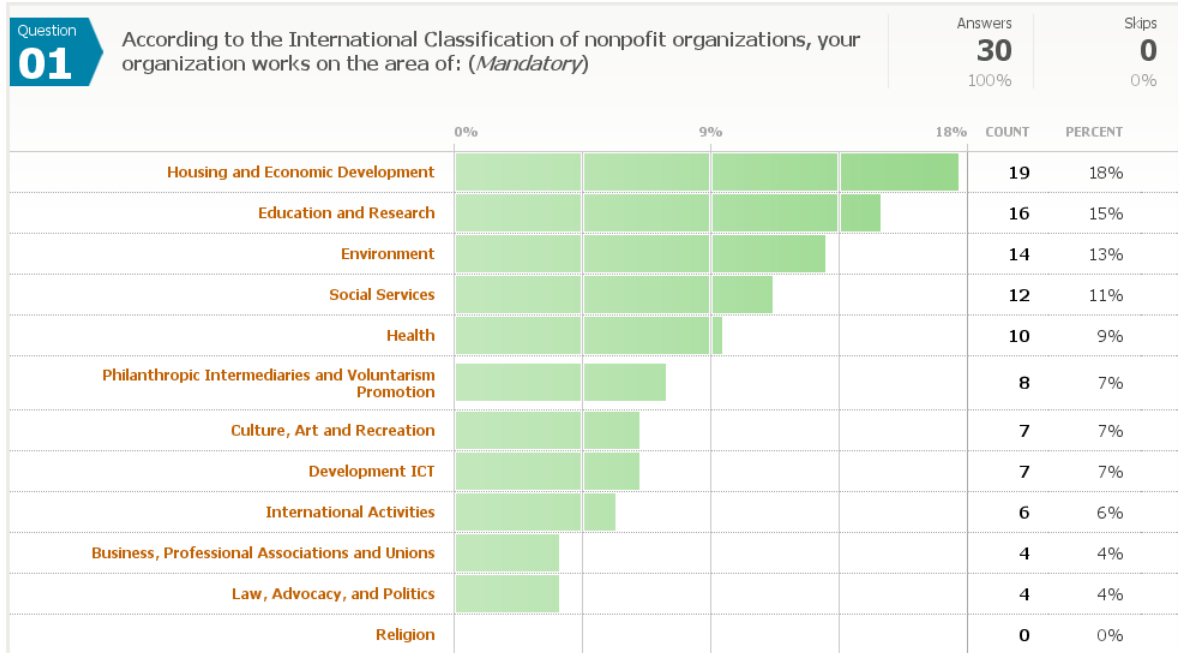


The questionnaire was designed in order to take about 5 minutes of the respondent time to complete. However the fill out time of the survey was very varied, with 15 respondents taking less than five minutes, 10 other respondents taking between 5 and 10 minutes and three extreme values of over one hour. In fact one of the repliers took 14 days to complete the survey according to the survey website. The average time to complete the survey is about 685 minutes; however, removing the three extreme values of over one hour, the average fill out time is slightly above 6 minutes.

Survey Fill out time



QUESTION ANSWER ANALYSIS

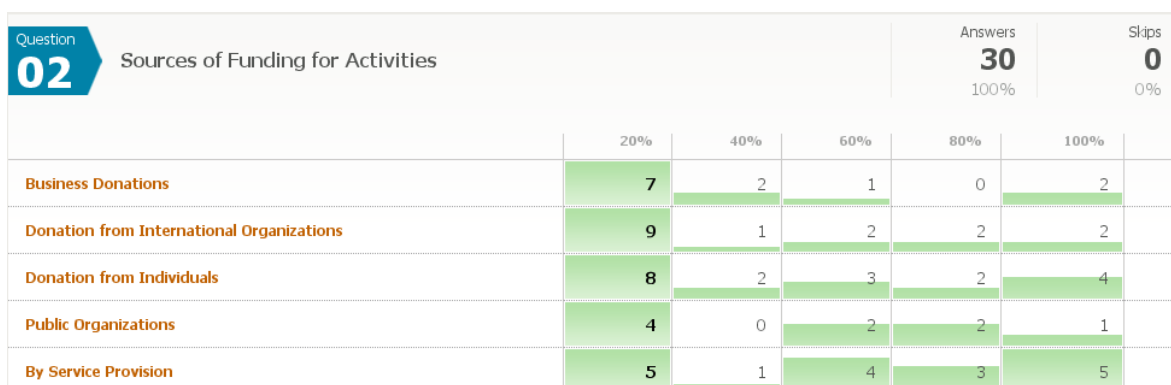


The results on this question show that most of the nonprofit organizations surveyed actually belonged to housing and economic development, with 19 of 30, or 63% marking this option. The second most common area that nonprofit worked with was Education and research 53%, followed by Environment 47%, Social services 40% and Health 33%. The next categories proved to be less common, and there was no organization interviewed that was related to religion.

The most common areas according to the survey are also the most expected ones, according to the characteristics that make up Latin America and the needs that are most important to its population. That is why many nonprofits belong to the areas of housing and development, education, health or social services; while relatively few of them belong to law advocacy, business unions or international activities.

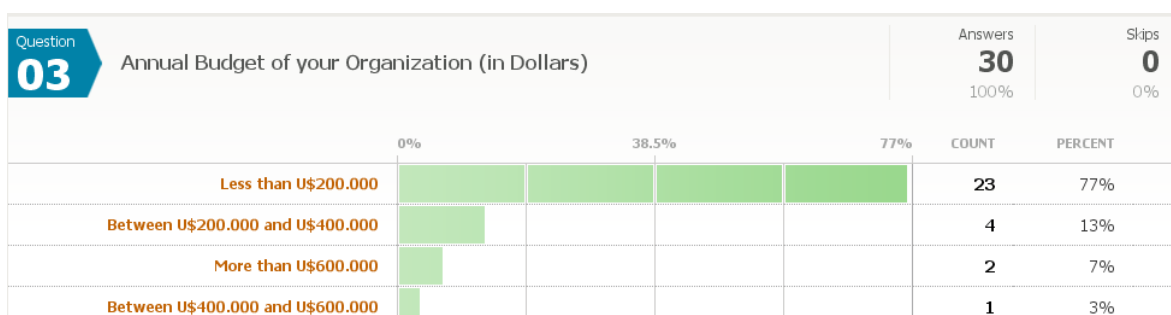
In the replies of the nonprofit organizations it is visible that there are far more selection of areas that actual respondents. While only 30 separate organizations replied the questionnaire, the different answers were marked 107 times, meaning that each organization in general belongs to about 3 or 4 different areas.

After analyzing the results separately, 11 out of 30 organizations answered to more than 4 options, some of them marking as many as 10 different options. There were 6 other organizations that marked 3 different options, with different variables making it hard to identify a pattern in association of these areas. There were two organizations that marked two different options, one was health and international and the other was education and social services. The remaining 11 organizations marked only one option, 5 selecting housing and development, 2 social services, 2 selecting health, one education and research and one development of ICT.



The answer to this question sheds light on the funding composition of a typical nonprofit in Latin America. According to the results, there is a slight majority of organizations being funded by international organizations, individuals or business donations; while there is less, but still important, donations from public organization or by service provision.

From this observation we can also see that about two thirds of the organizations are funded by a composition of different funders, and five of them have marked up to four different types of funders. In contrast, one third of organizations are funded exclusively with one type of funder.



The tendency of nonprofit organizations is to have small scale operations. The great majority of the organizations surveyed (73%) operate with less than U\$200.000 per year.

There were five organizations which answered to having a budget in between U\$200.000 and U\$600.000, and only two of the organizations surveyed were of a larger scale, with an annual budget of over U\$600.000.

The two biggest organizations, which possess an annual budget of over U \$600.000, collect their funds from all types of funders. One of these organizations is Colombian, while the other’s origin is unknown. The organization from Colombia focuses on housing and development and the other big organization is focused on education and research.

The other five intermediate organizations come from Argentina, Peru, Chile and Colombia. Most of them obtain their funding from a combination of two or more different type of funders, with the exception of the foundation in Argentina, which is financed solely with public funds. There doesn’t seem to be a relationship with the size of the nonprofit and the sector in which it works, but this can also be because of the small size of the sample.

Question 04	Objective of the evaluation conducted on programs and projects of your organization (<i>Mandatory</i>)	Answers		Skips		
		29 97%	1 3%			
		0%	11%	22%	COUNT	PERCENT
	Evaluate the effectiveness of the programs				21	21%
	Evaluate the level of satisfaction of the beneficiaries				20	20%
	Strategic Planning				14	14%
	Obtain feedback on how to improve the programs				11	11%
	Demonstrate Service Quality				10	10%
	Generate trust between Stakeholders				9	9%
	To obtain more funding				8	8%
	Obtain financial information				7	7%

In this question there were far more answers than the number of the respondent, which shows that most of the organizations marked more than one objective to the evaluations carried out. The objectives seem to be focused on evaluating the effectiveness of the program and evaluating the level of satisfaction of the beneficiaries, since around 70% of the respondents marked these answers. The rest of the options for conducting the evaluations seemed to be evenly distributed in the opinion of the respondents, with more importance placed in strategic planning, followed by feedback, demonstration of quality, generation of trust, funding purposes and lastly financial information.

The results also showed that most organizations either focused on a lot of objectives or just on one or two. Almost one third of organizations marked three to five options as their objectives, while there were a couple of organizations that marked almost every option as

their objective behind evaluation measures. Contrarily, there were also an important number of nonprofit organizations that focused exclusively on one purpose, with the majority being on strategic planning, evaluating the level of satisfaction and evaluating the effectiveness of the program.

Question 05		Who do you present reports about the projects and programs conducted by your organization					Answers 30 100%	Skips 0 0%
	MONTHLY	QUARTERLY	HALF-YEARLY	YEARLY	AT THE END OF EACH PROJECT/PRO...			
Regulatory Organizations	6	0	3	9	5			
Funding Organizations	5	6	1	4	7			
Community Intervened	2	3	2	3	3			
Volunteering Organizations	1	1	0	3	1			
Internal Use	10	4	4	3	5			

Reports on the projects and programs conducted were presented occasionally to almost all types of stakeholders. The number one use of reports was internally, then followed by the use for regulatory organizations and for funding organizations, and lastly there were fewer reports presented to the community intervened and to the volunteering organizations.

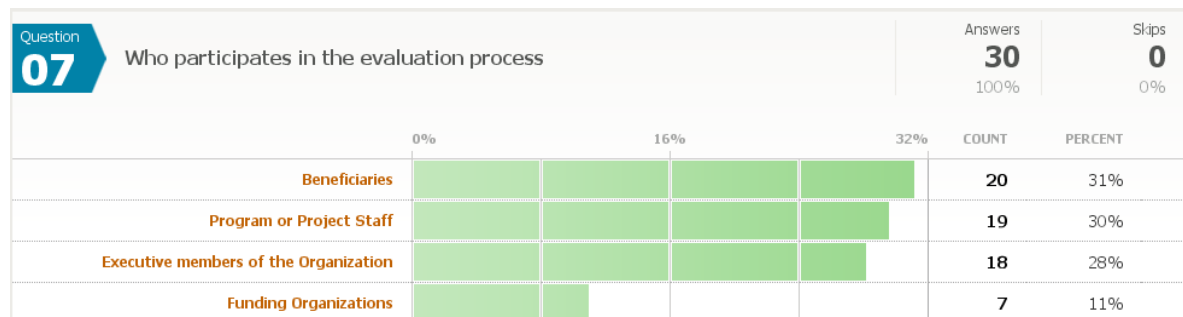
Internal reports were sent frequently within organizations, with most of organizations creating reports about the projects monthly. Reports sent to regulatory organizations were usually presented yearly, while reports sent to funding organizations were most commonly sent at the end of each project/program.

There were some logical correlations about the objective of the evaluation and the receiver of the reports. For instance, organizations that marked strategic planning or obtain feedback about performance of projects as their motivation behind evaluation almost always had marked that it presented reports for internal use at the same time. The same happened for organizations that marked funding purposes and then presented some type of report to funding organizations.

Question 06		Do you consider your evaluation processes to be:					Answers 30 100%	Skips 0 0%
	0%	24%	48%	COUNT	PERCENT			
Useful				23	48%			
Satisfactory				13	27%			
Credible				12	25%			

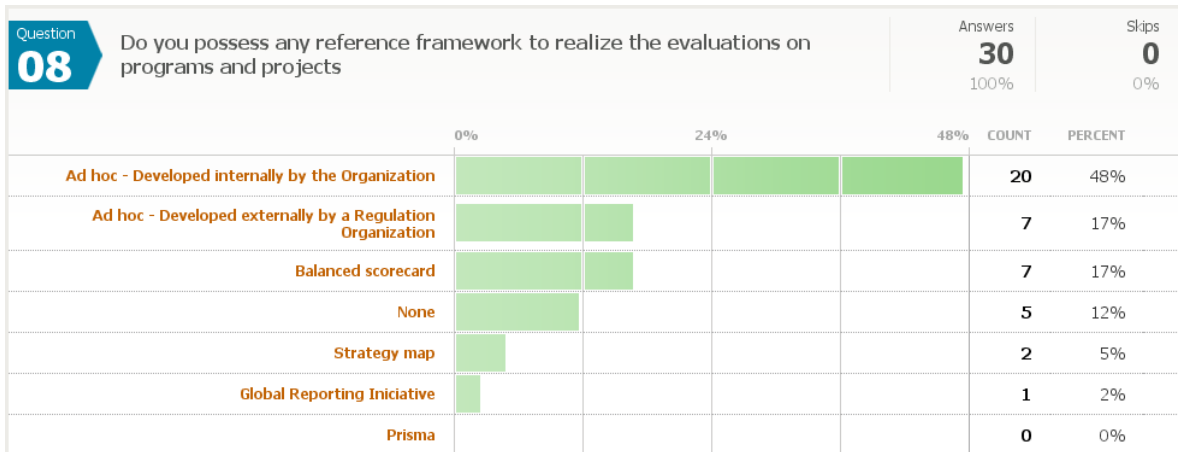
23 out of 30 organizations found their evaluation process to be useful, yet the majority of them did not find it to be satisfactory. There was also a low response to credibility with only 12 respondents thinking that their evaluations were actually credible.

There were eight organizations that thought that their evaluations were useful, credible and satisfactory at the same time. However, the majority of the organizations only believed their organizations to be one of the three, with 13 thinking that their evaluation was just useful, 5 believing it to be satisfactory and 3 just believing them to be credible.



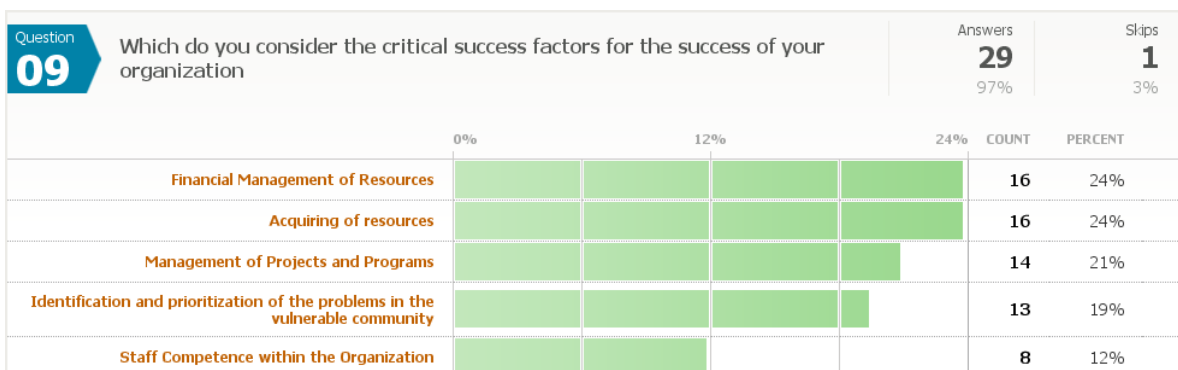
The evaluation process typically involves more than one type of stakeholder. The great majority of the evaluation processes in the organizations questioned involved the beneficiaries, the program or project staff or the executive members of the organizations in some point. On the contrary there were only 7 out of 30 respondents that involved the funding organizations in the evaluation process.

It was expected to find that most of the organizations that carried evaluations involving all types of stakeholder would also find the evaluation useful, credible and satisfactory; however this was not always the case. There were some examples of organization that selected almost all type of stakeholders and then just found the evaluation credible or satisfactory, while other organizations conducted the evaluation with just the beneficiaries and staff or executive and found the results useful, credible and satisfactory.



It is possible to see from this question, that the majority of organization develops their own evaluation framework specifically for their own company, whether it is inside, or outside. Two thirds of the organizations develop internally their evaluation measure, while other seven develop it externally. It also see that there are only 7 organizations using the Balance scorecard, and 2 using the strategy map. There are five organizations that do not possess any evaluation framework at all.

The most common evaluation practice for small organizations (annual budget less than U\$ 200.000) is an evaluation framework developed internally by the organization. One of the bigger companies (budget over U\$600.000) developed their model especially for their organization, but it was conjointly developed externally and internally. The other big organization used a balanced scorecard developed internally. The first organization found their evaluations to be just satisfactory, while the one using a balanced scorecard found their evaluation to be useful, satisfactory and credible.



The organizations surveyed replied that the most common critical success factors were financial management of resources and the acquisition of these resources, each of them was prioritized by 53% of the surveyed. Ranked third in priority was the management of projects and programs which only achieved 46% of support from the nonprofit

organizations. 13 out of 30, or 43% believed that the identification and prioritization of the problems are one of the critical success factors. And finally only 8, or about 27%, believed that the competence of the staff is important for the success of the organization.

Question 10		Do you use an Information System for			Answers	Slips
				29	1	
				97%	3%	
		0%	17%	34%	COUNT	PERCENT
Accounting					17	33%
Evaluation					13	25%
Management of Projects and Programs					12	24%
None					6	12%
Management of Volunteers					3	6%

The use of information system in nonprofit organizations seems to be basically restricted to accounting. 17 out of 30, or 56%, apply some sort of information system for their accounting needs. 44% of the organizations use some kind of system for evaluation purposes, and 41% use some information system for the management of projects and programs. There are six organizations that don't possess an information system at all, and only 3 that use one for volunteer management.

CONCLUSIONS

With the help of the survey many important conclusions were obtained, even in the process of the creation of the survey. In the beginning, for instance, when the emails were sent to the different organizations in the database, there were a high number of emails bouncing back. About 17.5% of all nonprofits, that were catalogued in the websites mentioned, contained a non existing mail as a contact direction. The reasons for this could be several, most likely because of the closure of the nonprofit organizations or because the organization changed the contact mail sometime after the subscription to the website. This just shows the instability of nonprofit organizations in the region; many of this organizations who signed in these websites 2 or 3 years ago changed drastically, or even closed down.

Despite the 70 email addresses that were no longer valid and bounced back, there were 330 additional emails sent. Of the remaining 330 mails that were sent, only 30 of them answered back. This incredibly low response rate could be explained by several reasons: again with the closure of the nonprofit organization, or the lack of time to respond to surveys, or the lack of willingness to do so. The first reason again goes to show the instability of the organizations in Latin America, while the other two show the poor resources that they possess or the unwillingness to share information. However, the information is still vague to form any concrete conclusion on this area.

Of the 30 persons that did reply the survey, there were three particular cases that took a very long time to answer it. Two of them took over 2 hours and the other one took over 14 days. There is the possibility that this can be explained by an error on the server, or by loss of attention by the respondent, and it is also possible that the answer for this time taken so long is the lack of time the workers in the organization possess.

Regarding the first question, many organizations were classified in more than one area. There were an important number of them that were classified in over 4 different areas. The fact that the organization act in such a broad range and that it is classified as 4 different types of nonprofits simultaneously shows a poor, or too broad, definition of the mission. If resources and strategies were focused in a more important area in order to serve the community, the organization would be able to achieve greater good, as well as increase efficiency by specialization.

In the second question many organization's funding was composed of different types of funders. The relationship funder and nonprofit has always been a complicated one, and it is typical for a nonprofit to lose a great deal of resources keeping the funders content. It is also common for a nonprofit to lose track of their mission in order to satisfy the funders to obtain more money. This type of relationship almost always need improvement and working together; and if an organization has to be claiming small percentages of their fund from different funders, efficiency will be lost and the management of these relationships will become more complicated.

In the third question we see that many nonprofit organizations in Latin America are small. It will prove the difficulties for implementing a successful performance measurement system in this size of nonprofits because of the cost attached. A modular performance measurement system that could be applied to similar nonprofits could be a good answer; however it is important to reach a common agreement in the model since many nonprofits tend to possess different characteristics.

Question number four evaluated the objectives behind the evaluation practices of most nonprofit organizations. When analyzing the results, the motivation behind the measurement of the organizations seems to be correct, most organizations do so in order to create some sort of evaluation performance measurement, or to create some feedback or to measure customer satisfaction. It is important to know that the organizations already know the most important reasons in order to conduct performance measurement. However, there is a big difference between the motivation behind the evaluation practices and what it actually does afterwards. There were some organizations that marked too many objectives for their performance evaluation, by doing so the evaluation process could become too complicated if it's not done with an appropriate system.

Comparing question number 5 and 7 we see that there is a tendency to involve beneficiaries in the evaluation process but in the end there are very few reports given back to them. It is important for the beneficiaries to receive some sort of report of the evaluation practices that they helped prepare in order to generate some feedback for improvement of the projects.

In question number six each organization was asked what they thought about their own evaluations, whether it was credible, useful or satisfactory. Most of them found their evaluations useful, but significant less found them to be credible and satisfactory. This

shows that most organizations understand the importance of the evaluations, yet there is still a long way to go to make them more credible and effective.

In question number seven many organizations answered that funding organizations did not take part at all of the evaluation process. It is very important for funders and organizations to create jointly the objectives, and the evaluation practices behind them; this way there will be an alignment of goals and the programs will be able to generate a greater impact and become more efficient.

In a previous study analyzed, it was suggested that there is a positive correlation between the involvement of all type of stakeholders and the impact that the evaluation generated in the organization. However in this survey there was no significant relation between the involvement of all type of stakeholder, with the usefulness, satisfaction and credibility that the evaluation generated. The results of this could be explained given the small size of the sample, it also could be because of problems implementing evaluation practices regarding of who is involved in the process.

Question number eight showed that many organizations developed their own evaluation framework, whether it was internally or externally. This generates an impossibility of comparison between different organizations, which could be solved by generating an evaluation framework that could be implemented in several similar organizations. With the implementation of these models companies can compare performance, funders can understand which are the better working NGOs, and other, less effective organizations, could copy the best practices of successful organizations. These improvements are added to the fact that this performance framework could be better, and implemented at a lower cost than the one the organizations currently possess. Even within the organizations surveyed, there were an important number of them that did not possess an evaluation framework at all.

With question number nine the critical success factors for these organizations were determined. Many organizations found it very important to manage financial resources and to obtain more funding in order to become a successful organization. There was a high focus paid on resource procurement and management, which can lead to the organization losing sight of the mission in order to focus in these factors.

There was a surprisingly low number of organizations that found the prioritization and identification of problems in the community as a critical success factor. This shows that

many organizations don't pay attention to focusing their resources in solving the most important problems of the community.

There were very few organizations that found staff competence and qualification to be a critical success factor. The low importance that these organizations give to their staff might cause the staff to be undertrained and underdeveloped which in turn will cause the organization to not operate at its full potential as well as to limit its growth.

Information systems are very important in order to integrate the several processes in the organization; the lack of integrated IS in nonprofit organizations show their underdevelopment in the area. Many have yet to implement any sort of IS, and others need to expand the area of usage; this area is a large potential for improvement in nonprofit organizations, but its cost is usually large to implement in small size organizations.

This evaluation showed the potential for improvement that most nonprofit organizations in Latin America possess. These organizations are very large in number; however they are still very small and diverse in nature. If these organizations were to be directed in the same direction and could work together in improving mutually, their potential for growth and impact is immense.

7.1.2 THE EXTENDED PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK APPLIED IN NONPROFIT ORGANIZATION

With the results from the previous survey, a general understanding of characteristics and performance management systems in nonprofit organizations in Latin America is developed. However the information obtained is still broad, and it is useful to understand initial characteristics from performance measurement. In general the conclusions obtained are good but not sufficient to confidently address all the issues regarding the development of the model.

With the purpose of generating specific knowledge of performance management systems in nonprofit organizations in Latin America, interviews were conducted in which specific questions regarding the nature of the organization, as well as the performance measurement involved, were addressed. The questions asked were obtained from Otley's extended performance management system framework, discussed previously, and are designed to address specifically issues of performance measurement in the organization.

Interview: "Fundación Oleoductos de Colombia"

The "Fundación Oleoductos de Colombia" or FODC was selected for the interview for a variety of reasons. The first reason is that this organization works, although not exclusively, in the area of interest for the development of the model. The second reason was that this organization is big enough to possess some well developed performance system which can be analyzed and understood. The third reason is that it works in a location which somehow represents the reality of most communities in Latin America. The last reason for the selection of this nonprofit is the cooperation that they showed in a preliminary mail sent addressing the request of an interview.

After the initial contact, a conference was scheduled, taking into account the different time zones of the parties involved, with Carlos Mario Peña Jaramillo, the executive director of FODC. Later on, the conference took place in which the questions of performance management were addressed as well as a further discussion of the characteristics of the FODC. Additional information about the background of the foundation was obtained from its website, www.fodc.org.co.

Background of FODC

The FODC is a foundation that represents a group of companies dedicated to the transport of hydrocarbons, “Oleoducto de Colombia” –ODC- and “Oleoducto Central S.A”.- OCENSA-. This foundation is focused on representing these companies in areas of social responsibility in the communities where these companies are present. This foundation’s programs cover four of Colombia’s departments in the north-western region: Boyacá, Sucre, Córdoba and Antioquia. These departments in Colombia are characterized with high levels of poverty and indigence, and an overall low level of human indicators, which makes them a perfect representation of the problem that covers most of Latin America.

The foundation runs different programs of varying characteristics, and it’s annual budget is around 1.5 million dollars, which defines them as big nonprofit organizations in Latin America. The overall funding is composed of: 50% of the income comes from the companies that the foundation sponsors, 25% comes from investments made with capital from the foundation and the remaining 25% comes from public income from managing projects as well as from litigations to run programs.

This organization runs different types of programs within the intervened departments; these programs are of varying characteristics and effects.

The first focus of the organization is a program dedicated to strengthen the institutional foundations of the different departments in order to legitimate the state and consolidate democracy. Currently in many municipal office of the departments, the persons in charge are incapable of the position they were appointed. These inadequacies of the person in charge is then translated to several inefficiencies on the municipal office; from poorly conducted projects, to lack of proper tax recollection.

The FODC works in aiding the respective municipals in a variety of aspects. One of the current focuses is in the improvement of fiscal retribution, since many of these offices fail in collecting all the taxes that they could in order to conduct their projects. The tax collection is increased not by an increase in the tax rate, but as a more efficient collection of the existing tax, for instance a better reassessment of the property value of several of the most expensive farms in the region. Another aid provided to the administration is in the development of projects aiding the community, as well as providing software to manage contractual relationships.

Departments in the region usually have a lot of deficit from poor management of resources and investment. This problem comes from, as mentioned before, the incapability of the persons in charge, and the fact that after each election term is over the

previous office does not leave with all the information collected that could be of use for the next office in the development of the projects.

Apart from the direct technical aid that the organization offers the current administration of the municipals, FODC also offers the respective communities a series of courses in which they hope to develop individuals capable of public administration. These courses are called schools of leadership or government and are developed in order to prepare individuals on 5 different levels and prepare them for a position in the government, or in order to become capable citizens that can become of aid to the government. After each individual graduates from the course, the foundation tries to include them in some way in the government office of the respective communities, in order to get the knowledge learnt by these individuals to good use.

Another type of program that the organization works with is in the creation of a special relationship with schools in the communities in order to create an added value to the degree that the schools provide. This program is developed in schools of regions specially marked with high levels of poverty and social and political conflicts, where usually citizens are marginalized from society. The schools that were selected and that accepted the offer were improved with the capability of providing a technical degree to the students, in order to give them tools that could be used in the future to integrate a part of society.

The third program promoted by FODC is the provision of a line of microcredit in order to foment the business growth in the community. The microcredit is awarded to selected business opportunities within the communities, and then there are follow up procedures as well as capacitating processes.

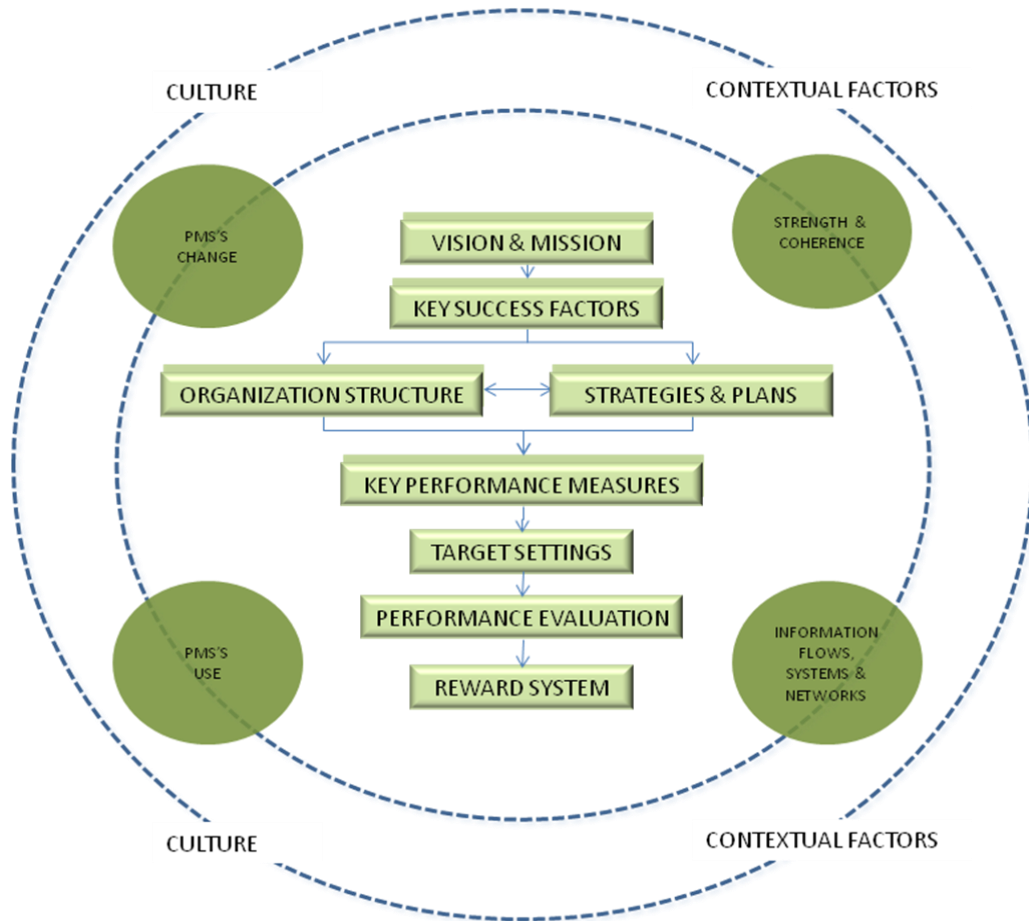
The fourth program is a communication program, consisting of radio, internet as well as a weekly newspaper. This program is not used solely to inform the community about the organization, but also as a means to give voice to the community.

The fifth type of program is made to help organizations conduct their benefit programs. An example of this is a recent program conducted consisting of the improvement of sanitary conditions in the intervened communities, which also included the possibility to improve others areas within the household. Many of the households within the community lacked a proper working bathroom. Furthermore, the contractors employed for the project originated from the same community in which the project was intended; the organization provided the engineer that supervised the whole program. In similar lines, FODC also

developed a program with the European Union focusing on the assistance of persons with disabilities in the region.

The programs developed by this organization cover a whole variety of aspects, and although they are not all directly related to housing and economic development, some of them are still useful for our model.

Extended Performance Management Questions



1. What is the vision and mission of the organization and how is this brought to the attention of managers and employees? What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?

Answer:

Mission

Contribute with human development, the organizations and institutions in the municipals of their influence, though the generation and implementation of programs that promotes the improvement of quality of regional life and citizen participation around their social, harmonic and sustainable growth.

Vision

To become a leader in promoting process of social capital formation and projects of social wellbeing and economically sustainable, through participative planning and citizen formation, that promote municipal development, about values that legitimate the State and strengthen democracy.

Mechanisms to promote mission and vision:

- Information systems such as email, webpage.
- Posters around the working environment
- Personal Agenda
- Institutional Newspaper "Huellas"
- Radio Show "Construyendo Futuros"
- Annual Reports

2. What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees?

Answer:

- The linkage of social and community leaders to our programs, through Corporations and/or associations, Educational Institutions, Relationships with Public and Private Entities.
- Counting with an interdisciplinary team.
- The congruence of principles and values with the development of the programs.
- The permanent development of contract and agreements as funding mechanisms.

3. What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?

Answer:

The organization structure of the foundation is of hierarchical nature.

For the executive direction the management of performance is a continuous process of establishment of objectives and work goals, analysis of individual and group achievements obtained during a determined period, generally this evaluation is carried out bimonthly, which does not only deal with the evaluation of performance obtained by the staff, but also covers the actions that the FODC realizes to achieve expected results.

This task begins with the process of staff selection, the identification of profiles for the persons required for the charge, the permanent activities of formation and training.

The management of strategic processes is influenced by the execution of the programs and projects generated from the strategic planning where activities, goals, indicators, and response times are established.

4. What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?

Answer:

- Strategic Planning
- Team work
- Zone assignment, with previous training and recognition of these.
- Specific functions assignment
- Adequate remuneration
- Compliance with work, hygiene and industrial security regulations.
- Permanent training.

The strategy is based on a specific mix of principles and values, mission, vision, politics, objectives, decisions and actions to contribute to the fulfillment of the institutional objectives.

Taking consideration of the strategy, politics and decisions generated by our Administration Counsel are developed coordinately, establishing clearly and permanently the relationship between the objectives, programs and activities that are realized in accordance with the institutional programs.

5. What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?

Answer:

Performance indicators:

- Better administrative effectiveness, good management of resources and fulfillment of missions in the municipals.
- More community participation in public affairs and in municipal development

- To count with young individual competent for superior education and leadership in socio-environmental projects.
- Good business dynamics in the region.
- Bigger communicative capacity in the communities.
- Have in execution special projects for development of the community.
- To have executed technical consuler and projects of investment with external funding.

Critical success factors, strategies and plans:

- To link social and community leaders in our programs, through Corporations and/or associations, Educational Institutions, Relationships with Public and Private Entities.
- Counting with an interdisciplinary team.
- The congruence of principles and values with the development of the programs.
- The permanent development of contract and agreements as funding mechanisms.

How are these specified and communicated and what role do they play in performance measurement:

They are communicated through monthly meetings of personal and through promotion, actualization, teaching and investigation of the functionaries of FODC.

6. What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?

Answer:

- To teach public functionaries, provide assessment and management supervision and to teach and assess municipal councils.
- To support the execution of project in leader schools, teach and assess participation organisms and control in management issues.
- Strengthen the articulation process with the SENA and the program of leadership in education and social-environmental management in educational institutes.
- Consolidate projects of young entrepreneurs with family support and support business units, and associated business in the economic sector.
- Continue the production of the radio program and the newspaper and strengthen the community emissions and other means of communication.
- Provide advice, education, and credit to base organization that provide maintenance to oil pipes and execute projects of reforestation, social, production and support agreements for projects based on development of the region.
- Identify project opportunities and coordinate proposals presentations.

These performance objectives are specified throughout each line of planning and are ambitious in the measure of development in times no bigger than one year.

7. What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?

Answer:

As answered to question number three, for the Executive direction the management of performance is a continuous process of objectives and goals, analyses of individual and group achievements obtained during a determined period, generally this evaluation is conducted bimonthly. Performance evaluation is mixed because combines goals achieved in a determined period with the qualification of performance of the functionary in charge.

8. What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?

Answer:

Functionaries have an incentive system approved by the administration that contains: Loans for vehicles, loans for free investment, incentives to save and or housing and extralegal benefits.

Currently it is under consideration to develop a system of performance bonus based on objectives or goals traced.

9. What specific information flows — feedback and feedforward —, systems and networks has the organization in place to support the operation of its PMSs?

Answer:

- Direct Interviews.
- Individual or public recognition for the achievement of goals.
- There is a call for performance improvement when failures are presented.
- Written media communication.

10. What type of use is made of information and of the various control mechanisms in place? Can these uses be characterized in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?

Answer:

The use of information is confidential on the inside level of the organization and the amplification or restriction of such depends on the hierarchical level of the organization in function of the regulatory functions.

11. How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?

Answer:

The foundation is easily adapted to the changes required by the environment, for these the team can work coordinately and in an organized manner to achieve proposed objectives.

12. How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?

Answer:

- Strategic Planning
- Individual Performance planning
- Evaluation of results and performance
- Interview
- Feedback
- Recognition

CONCLUSION

From the answers to the questions in the interview it was understood that this organization, in the contrary to the common nonprofit in Latin America, is well organized, well funded and possesses a well developed performance measurement system.

The company's programs cover a wide variety of areas, however the company has enough resources to manage effectively each of the programs, and these programs in general tackle important issues of the intervened community. The company also has its mission and vision well defined, it is well spread within the organization, and these mission and vision are in alignment with the programs conducted within the community.

This foundation includes as one of its critical success factors the capacities of their employees, which goes in the contrary to the survey conducted earlier, which stated that most nonprofit organizations don't count their employees as one of the critical success factors. The others success factors of the organization are their funding capabilities, keeping sight of their mission and the involvement of the community to their programs.

This company possesses a clearly defined hierarchical nature, with performance measurement practices starting from the top and set for the rest of the employees. The evaluation is carried bimonthly. The evaluation practices include internal evaluation of efficiency as well as the evaluation of the effectiveness of each of their programs on the communities; it also covers skill level of the staff and the involvement of the community. The foundation also includes reward and feedback systems in their performance practices.

8. THE PROPOSAL OF A MODEL FOR MANAGEMENT PERFORMANCE SYSTEM IN NONPROFIT ORGANIZATION

This chapter has the scope of presenting the proposal of a model for management performance system in nonprofit organizations which develop social activities in Latin America.

This model is focused in organizations belonging to housing and economic development, environment, social service, education and research, philanthropic Intermediaries and voluntarism promotion following the ICNPO which according to the study made the by authors, represent around 64% of the areas in which nonprofit organizations work in Latin America.

This model converge the principles of the performance management framework studied before and suitable for nonprofit organization, it balances the needs of nonfinancial indicators with measurable mission fulfillment, the operative perspective of nonprofit and the strategy dimension, the stakeholder and clients mismatch perception previously mentioned, and offers conceptual framework for building and information system supporting management performance in nonprofit firms.

As was discussed before, measuring and managing performance is a specially difficult task in nonprofit organization because the lack of possessing one privileged interest group that is clearly defined, and the interest of this group guides the firms policy.

In the social value prism which is the model proposed, the interest group is composed by the stakeholders, thus government and nongovernment funders, volunteers, employees and beneficiaries, seeking for achieving the metagoal of reducing the structural problems of poverty and indigence, inequality, unemployment, discrimination; in the region in the long term, and in the short term the interest group is focused in solving or mitigating the priority problems of the vulnerable communities, sharing in this way, similar and measurable goal that this interest group possesses and the stakeholders become the interest group clearly defined.

Also, the social value creation prism balance the fact that Nonprofit organizations have the particularity to obtain funding from one particular client while serving its service to another

completely different type of client; funders and beneficiaries from the vulnerable community. The customer satisfaction will be assured due to the ability of the nonprofit firm in reduce the vulnerability index through the execution of specific programs or projects in a vulnerable community, It means, customer satisfaction of both clients funders and beneficiaries is fulfilled by the capability of the nonprofit organization in solving or mitigation the priority problems of the vulnerable communities, this approach establishes in some extend a customer based indicators, where both beneficiaries and funders are seeking for same result.

Also, the prism represents a useful framework in which funders, donors, employees, and beneficiaries could reach agreements about the goals they are seeking, measures of success, and basic measuring tools measures. It could help as mean of best practices communication tool, allowing benchmarking into nonprofit sector.

The prism aligns the inconsistent funding priorities because the vulnerability index, one of the biggest problems in the nonprofit organization is that funders tend to spread their money across a community. Therefore, several organizations find themselves struggling for capital as funders look for projects that fulfill a certain criteria instead of social impact results.

8.1 THE SOCIAL VALUE PRISM

To build the social value creation prism for a nonprofit organization there are several aspects that must be taken into consideration. The evaluation of the organization is divided in faces that form the prism such as vulnerable community perspective, operational perspective, administrative perspective, social perspective and sustainable perspective.

The social value creation is the metagoal of the nonprofit organizations which embrace the stakeholders: governmental and nongovernmental funders, donors, volunteers, employees, and vulnerable communities; in reducing the structural problems of poverty and indigence, inequality, unemployment, discrimination; in the region, it represents a goal beyond the boundaries of each organization but linked in a unique purpose.

As a prism refracts lights in its spectral colors, the social value prism divide the metagoal of nonprofit organization in five faces:

The sustainability perspective is long term oriented and measure the ability of the organization to create social value, guaranteeing self-financing and continuous evolution and improvement of competences into the firm. Takes into consideration the income of the organization, and its financial providers, also looks within the organization at its employees, managers and volunteers.

The social perspective measures the capability of the organization in creating social value to the communities it serves in the long term.

The administrative perspective evaluates internal process efficiency of the organization.

The operative perspective measures the effectiveness of the projects in solving or mitigating the problems of the each single vulnerable community in a short time window.

The vulnerable community perspective represents the core face of the prism, it takes in consideration the beneficiaries of the programs and projects as a center of the nonprofit mission. The vulnerable community is studied in all the social dimensions letting to nonprofit organization identify, prioritize and quantify its problems. These perspective

allows to adopt pull strategy using as start point the needs of the communities and not just the strengths of the nonprofit organization.

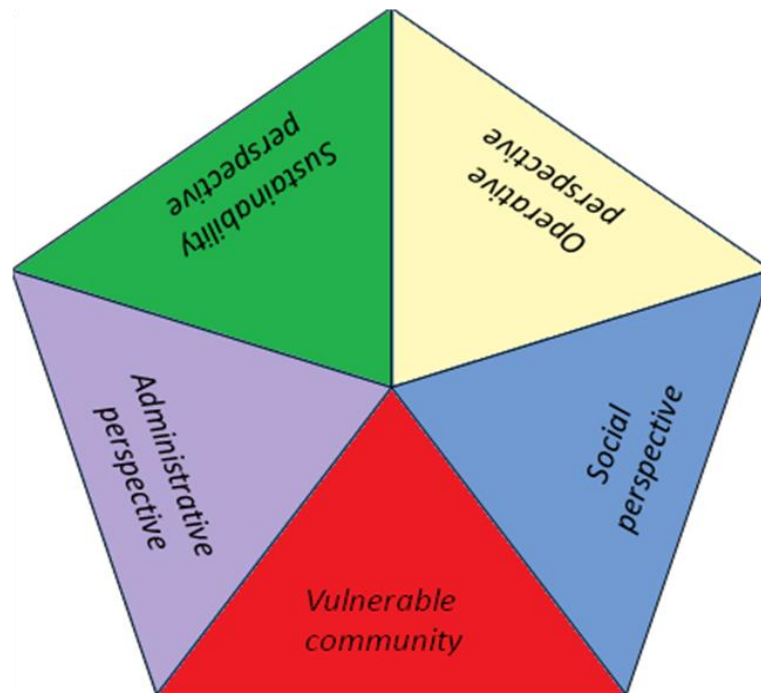


Fig. 12 The social value creation prism

As has been seen in the preliminary analysis (chapter 5.3.1) the incomplete contract view emphasizes the importance of stakeholders in the firm, the value creation prism uses this view placing the social value creation on top of the prism. This means that, according to the incomplete contract model, the stakeholders that have made the biggest investments have to be considered at the top of the prism, these stakeholders are government and nongovernment funders, employees, beneficiaries from the vulnerable community and volunteers.

The value creation prism represents the metagoal using a cause and effect relationship that shows how the different faces: community perspective, operational perspective, administrative perspective, social perspective and sustainable perspective interact in order to achieve it.

Since the metagoal is defined, corresponding strategic measures, targets, and action plan must be defined in each face of the prism, in few words, the nonprofit organization must define how to go about fulfilling its metagoal.

8.1.1 THE VULNERABLE COMMUNITY PERSPECTIVE

As has been mentioned before, the vulnerable community perspective represents the core face of the prism, it takes in consideration the beneficiaries of the programs and projects as a center of the nonprofit mission.

The vulnerable community is studied in all the social dimensions letting to nonprofit organization identify, prioritize and quantify its problems which is summarized in the vulnerable community index. The vulnerability index is calculated measures the degree of vulnerability in its four dimension: health and social security; housing; education and labor skills; employment and income generation.

It is not the intention of this thesis to explicitly include all the elements necessary for building a vulnerable index it beyond the scope, but in this chapter will be describe some tools which could help to build the index.

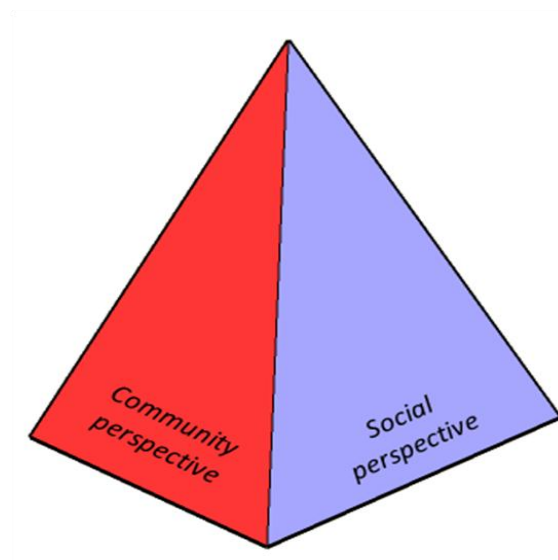


Fig. 13 The vulnerable community perspective

One of the most spread tools for study a community, specially vulnerable community is the Living Standard Measurement Study Surveys, used and recommended by international institutions such as The World Bank, The Inter-American Development Bank, and The Economic Commission for Latin America and the Caribbean (ECLAC).

The objective of LSMS surveys is to provide data adequate for the planning, monitoring, and analysis of economic policies and social programs with respect to their impact on household living standards, especially those of the poor (Grosh & Munoz, 1996). For this

to occur, the information obtained must be integrated, timely, and available for different types of analysis.

These surveys provide an integrated view of welfare in the household and allow the study for what determines it. The surveys are designed in order to quantify and locate the problems while also learning insights on how to solve them. For instance, knowing the number and location of the poor is only part of the survey; in order to create cost-effective solutions, planners need to also be aware the causes and consequences of poverty and the effect that changes will have on them.

LSMS questionnaires provide a complete set of information. First, they measure the distribution of welfare and the level of poverty in appropriate vulnerable regions. Second, they describe the level of quality and access of many public services, such as: schooling, health care, electricity, water supply and sanitation. Third, they are designed to understand how households react to the economic environment and government programs. Fourth, they support complex analysis of relationships between aspects of welfare, such as the impact on income on the overall schooling of the children, or the increase level of health service.

The more common uses of the LSMS surveys are:

- *Measurements with reasonable accuracy of:*

Number of persons in poverty

Distribution of welfare

Variables of individuals in the household such as: employment rates, rates of malnutrition

- *Analysis of:*

Characteristics of different socio-economic groups

Access or use of major government services (health, education, security, water, roads)

Participation in large Government programs

Incidence of taxes or subsidies on commonly consumed items

Interactions between aspects of welfare.

- Complementary data is required in order to:

Conduct program impact evaluations

Conduct program cost-effectiveness studies

LSMS questionnaires include some modules on topics that are often the focus of single-purpose questionnaires, such as labor force survey, income, demographics and health surveys. These LSMS modules do not collect information in the same depth level that any of these single level surveys, and may have smaller samples so the precision may be lower. But given that these LSMS surveys collect information from several aspects of welfare, they provide a good multi dimension summary as well as the capability to study the interactions between these factors.

Questionnaire Content

To gather data consistently with their objectives, LSMS tend to use three different kinds of questionnaires:

- The Household Questionnaire: In which household members are asked about many aspects of the household's welfare, such as consumption, income and use of other social services.
- The Community Questionnaire: Where informed community leaders or groups are asked about the infrastructure and services in the respective community.
- The Price Questionnaire: In which vendors are asked prices about specific goods.

The questionnaire intended for the community is made in order to generate more informed results and to shorten the household questionnaire. The price questionnaire is made in regions of high price fluctuations of goods.

Modules in LSMS Questionnaire:

Module	Respondent	Subject
<u>Household Questionnaire</u>		
Household Composition	Head of household	Demographic Data, Information on parents of all members
Consumption Modules:		
Food expenditure	Best-informed household member	Food expenditure in the past months; consumption of home production
Non-Food expenditures	Best-informed household member	Expenditure in the past 14 days and past 12 months
Housing	Head of household	Type of house, housing and utilities expenditures
Durable goods	Best-informed household members	Inventory of durable goods and their characteristics
Income Related Modules:		
Non-farm self employment	Best inform household member	Income, expenditures, and assets
Agro-pastoral activities	Best informed household member	Land, Crops, income and expenditure from raising crops and animals; livestock and farm equipment inventory
Economic Activities	All household members	Employment, income, and time data; employment history, time use in home
Other income	Best informed household member	Income from other sources
Saving and credit	Best informed household member	Saving and net debt the day of the interview
Sector Modules		
Education	Head of household	Completed schooling and expenditures for all household members
Health	All household members	Use of health services in the last four weeks for treatments, use for preventive services within a year
Migration	All household members aged 15 and old	Place of birth, time and current residence, reason for move
<u>Community Questionnaire</u>		
Demographics	Community Leader	Size, growth, ethnic mix
Economy and infrastructure	Community Leader	Economic activities, roads, electricity, public transport and mail services
Education	Community Leader	Location and characteristics of schools serving community
Health	Community Leader	Location and characteristics of

Table 4 Modules in LSMS Questionnaire

Questionnaire Development

The key issues in designing a questionnaire are the analytic objectives and the measurement of techniques to be used, and maybe the most important way to assure a successful questionnaire is to make sure that the appropriate people are involved in the design. The second most important thing would be to allow time and repeated iterations in the developing process. And the third element would be the field test (Grosh & Munoz, 1996).

The actors in the designing process are the analysts, policymakers and data producers.

The analysts are of vital importance for the questionnaire design; much of the success of the LSMS stems comes from the fact that the questionnaires are designed by analysts. The drafting of the questionnaire and the coordination of inputs from others is best performed by a small group of analysts that are informed on the policies and interests on the country or community, and that have experience gathering data from similar surveys. It is crucial for the team to have extensive knowledge of the community they are going to gather information from, for this reason it is preferred for local analysts to take a major role in the process, since they bring important knowledge of the country's society and of existing conditions and programs.

The policymakers, program managers, or leaders of the respective nonprofit organization are important in order to define the basic objectives of the survey; the team responsible for drafting the survey must seek extensive input from policymakers and program managers. The first level is to decide the most important issues to be covered, in this way different weights are assigned to each module of the questionnaire, and the most important issues are addressed. It often happens that the importance of communication to policymakers is underestimated, and this may results in complication in evaluating the results from the questionnaire and gathering important analysis from it.

The data manager's input is very important for the survey design. Often happens that the data management process can be simplified by a few changes in the layout of the questions without detracting from the analytical content.

The surveys are developed through an iterative process. After one initial version is drafter, it should be reviewed in detail by the interested parties. Then there is another draft done considering the constructive criticism. This process may be repeated several times until

an adequate questionnaire is achieved, translations may be required. After the review, a field test of the finished survey is conducted and a final revision of the questionnaire is made.

The field test is one of the most critical steps while preparing a survey. The goal of the field test is to ensure that the questionnaire is capable of collecting the information for what it was designed, and to achieve the objectives it is meant to. The LSMS field test analyses the capacity of the survey in three levels.

Questionnaire as a whole: Determines if all the range of information required is collected, if all information is consistent, and if there are unintentionally double counts of some variables.

Individual modules: Analyses if each module obtains the intended information, if all major activities and resources have been accounted for, and if there are any irrelevant questions.

Each individual question: Establishes if the wording is clear, if there any ambiguous answers or alternative interpretations of the same question, and if all responses have been anticipated.

The households which are to be used for the field test should not be selected at random; instead, different types that are likely to be found during the actual survey are included. LSMS field tests usually conduct interviews in about 100 households (Grosh & Munoz, 1996).

Sampling

Generally, the main objectives behind the LSMS surveys are to understand what determines household behavior and what the overall distribution of welfare is. The sample design should determine the number and location of households to be observed in a way that best achieves these goals within budget and organization constrains.

The following issues must be considered while designing the sample:

To accurately represent the situation of the target population, the selected sample should contain a sufficient number of households, scattered as much as possible through the area of project applicability. However, in order to reduce costs, quality of the interviews and sample size and geographical distribution must be kept within reasonable limits.

The population may contain certain subgroups that deserve to be studied individually. The sample of the households should adequately represent each of the subgroups.

There are four concepts that need to be taken under consideration in order to adequately balance these objectives along with the constraints: Sampling error, non sampling error, multi-stage sampling, and analytical domains.

Sampling error is the error that comes from observing only some of its members. The sampling error is inversely proportional to the square root of the sample size, meaning that to reduce the error by half the sample size should be quadrupled. There must be an analysis made and a tradeoff evaluated within the precision of the sample and the affordable sample size.

Apart from errors that come from sampling, there are other non-sampling inherent errors that come with the surveys. This may be from varying causes such as refusals, fatigue of the respondents, errors during the interview. These types of errors are harder to predict and to quantify, but it is accepted that good planning, management, and supervision of field operators are effective ways of reduce non sample errors.

Multi stage sampling is done to reduce travel cost for surveyors. In LSMS a two stage sampling is generally used, where a certain number of small area units are selected with probability proportional to size, then a fixed number of households are taken from each selected area, giving to each household in the area the same chance of being chosen.

Analytical domains: Sometimes, for policy reasons, some subgroups are given priority over others, and the survey is expected to provide separate, reliable results for them. The analytical domains are the minimum sample size within each of these important subgroups.

Field Operations

LSMS field operations are organized on the basis of four week cycles, spread over a 12 month period. In each cycle two areas are selected and the interviewers alternate between them performing the first and second interview, and while one area is being interviewed, the previous interview data is being inputted, thus allowing the detection of errors and correction before the second interview. The common procedure for interviews in LSMS is to locate and plan an interview of the best informed member of each household, this way assuring the accuracy of the answers. By scheduling the interviews in accordance to the convenience of the respondent, the refusal rate is also minimized.

The LSMS field organization offers several powerful advantages. First and perhaps most important, it raises data quality. The concurrent data entry makes it possible to correct mistakes while interviewers are still in the field. Spreading the interviews over a full year also makes it possible to use a small number of field teams. With a small number of teams, training can be centralized. This helps ensure that all field staff receive the same instructions. Each interviewer conducts many interviews and thus becomes more adept than in surveys that rely on larger teams. Using a small number of teams also makes their close supervision by the central office possible. Perhaps more important, it makes management easier. It is difficult to imagine that the quality would remain as high with hundreds of teams as with a handful (Grosh & Munoz, 1996).

Second, the concurrent data entry also makes the whole data set available for analysis just days or weeks after the final interview. Thus the goal of the timely availability of the data is accomplished (Grosh & Munoz, 1996).

There are some disadvantages to the way LSMS organizes its field work. One of them is the high skill demanded of the field workers, and for this and the continuous travel required, the field workers demand in return high salaries. There is also frustration that comes from the time needed between the carry out of the survey till the data is available, because of the long duration of the field work. LSMS surveys are usually able to produce preliminary results within six months, but are still better than the average of national household surveys of similar complexity.

Data Management

There are two principles which guided the development of the LSMS data management system, timeliness and quality. The most important reason for this type of survey is to provide decision makers and analysts with information about household behavior and characteristics; in order for the data to be useful it must be recent. The LSMS surveys also hope to collect data of very high quality.

The data management approach in the LSMS has four primary features. It has questionnaires which are already formatted and are pre-coded in order to ensure fast input into the system and analysis. The data input system possesses an error detection process in order to identify any problems before data is entered in the system. Data entry is concurrent with the field work, both processes are performed simultaneously and with constant feedback, for this there is also a correction of suspected errors in the field.

In order for the whole questionnaire to be more effective, there must be constant interaction between the data manager and the analysts during the drafting of the questionnaire and the definition of error checks. To guarantee credible data, the entry program must be well developed and tested before the actual use in the program. As the data is entered into the program there must be several checks made to ensure that it is correct:

- Range checks should be defined for each variable.
- Checks should be possible between entered data and reference tables.
- Skip checks should be defined for all skips
- Checks for consistency of answers to different questions should be made, both within and between different units of observation.
- Checks on typographical accuracy should be possible.

Before the distribution of the data files to the analysts, the statistical office should check the structural consistency of the data files; check that all households are included, and that all files can be merged properly. When all LSMS data management procedures have been used, checks should be made to ensure the logical consistency of the files, for missing values, outliers, etc.

Data Analysis

The results of the survey can finally be appreciated with the quality of the data they produce. Analysis of this data will improve understanding of household welfare and increase the ability of respective organizations to make good community project decisions.

The data obtained from these surveys support a wide spectrum of analysis on many topics, applying methods that range from a simple description to complex behavioral models. In order to achieve full use of the data from the surveys, analysis has to be considered from the beginning. Identifying the uses for which the data is intended is a key part of the planning. Appropriate documentation has to be available so that analysts can effectively make use of the data sets.

Analytical and complex studies can be made on a number of topics, such as analysis of poverty (number of poor, location, characteristic and reasons for their poverty); social

services (access to hospital, education, security); the impact of social programs; determinants of household behavior (what are the reasons for lack of labor, poor school enrollment); and other such studies.

The vulnerability index

The practical development of the index it is out of the scope of the thesis, however the LSMS give the guideline for building it. The authors propose a general framework which could be a complement information for developing the index.

Through an Analytic Hierarchy Process (AHP) the vulnerable index should be the result of decoupling the problems of the vulnerable community in four groups; employment and income generation, education and labor skills, housing, healthcare and social security, each group should be decouple in subgroups, then these in categories, subsequently in subcategories, then questions and option answer, decomposing the problems problem into a hierarchy of more easily comprehended sub-problems, each of which can be analyzed independently.

Once the hierarchy is built, the nonprofit organization should systematically evaluate its various elements by comparing them to one another two at a time. In making the comparisons, the nonprofits can use concrete data about the elements, or they can use their judgments about the elements' relative meaning and importance.

The AHP converts these evaluations to numerical values that can be processed and compared over the entire range of the problems. A numerical weight or priority is derived for each element of the hierarchy, allowing elements to be compared to one another in a rational and consistent way.

In the final step of the process, numerical priorities are calculated for each of the decision alternatives. These numbers represent the alternatives' relative ability to achieve the decision goal, so they allow a straightforward consideration of the various courses of action. The general schema is showed below.

The different colors shows graphically the critical areas, therefore the main areas in which nonprofit organization must focus in, determining, prioritizing and quantifying the problems of vulnerable communities.

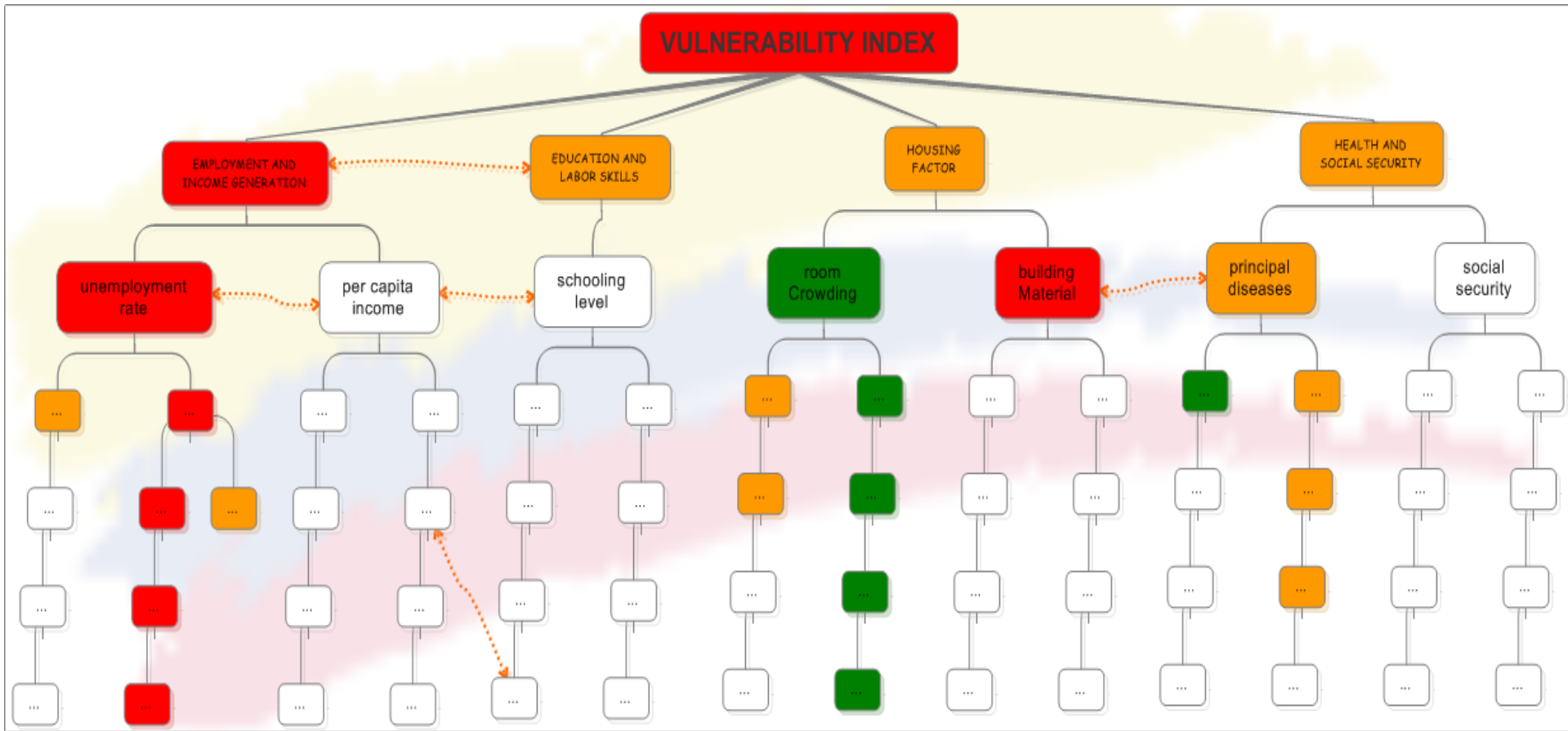


Fig. 14 Vulnerability index

8.1.2 OPERATIVE PERSPECTIVE

The operative perspective conglomerates a set of tools for measuring the effectiveness of the projects in solving or mitigating the problems of the each single vulnerable community in a short time window. Even though, it is not into the scope of the thesis to explain in details all the elements related to project management, but is recommended to study the text prepared by the Project Management Institute, named A Guide to the Project Management Body of Knowledge (PMBOK® Guide).

According to the Project Management Institute, a project is a temporary endeavor undertaken to create a unique product or service. Temporary means that every project has a definite beginning and a definite end. Unique means that the product or service is different in some distinguishing way from all similar products or services.

Nonprofit organizations interact with communities through schemes of projects, in which the scope, time and cost of the intervention are specified, in general nonprofit organizations move from one vulnerable community to another when the project is finished, even though some nonprofit firms concentrate all their efforts in one specific community but working within project approach.

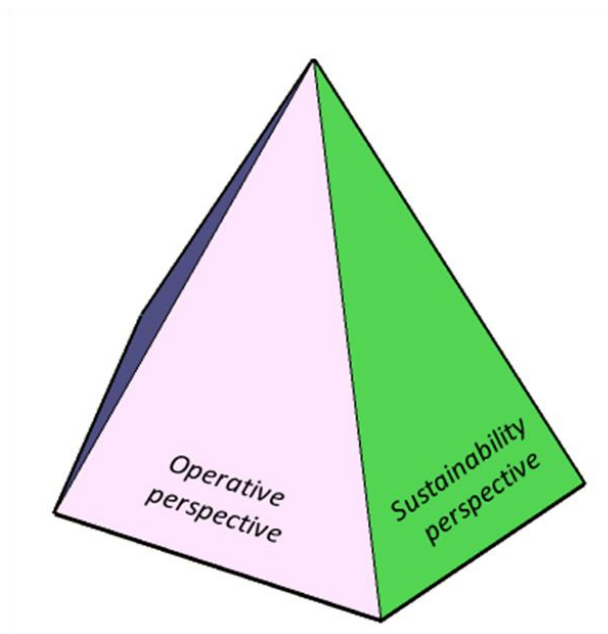


Fig. 15 Operative perspective

The vulnerable community perspective identified, prioritized the main problems of the community, at this point the intervention project should be formulated, the vulnerability

index let to identify the priorities and the number of families to be intervened, becoming the scope of the project, the cost and duration of the intervention should be calculated by a pilot project with a low number of families or by panel of expert of the organization which based on previous experience could calculate these variables. The scope, time and cost are the inputs for describing the objectives and constrains of the project.

8.1.3 ADMINISTRATIVE PERSPECTIVE

The administrative perspective of the model focuses on the internal process efficiency of the organization. The internal efficiency of the company is a critical success factor in any organization to ensure that the majority of the resources are used in performing critical tasks or programs, while maintaining a low level of waste. The administrative perspective of the firm deals with two main issues: the assignment of resources and the measure and improvement of efficiency.

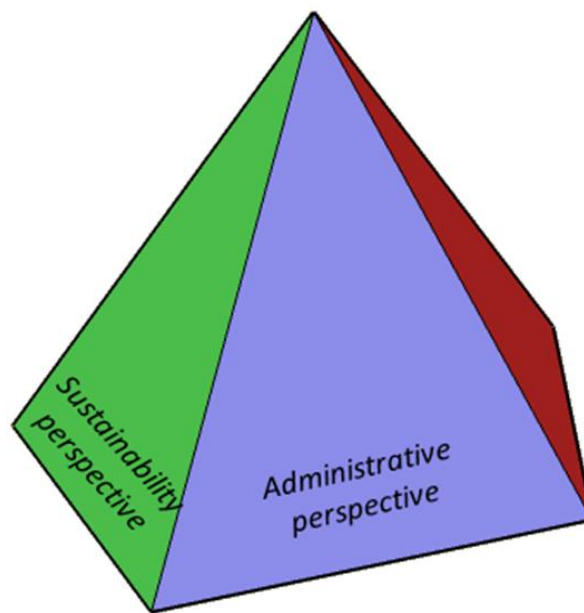


Fig. 16 Administrative perspective

The assignment of resources, or budgeting, is a critical process in any organization and it has to be supported by some type of decision making process. The nonprofit organizations varies substantially in the Latin America region, so a standard model for budgeting is impractical, however there are certain guidelines that each organization should follow while creating a budget.

Budgets should be planned in a frequent base, since variations in the resources or expenses are common in the area. For this it is recommended that the budget is reviewed, at least in a low level, each month or bimonthly. Variances in the budget should be analyzed and understood, however only in a superficial level, since micro-managing detailed expense variations would prove too tiresome and a waste of resource, for this

attention should be paid to more strategic issues of the organization, such as funding variations or other critical issues.

Resources should be conveniently balanced between the organization (such as salaries, training, equipment), the management of the projects or programs and specific investments (evaluation practices, surveys to the community, etc). The specific mix of the resources varies from organization to organization and the most efficient mix is beyond the scope of this work.

In order to assign cost to the projects an Activity Based Costing system (ABC) should be employed. Instead of the traditional accounting which considers costs at the beginning of the calculation, ABC considers a causality approach. The focus of the projects is considered as the root of the calculation, and then considers what are the resources and costs associated to fulfill those objectives.

In a more traditional accounting view, the budget for each project was assigned as a percentage of the total budget estimating the needs and the importance of each project. That means that traditional accounting assigns costs starting from the total resources and dividing them amongst possible projects. In an ABC system the budget for the programs starts from the objectives of each of the programs, and then is traced back causally to the resources available.

ABC costing would start deciding the most important objectives of each project and the expected levels of success for each. Each project would be selected by analyzing what is the impact that they would generate in the vulnerable community and the variable increase in result that they would generate with an increase in budget, then it is compared to the results other projects would generate, and the proportion that maximizes overall social value is selected.

After each desired objective is set, the calculation is made as to what activities are needed to fulfill each objective and what resources are needed for each activity, and then such resources are budgeted to each project. Off course each project cannot be funded infinitely since resources are limited, so the resources are spread in the proportion that maximizes results. This way the most important projects are prioritized in a logical manner i.e. through vulnerability index, and the funding goes to the projects that comparatively create the greatest social value on the community.

The second issue of importance in the administrative perspective is the measurement and continuous improvement of administrative efficiency. To maintain a high level of administrative efficiency is a vital strategic point in order to ensure the better fulfillment of the mission. This issue is dealt with a series of key indicators in the area, as well as some pre-defined goals and thresholds that help benchmark the current practices of the organization.

There are some basic key performance indicators which every nonprofit organization should have in order to evaluate administrative efficiency. However, each nonprofit organization should increase or adapt the key performance indicators as they see more convenient and practical for their own organization. The following are a list of a few key performance indicators which are deemed to be relevant and important for the area of administrative efficiency, in nonprofit organizations dedicated to housing and development.

Key Performance Indicators	Definition
1) Administrative costs/Total costs	This indicator shows the incidence of administrative costs over the total costs of the organization.
2)Total Program costs/ Total costs	This indicator shows the percentage of total resources that is directed towards programs aiding the community.
3)Fixed Costs/Total Costs	This is used to show the incidence between fixed and total costs.
4)Average Time to start a program after the planning phase	This indicator shows the timeliness of the organization, and how fast they are in implementing a program once the planning phase is complete.
5)Average length of Planning phase of programs	Similar to the above indicator, this one is used to determine the length of the average planning time of the different programs.
6)Variance of Budget/Real Budget	This indicator shows the percentage of variation of the budget from the planned one.
7)Variation of resources from funders/total resources from funders	This indicator shows the percentage change of resources obtained from funders.
8)Cash Flow	A traditional financial indicator helpful to analyze the liquidity of the company.
9)Financial independence	A traditional financial indicator useful to analyze the liabilities incidence.

10)Direct Labor/Indirect Labor

This indicator compares direct and indirect labor.

11)% of Direct labor spent in members of the intervened community

This indicator shows the amount of expenses spent on labor that goes back to members of the community.

12)% of material expenses spent within the intervened community

This indicator shows the material expenses that go back to businesses in the community.

Table 5 Administrative perspective: Indicators

The first two indicators are helpful to analyze the percentage of resources spent on managing the organization and conducting the projects respectively. An efficient organization would have an effective management that is capable enough of conducting the projects but with a low incidence on total costs.

The fixed costs of the organizations mainly come from administrative expenses, however with this third indicator the nature of the administrative expenses is better understood.

The fourth and fifth indicators mentioned earlier express the time that the management takes to launch a program after the planning phase is finished and the duration of the planning phase in itself, respectively. A more efficient management would be quick to plan and launch products in order to spend the time to manage and improve the current ongoing projects.

The sixth indicator determines the variations of the real expenses from those budgeted earlier. This indicator is useful to determine the accuracy of the budgets, and also to determine the points where great variation occurs, in order to trace back and find a cause that explains the variation.

The seventh indicator shows the variation of resources obtained from funders. This indicator is useful for two reasons: the first is to analyze trends in funding in order to predict the stability of the budget and the capability to generate long term programs and strategies, the second is to determine periods of decrease in funds and determine the cause.

The eighth and ninth indicators are traditional finance indicators commonly used for profit organizations; however they are also useful in the nonprofit sector in order to generate an understanding of the financial situation of the organization.

The following indicator expresses the percentage of direct and indirect labor. This is in order to understand the composition of labor within the organization, typically most direct labors are members that work within the organization, or members that are hired to work in projects or programs.

The eleventh indicator shows the percentage of labor that comes from the community. Similarly the twelfth indicator shows the percentage of expenses of material that comes from the community. This is to show the percentage of money spent on programs that is spent buying resources from within the community, in this way there is a boost to the aid in the community as work and money is provided to them additionally to the aid from the program.

After the indicators are established and defined, goals and threshold values for these measures should be determined. This way, when a subsequent performance evaluation is conducted, a benchmark can be performed comparing the results obtained with the goals that were defined in the beginning. If the results vary significantly from the expected values, a variance analysis should be conducted in order to understand the reasons for the variations in result. Threshold values should also be determined in order to determine a critically low level of performance and perform corrective measures in order to improve efficiency.

A constant feedback system is to be generated as well as a continuous system of improvement in order to improve practices and generate better performance results in the Key Performance Indicators, and with this improving administrative efficiency.

8.1.4 SOCIAL PERSPECTIVE

The social perspective measures the capability of the organization in creating social value to the communities it serves in the long term, analyzing the evolution of the vulnerability index. The vulnerability index measures the degree of vulnerability in its four dimensions: health and social security; housing; education and labor skills; employment and income generation. An improvement in the long term of these indexes implies a high degree of customer satisfaction⁴. After a middle term of the end of the program or project the index must be recalculated, in order to measure the evolution of the index, therefore there will be some sort of additional investment to research the outcome of the programs and projects. This research ensures the fulfillment of the mission and correction of mistakes in future projects helping organization achieves effectiveness and efficiency in the long term.

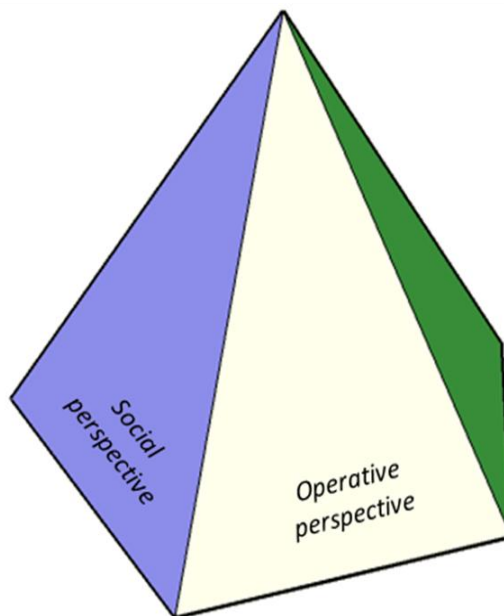


Fig. 17 Social perspective

Also, nonprofit organization should within the communities scope of intervention, include the evolution of socioeconomic indicators related to:

⁴ Understood as the capability of the nonprofit organization in solving or mitigation the priority problems of the vulnerable communities.

- Population
- Employment
- Education
- Housing and basic services
- Health

The information system used in the vulnerable community perspective for calculating the vulnerability index also should allow calculate indicators above-mentioned.

8.1.5 SUSTAINABILITY PERSPECTIVE

The sustainability perspective is long term oriented and measures the ability of the organization to create social value, guaranteeing self-financing and continuous evolution and improvement of competences into the firm. Takes into consideration the income of the organization, and its financial providers, also looks within the organization at its employees, managers and volunteers.

Fundraising is one of the most important financial resources streams for nonprofit organization (see chapter 7.1.1), resources are limited, funders and regulators are keen to be perceived as credible organizations that supported credible nonprofits. Many of the nonprofits are competing for funding against private and public service providers. They were keen to be perceived as cost effective and saw financial reporting as a way to demonstrate this.

Nonprofit organization should take the time to review past results analyzing the overall performance of the intervention project and showing the improvements in the vulnerability index.

Nonprofit organization must track its ability for fund capitalization, operating revenues, cash flow and efficiency in spending financial resources.

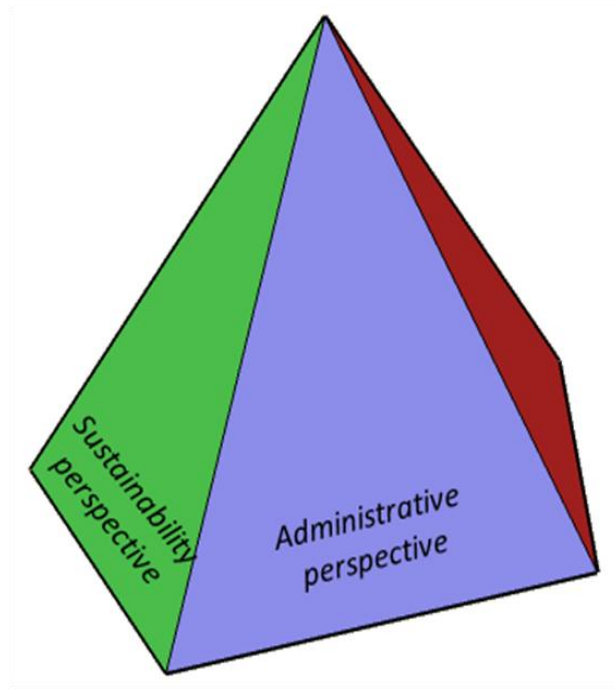


Fig. 18 Sustainability perspective

The human capital within any nonprofit organizations is the milestone of the sustainability perspective, nonprofit firms must fill strategic positions with high skill and commitment people, design mechanism for attracting and keeping talented staff, develop knowledge through continuous improvement and learning, facilitate communication between the different levels of the organization, and foment teamwork within the staff.

Volunteers are always a great source of skilled and strong commitment, but the position within the organization should be carefully studied.

The green area represents the optimal allocation for volunteers within nonprofit organization according to the level of skills and commitment.

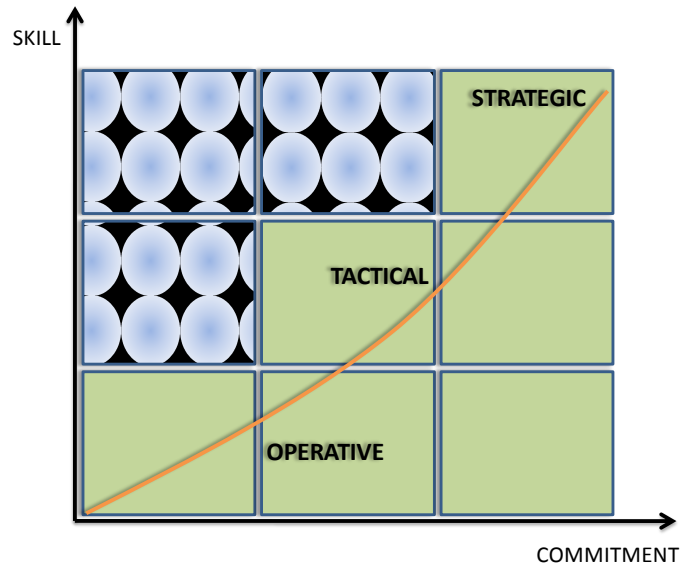


Fig. 19 Optimal allocation for volunteers

Even if their skill and commitment are low, nonprofit firm should allocate volunteers in a operative level thus, it allows to enhance commitment within the same level and increase their knowledge in understanding community vulnerable problems, for instance, students which are beginning their career are suitable in this level.

Volunteers which medium level of skills and medium or high commitment should be allocated in tactical level, because in a operative level could create the sensation that nonprofit is not employing all the skill of the volunteers.

Volunteers highly skilled and commitment can offer to nonprofit knowledge which could be used in the strategic level, for instance, design strategies for hire fundraiser, identify new opportunities of improvement, and bring some managerial techniques from outside.

8.2 VALIDATION OF THE MODEL

Validation of the model is an essential parts of the model development process if the model could be accepted and used to support performance management. Validation ensures that the model meets its intended requirements in terms of the methods employed and the results obtained. The ultimate goal of model validation is to make the model useful in the sense that the model addresses the right problem of performance management.

Unlike physical systems, for which there are well established procedures for model validation, no such guidelines exist for social modeling. In the case of models that contain elements of human decision making, validation becomes a matter of establishing credibility in the model (Center for Complex Adaptive Agent Systems Simulation, 2005).

The validation should be independent in the sense that it is conducted by knowledgeable people other than the original model developers and have accreditation; this means determining whether the model is useful for a particular purpose and is applicable to answering a specific set of questions.

In order to validate the model considering the aspect mentioned and the results obtained using the online survey, a new survey were issued with special focus on the nonprofit organization which participated in the first step of the research and based on the previous database of 330 nonprofit organizations. In this case, the value creation prism file were sent together with the link to online survey, after reading the model, the nonprofit firms were invited to fulfill the survey.

THE QUESTIONNAIRE

The Survey conducted consists of 10 questions. All the questions, except question number 2 allows for multiple answers. The first one is made in order to analyze the considerations by the nonprofit to the model, the second and third categorize and find information regarding the characteristics of the nonprofit organization. The remaining 7 questions are regarding to the adoption of the model and principal constrains and let open the opportunity of doing comments on each face of the prism. The questions were written in Spanish to send to the respective organizations and then were translated for the analysis in this report.

QUESTION 1

Q.1 Considerations about the model

- It is clear
- Reflect the needs of the organization in terms of performance management system
- it is clear the relationship and links between the strategy and operative level in the model
- the model is useful for the organization
- would adopt the model in the firm

The first question shows the consideration by nonprofit organization about the model, the initial intention of the survey is understand if the model were written in a clear way, if it reflect the needs of the nonprofits in terms of performance management system, if it is clear the relationship and links between the strategy and operative level in the model, if the model is useful for the organization and if they would adopt the model in the firm. This question is a multiple choice and nonprofits could mention that the model is clear but they are not willing to adopt the model.

QUESTION 2

Q.2 According to the International Classification of nonprofit organizations, your organization works on the area of

- Culture, Art and Recreation
- Education and Research
- Health
- Social Service
- Environmental
- Housing and Economic Development
- Law, Advocacy, and Politics
- Philanthropic Intermediaries and Voluntarism Promotion
- International Activities
- Religion
- Business, Professional Association and Unions
- Development ICT

The second question was made in order to confirm that the nonprofits indeed belonged, at least partially, to the Housing and Developing sector. This question also allows gathering an insight of behavioral patterns in organizations, and understanding if some organizations cross between sectors or belong exclusively to one. All the possible options were selected from the ICNPO classification framework.

QUESTION 3

Q.3 Presupuesto anual de su organización

- Less than U\$200.000
- Between U\$200.000 y U\$400.000
- Between U\$400.000 y \$600.000
- More than U\$600.000

The third question was made in order to establish the size of a nonprofit organization. The size was categorized in multiples of U\$200.000, which was thought to be a good number to evaluate the difference between small, medium, and larger organizations.

QUESTION 4

Q.4 What are the main constrains in adopting a model as the proposed?

- Technological aspects as ICT
- Financial resources
- Human resources
- Administrative tasks
- The Strategy
- Time and training for implementing the model

The four question analyze the main constrains perceived by nonprofit organization, financial resources, human resource, administrative aspects, strategy, time for implementing the solution and training are the set of constrains included in the survey.

Due to the nonprofit organization did not include comments, question 5 to 10 is not analyzed.

RESPONSES

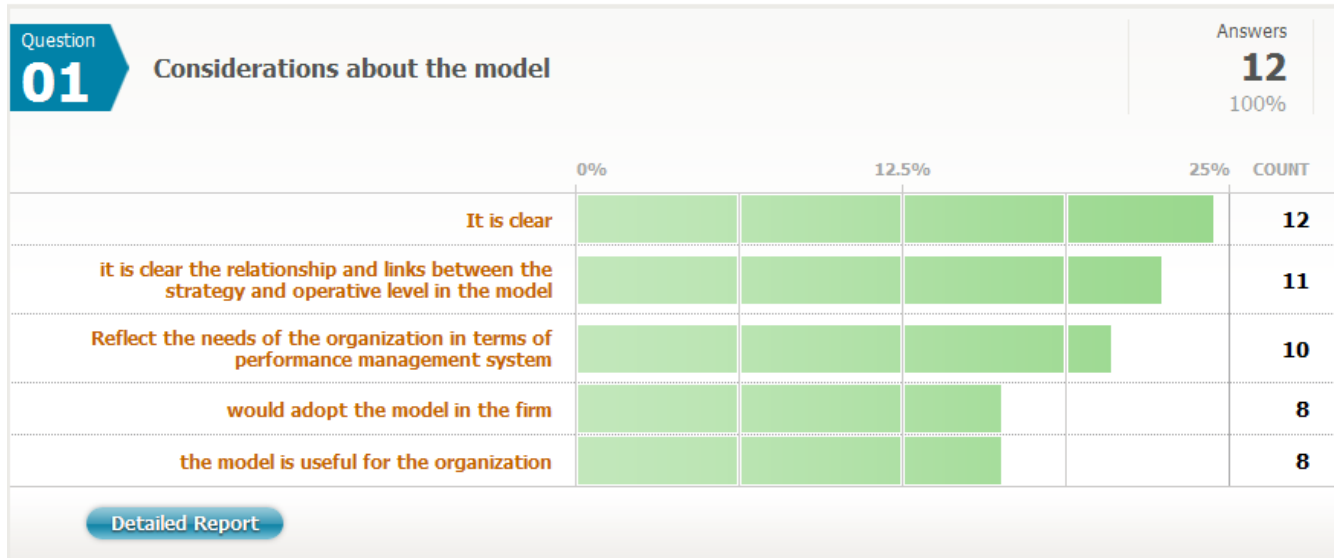
With the same database used in the early survey, this survey was then created using an internet survey creator and sent to all organizations in the first database. The survey finally closed the 15th of June, and of about 330 nonprofits that were contacted, 12 firms answered the survey.

Due to this survey is based on the study of the model, this means to dedicate 2 hours in average for reading and understand it, the author expected a very low responses rate but more important than big number, the answer represent a compromise of these 12 organizations in the research, which 10 of these participated in the previous survey.

From a pragmatic point of view, the online survey gives the possibility to answer the questions when the nonprofit organizations consider it convenient. As were mentioned before, the interview with “Fundación Oleoductos de Colombia” took around 45 minutes which are representative considering the daily activities that a CEO has to deal. So if the authors wanted to have an interview with these 12 CEO of the nonprofit organization, the total time could be around 3 hour, 2 hour for studying the model and almost one hour for the interview. Instead, with the online survey it takes 2 hour and 15 minutes because they read before the model and they already know the question for focusing the analysis, optimizing the time for nonprofit organization and the authors.

QUESTION ANSWER ANALYSIS

QUESTION 1



Question 1 shows the consideration by nonprofit organization about the model, first important aspect related to the model is that nonprofit organizations surveyed, 12 of 12, or 100% consider that the model is clear, it means based on clear concept which nonprofit organizations easily understand.

Meanwhile, 10 of 12 about 83% agree the model reflects their needs in terms of performance management system, thus the model summarize the main opportunities for performance management in nonprofit organization.

92% of the nonprofit surveyed recognize the clear link between their own mission and the operative aspect of the organization, meanwhile 67% consider useful and would adopt the model in their own organizations.

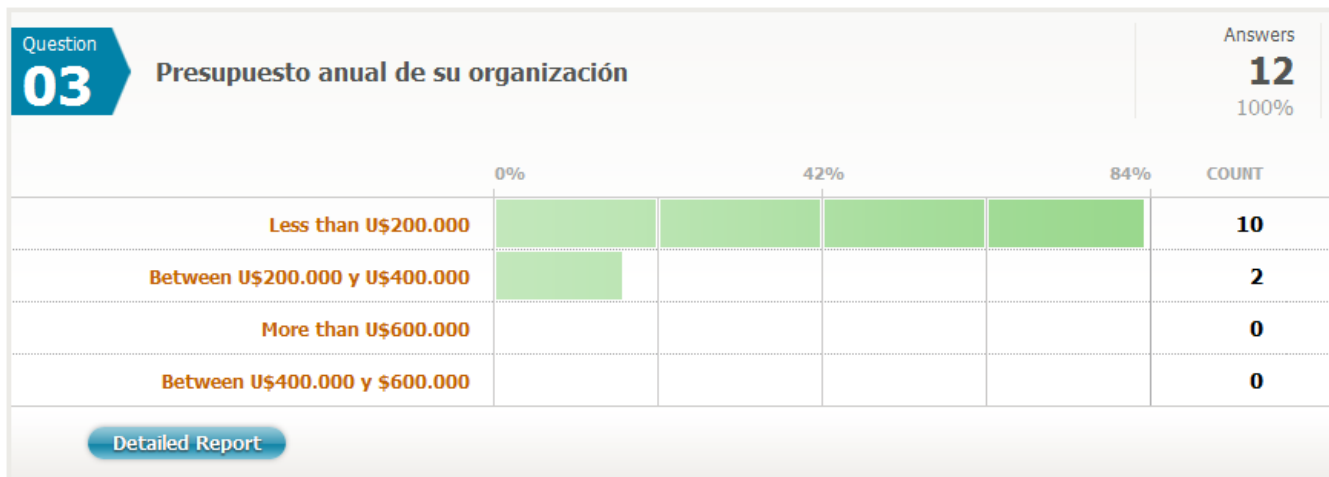
QUESTION 2



The first question, the initial intention of the survey is understand if the model were written in a clear way, if it reflex the needs of the nonprofits in terms of performance management system, if it is clear the relationship and links between the strategy and operative level in the model, if the model is useful for the organization and if they would adopt the model in the firm. This question is a multiple choice and nonprofits could mention that the model is clear but they are not willing to adopt the model.

As the previous survey, results on this question show that most of the nonprofit belong to housing and economic development, with 8 of 12, or 67% marking this option. The second most common area that nonprofit worked with was Education and research 50%.

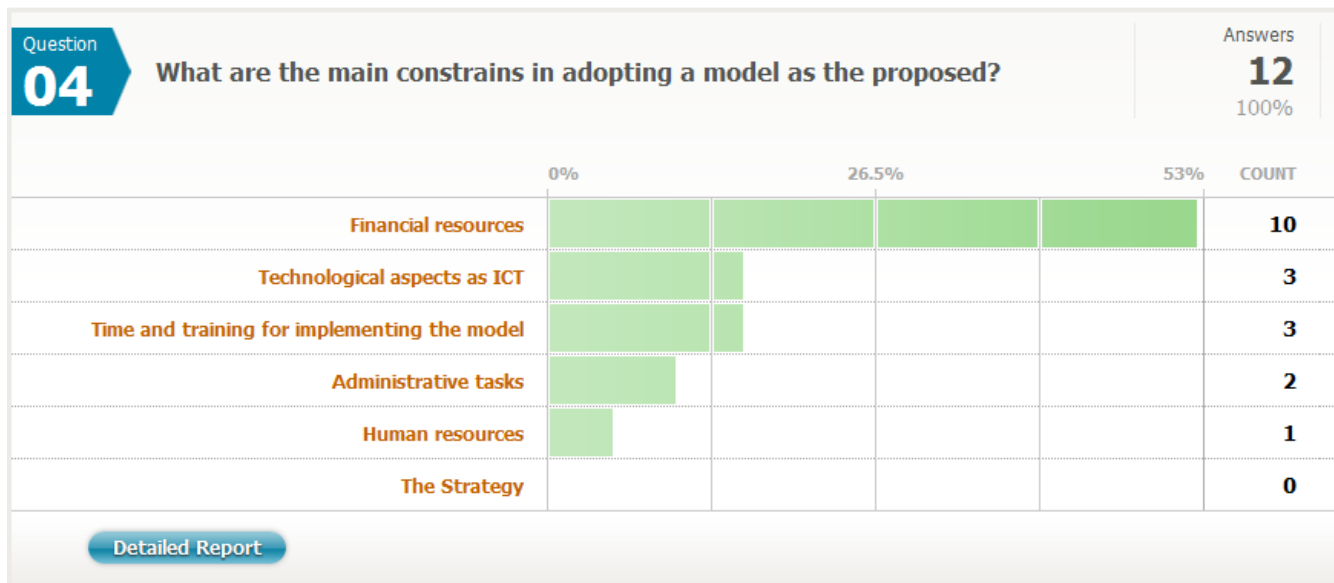
QUESTION 3



The tendency of nonprofit organizations is to have small scale operations. The great majority of the organizations surveyed (83%) operate with less than U\$200.000 per year. There were 2 organizations which answered to having a budget in between U\$200.000 and U\$600.000, and only one of the organizations surveyed were of a larger scale, with an annual budget of over U\$600.000.

Some coincidence between answer 2 and 3 with the previous survey, helped to conclude that 8 over the 12 responses were done by nonprofit which participated in the early step of the research.

QUESTION 4



Even though, nonprofit firms recognized usefulness of the model, just 67% would adopt the model. Question number 4 tries to understand the main constrains in adopting a model as the proposed.

The small size of the nonprofit organizations and their atmosphere of scarcity reflect the fact 83% of the responses consider the financial resources the main constrain for adopting any kind of performance management system and this conclusion could be extended to any other tool from profit seeking sector which is useful and transferable to nonprofit sector.

Technological aspects, time for implementing. and training are considering also barriers for improving performance management system.

9. SOME COMMENTS: ICT IN NONPROFIT ORGANIZATION

The ICT has become a key issue in all kinds of organizations; it represents a competitive advantage and supports the core business of thousands of companies around the world. The nonprofit organizations use ICT in lower level compared to private sector, however the ICT investments by nonprofit are increasing due to systematic reduction of ICT cost, doing it more accessible to organizations with scarce financial resources. In big nonprofit organizations are present the same problems linked to a big company in the private sector, these imply finding the way for improving coordination and communication within different units around the world in order to reduce administrative expensive and achieve effectiveness and efficacy, so ICT support the integration of their different units. Also, the internet has become an excellent tool for extending communication to several stakeholders, which are; the vulnerable community who get direct benefits from non profits organizations, donors who invest in order to obtain an indirect social benefit and look for adequate use of financial resources, and volunteer and society which offer their workforce but also control the fulfillment of their social goals.

But even, the ICT investment by nonprofit organizations presents several obstacles. Since there is not a direct link between ICT and social value creation, the nonprofit organization prefer to spend their scarce financial resources in projects and programs which impact directly their social mission, also investment in other support activities are postponed. Defining and prioritizing technology investments are also the principal difficulties, it's hard to find specialized consultancy and best practices related to ICT for non for profit organizations.

It is important to say that non for profit organizations offer social service to vulnerable communities in order to improve quality life, in many cases are closely related to vital issues such as food, health, housing and others, therefore nonprofit organization use ICT principally for administrative tasks, so during the implementation of ICT project it's not easy to measure the impact of this on the community. In the private sector, the impact on the organization could be measured by mean of increasing customer satisfaction, delivery time, productivity, and so on, reflected also in an increase of profit; it means a monetary measure takes place for evaluating the convenience of the project.

For evaluating the convenience of ICT projects into non for profit organizations, it is important to understand the social mission of the NGO, it represent the framework and imply a set of tacit and explicit goal but also the main driver for defining the resources allocation including financial, technological and human resources.

Therefore, the ICT evaluation must identify the main processes in which ICT could be used, showing the potential benefits and demonstrating that effectiveness improvement is relevant for core service in terms of quantity, quality and timeliness.

Also, the nonprofit organization could use the ICT looking for improving transparency, enhancing communications between geographically disparate agencies, facilitating business process management and automation, increasing visibility, facilitating comparisons and performance measurement, improving and managing internal communications.

The common IT for non for profit organizations are related to customer relationship management – CRM these include, primarily, contacts manager where the NGO enter all data about their contacts – partner organization, individuals, donors, members and volunteers – enter their addresses, phone numbers and other contact details. Enter their affiliation with other organizations describing if they are donors or potential donors. Contacts are linked with the rest of the information in. This allows tracking all useful data by individual, their involvement in the projects, their employment relationship within organizations, financial transactions, subscription to newsletters, etc.

Also include online fundraising and donor management component which enables to track and manage contributions to the organization. It also allows to create customized web pages to accept online donations.

Other module provides integrated online event registration and management for paid and free events. It allows to create customized web pages to for event registration, and then track participants. Also mass-mailing component which allows sharing information to stakeholders with personalized email and newsletters.

This kind of module is integrated with CRM, and creates or updates contact and donation records for all contributions, eliminating data entry time and errors.

Project manager are tools in which all information such as the description of the project, its objective, current status, management, donor participation, reporting schedules, financial details are kept.

Financial manager are tools for extracting data for management reviews of the project finances, locate bank transfers per project, which donors finance each project and relate this to required reports. The financial data within can be interfaced with the accounting system and E- banking as necessary.

The IT described before are supported by virtual communities working in models of open source⁵ it means, software in which the source code is available to the general public for use and/or modification from its original design free of charge. Open source code is typically created as a collaborative effort in which programmers improve upon the code and share the changes within the community. Open source sprouted in the technological community as a response to proprietary software owned by corporations.

In this field, some communities such as CiviCRM⁶ web-based, open source, internationalized, and designed specifically to meet the needs of advocacy, non-profit and non- governmental groups. CiviCRM is a powerful contact, fundraising and eCRM system that allow you to record and manage information about your various constituents including volunteers, activists, donors, employees, clients, vendors, etc. Track and execute donations, transactions, conversations, events or any type of correspondence with each constituent and store it all in one, easily accessible and manageable source.

Even though open source is an excellent alternative for nonprofit organization, it is important to remember software fee is just a small part of the IT cost, additional cost such as maintenance, hardware and software support, consultancy, hardware acquisition and internal spending must be considered.

In conclusion, ICT could help any nonprofit organization in achieving transparency, efficiency, effectiveness, improve communication toward stakeholders, but also it facilitates administrative process and automation.

The evaluation of ICT investment for nonprofit organization differs to traditional approach based on financial returns easy measurable by economic indicators, since there's not a direct link between ICT investment and the social mission, the evaluation would analyze the impact of ICT on the social strategy of the organization.

⁵ www.webopedia.com

⁶ www.civCRM.org

The actual offer of ICT for nonprofit organizations is based on concepts of CRM considering the donor, volunteers and society as “customer” which is correct, but also IT developers would take into account specific tools for helping the nonprofit organization beyond the administrative activities and create useful IT for day by day contact with the communities and support their project.

The nonprofit presents a great opportunity for developing IT because even if they do not have big “wallet”, represent an important market and an especial way for helping towards a best world.

10. CONCLUSION

The successful application of an effective performance management system in a nonprofit organization is a complicated issue. Currently, the major developments in the area of performance management have been mainly focused for profit seeking firms, in order to maximize their performance and results, while considerably less effort has been placed on the development of such measures for nonprofit firms. In order to adapt the available models of performance management to nonprofit firms, all the different characteristics that separate them, as well as intrinsic characteristics of nonprofits that make performance management difficult, should be evaluated. In this work a big effort was taken in order to focus on the most important parts of performance management, and its applicability towards nonprofit organizations.

After the theoretical development of performance measurement, nonprofit organizations and their relationship amongst each other was satisfactory, the focus of the work was directed in gaining an understanding of specific nonprofits in the Latin America area. Overall, this proved to be a difficult task, as most nonprofit organization in the area are underdeveloped, possess low levels of communication and a high level of diversity amongst each other.

After a well formed body of knowledge was created, which covered from the basics of performance management to current practices and problems of nonprofits in Latin America, the development of a suitable performance management model that could be applicable to nonprofits in the area was addressed.

In the development of the model the most important goals, mission, and problems of nonprofit organizations were addressed, while still maintaining an overall low level of detail in order to be adapted later on to different nonprofit organizations. The social value creation prism was therefore developed, which has at its main objective to maximize social value, which basically should be the mission of any nonprofit organization dedicated to human, economic and housing development.

The model focuses on five different areas of vital importance for the organization in order to achieve social value creation at its fullest: administrative perspective, sustainability

perspective, social perspective, operative perspective and vulnerable community perspective.

The sustainability perspective is long term oriented and measures the ability of the organization to create social value, guaranteeing self-financing and continuous evolution and improvement of competences into the firm. Takes into consideration the income of the organization, and its financial providers, also looks within the organization at its employees, managers and volunteers.

The social perspective measures the capability of the organization in creating social value to the communities it serves in the long term.

The administrative perspective evaluates internal process efficiency of the organization.

The operative perspective measures the effectiveness of the projects in solving or mitigating the problems of the each single vulnerable community in a short time window.

The vulnerable community perspective represents the core face of the prism, it takes in consideration the beneficiaries of the programs and projects as a center of the nonprofit mission. The vulnerable community is studied in all the social dimensions letting to nonprofit organization identify, prioritize and quantify its problems. These perspectives allow adopting pull strategy using as start point the needs of the communities and not just the strengths of the nonprofit organization.

After the model has been developed, the question of how applicable it is to all nonprofit organizations in Latin America still remains open. The limitation of these organizations in their size, skill and range is severe, and the potential of the model could be easily wasted with little companies implementing it or implementing it poorly. The best solution for this could be an expert's implementation of the model in each nonprofit organization, tailoring the different characteristics of the organization into the model and ensuring that, if applicable, the model deals the best results to the organization. The model should also be continuously evaluated and improved through feedback of the companies which used it, in this way generating a circle of improvement of the model, the organizations using them and the implementation of the model in the future.

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APPENDIX

1. THE INTERNATIONAL CLASSIFICATION OF NONPROFIT ORGANIZATIONS: EXPLANATORY NOTES

GROUP 1: CULTURE AND RECREATION

Organizations and activities in general and specialized fields of culture and recreation.

1 100 Culture

media and communications

production and dissemination of information and communication; includes radio and TV stations, publishing of books, journals, newspapers, and newsletters; film production; libraries.

visual arts, architecture, ceramic art

production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centers and architectural associations.

performing arts

performing arts centers, companies, and associations; includes theatres, dance, ballet, opera, orchestras, chorals and music ensembles.

historical, literary and humanistic societies

promotion and appreciation of the humanities, preservation of historical and cultural artifacts, commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials, commemorative funds and associations.

museums

general and specialized museums covering art, history, sciences, technology, culture.

zoos and aquariums

1 200 Recreation

sports clubs

provision of amateur sports, training, physical fitness, and sport competition services and events.

recreation and social clubs

provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men's and women's clubs, fitness centers.

1 300 Service Clubs

membership organizations providing services to members and local communities, for example; Kiwanis, Lions or Zonta International.

GROUP 2: EDUCATION AND RESEARCH

Organizations and activities administering, providing, promoting, conducting, supporting and servicing education and research.

2 100 Primary and Secondary Education

elementary, primary and secondary education

education at elementary, primary and secondary levels; includes pre-school organizations other than day care.

2 200 Higher Education

higher education (university level)

higher learning, providing academic degrees; includes universities, business management schools; law schools; medical schools.

2 300 Other Education

vocational/technical schools

technical and vocational training specifically geared towards gaining employment; includes trade schools; paralegal training, secretarial schools.

adult/continuing education

institutions engaged in providing education and training in addition to the formal educational system; includes schools of continuing studies, correspondence schools, night schools, sponsored literacy and reading programs.

2 400 Research

medical research

research in the medical field, includes research on specific diseases, disorders, or medical disciplines.

science and technology

research in the physical and life sciences, engineering and technology.

social sciences, policy studies

research and analysis in the social sciences and policy area.

GROUP 3: HEALTH

Organizations that engage in health related activities, providing health care, both general and specialized services, administration of health care services, and health support services.

3 100 Hospitals and Rehabilitation

hospitals

primarily inpatient medical care and treatment.

rehabilitation

inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect or disease and requiring extensive physiotherapy or similar forms of care.

3 200 Nursing Homes

nursing homes

inpatient convalescent care, residential care as well as primary health care services; includes homes for the frail elderly, nursing homes for the severely handicapped.

3 300 Mental Health and Crisis Intervention

psychiatric hospitals

inpatient care and treatment for the mentally ill.

mental health treatment

outpatient treatment for mentally ill patients; includes community mental health centers, and halfway homes.

crisis intervention

out patient services and counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

3 400 Other Health Services

public health and wellness education

public health promoting and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services.

health treatment, primarily outpatient

organizations that provide primarily outpatient health services--e.g., health clinics, vaccination centers.

rehabilitative medical services

outpatient therapeutic care; includes nature cure centres, yoga clinics, physical therapy centers.

emergency medical services

services to persons in need of immediate care, includes ambulatory services and paramedical emergency care, shock/trauma programs and lifeline programs; ambulance services.

GROUP 4: SOCIAL SERVICES

Organizations and institutions providing human and social services to a community or target population.

4 100 Social Services

child welfare, child services, day care

services to children, adoption services, child development centers, foster care, includes infant care centers and nurseries.

youth services and youth welfare

services to youth; includes delinquency prevention services, teen pregnancy prevention, dropout prevention, youth centers and clubs, job programs for youth; includes YMCA, YWCA, Boy Scouts, Girl Scouts, Big Brothers/Big Sisters.

family services

services to families, includes family life/parent education, single parent agencies and services, family violence shelters and services.

services for the handicapped

services for the handicapped; includes homes, other than nursing homes; transport facilities, recreation and other specialized services.

services for the elderly

organizations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programs and other services geared towards senior citizens. (Does not include residential nursing homes.)

self-help and other personal social services

programs and services for self-help and development; includes support groups, personal counseling, credit counseling/money management services.

4 200 Emergency and Relief

disaster/emergency prevention and control

organizations that work to prevent, predict, control, and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or provide relief to disaster victims, includes volunteer fire departments, life boat services, etc.

temporary shelters

organizations providing temporary shelters to the homeless; includes travellers aid, and temporary housing.

refugee assistance

organizations providing food, clothing, shelter and services to refugees and immigrants.

4 300 Income Support and Maintenance

income support and maintenance organizations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.

material assistance

organizations providing food, clothing, transport and other forms of assistance; includes food banks and clothing distribution centers.

GROUP 5: ENVIRONMENT

Organizations promoting and providing services in environmental conservation, pollution control and prevention, environmental education and health, and animal protection.

5 100 Environment

pollution abatement and control

organizations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, hazardous wastes and toxic substances, solid waste management, recycling programs, and global warming.

natural resources conservation and protection

conservation and preservation of natural resources, including land, water, energy and plant resources for the general use and enjoyment of the public.

environmental beautification and open spaces

botanical gardens, arboreta, horticultural programs and landscape services; includes organizations promoting anti-litter campaigns, programs to preserve the parks, green spaces and open spaces in urban or rural areas and city and highway beautification programs.

5 200 Animals

animal protection and welfare

animal protection and welfare services; includes animal shelters and humane societies.

wildlife preservation and protection

wildlife preservation and protection; includes sanctuaries and refuges.

veterinary services

animal hospitals and services providing care to farm and household animals and pets.

GROUP 6: DEVELOPMENT AND HOUSING

Organizations promoting programs and providing services to help improve communities and the economic and social well being of society.

6 100 Economic, Social and Community Development

community and neighborhood organizations

organizations working towards improving the quality of life within communities or neighborhoods--e.g., squatters' associations, local development organizations, poor people's cooperatives.

economic development

programs and services to improve the economic infrastructure and capacity; includes building of infrastructure like roads, and entrepreneurial programs, and technical or management consulting assistance, rural development organizations.

social development

organizations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well being.

6 200 Housing

housing association

development, construction, management, leasing, financing and rehabilitation of housing.

housing assistance

organizations providing housing search, legal services and related assistance.

6 300 Employment and Training

job training programs

organizations providing and supporting apprenticeship programs, internships, on-the-job training, and other training programs.

vocational counseling and guidance

vocational training and guidance, career counseling, testing, and related services.

vocational rehabilitation and sheltered workshops

organizations that promote self sufficiency and income generation through job training and employment.

GROUP 7: LAW, ADVOCACY, AND POLITICS

Organizations and groups that work to protect and promote civil and other rights, or advocate the social and political interests of general or special constituencies, offer legal services and promote public safety.

7 100 Civic and Advocacy Organization

advocacy organization

organizations that protect the rights and promote the interest of specific groups of people-- e.g., the physically handicapped, the elderly, children, and women.

civil rights association

organizations that work to protect or preserve individual civil liberties and human rights.

ethnic association

organizations that promote the interests of, or provide services to, members belonging to a specific ethnic heritage.

civic associations

programs and services to encourage and spread civic mindedness.

7 200 Law and Legal Services

legal services

legal services, advice and assistance in dispute resolution and court related matters.

crime prevention and public safety

crime prevention to promote safety and precautionary measures among citizens.

rehabilitation of offenders

programs and services to reintegrate offenders; includes half way houses, probation and parole programs, prison alternatives.

victim support

services, counsel and advice to victims of crime.

consumer protection associations

protection of consumer rights, and the improvement of product control and quality.

7 300 Political Organizations

political parties and organizations

activities and services to support the placing of particular candidates into political office; includes dissemination of information, public relations and political fundraising.

GROUP 8: PHILANTHROPIC INTERMEDIARIES AND VOLUNTARISM PROMOTION

Philanthropic organizations and organizations promoting charity and charitable activities.

8 100 Philanthropic Intermediaries and Voluntarism Promotion

grantmaking foundations

private foundations; including corporate foundations, community foundations and independent public-law foundations.

voluntarism promotion and support

organizations that recruit, train, and place volunteers, and promote volunteering.

fund-raising organizations

federated, collective fund-raising organizations; includes lotteries.

GROUP 9: INTERNATIONAL ACTIVITIES

Organizations promoting greater intercultural understanding between peoples of different countries and historical backgrounds and also those providing relief during emergencies and promoting development and welfare abroad.

9 100 International Activities

exchange/friendship/cultural programs

programs and services designed to encourage mutual respect and friendship internationally.

development assistance associations

programs and projects that promote social and economic development abroad.

international disaster and relief organizations

organizations that collect, channel and provide aid to other countries during times of disaster or emergency.

international human rights and peace organizations

organizations which promote and monitor human rights and peace internationally.

GROUP 10: RELIGION

Organizations promoting religious beliefs and administering religious services and rituals; includes churches, mosques, synagogues, temples, shrines, seminaries, monasteries, and similar religious institutions, in addition to related associations and auxiliaries of such organizations.

10 100 Religious Congregations and Associations

congregations

churches, synagogues, temples, mosques, shrines, monestaries, seminaries and similar organizations promoting religious beliefs and administering religious services and rituals.

associations of congregations

associations and auxiliaries of religious congregations and organizations supporting and promoting religious beliefs, services and rituals.

GROUP 11: BUSINESS, PROFESSIONAL ASSOCIATIONS AND UNIONS

Organizations promoting, regulating and safeguarding business, professional and labor interests.

11 100 Business, Professional Associations and Unions

business associations

organizations that work to promote, regulate and safeguard the interests of special branches of business--e.g., manufacturers' association, farmers' association, bankers' association.

professional associations

organizations promoting, regulating, and protecting professional interests--e.g., bar association, medical association.

labor unions

organizations that promote, protect and regulate the rights and interests of employees.

GROUP 12: [NOT ELSEWHERE CLASSIFIED]

12 100 N.E.C.

2. CURRENT PRACTICES IN PERFORMANCE MEASUREMENT

2.1 A STUDY BY INNONET

A study made by InnoNet (Colette E. Thayer, 2001), was designed to understand current evaluation practice in the nonprofit sector, including the degree in which outcomes assessment and evaluation are being used and to what effects. Also, since stakeholder participation is a key element that distinguishes between traditional and participatory approach to evaluation, the study also focuses on exploring the role on the participation of different stakeholders.

Methodology of Study

The study was developed in three parts. The first part was to survey 140 nonprofit human service organizations by mail. The survey overall was sent to 302 organization, of whom 178 organizations that responded met the criteria of being a service delivering organization and having completed at least one program evaluation in the last 3 years. Second, 40 of those respondents were randomly interviewed to determine the current evaluation practices being used, to explore issues around their respective measurement and to understand what they find useful and credible within those evaluations. The third step was to prepare in depth profiles of the organizations of four of the survey respondents. These profiles were generated to gain better understanding of how the evaluations were conducted, the purpose behind these evaluations, and how the results were used. Of these four, two organizations were selected because they possessed a high level of stakeholder participation and other two were selected who overall had a low commitment from the stakeholders, all four of these organizations considered their own evaluations to be extremely useful.

Results

Outcome Measurement

The fore-mentioned study showed (as indicated in the following tables obtained from the article), that outcome measurement was the principal purpose for conducting evaluations

in the majority of the cases. Nearly half of the 33 (43%) interview respondents who were currently measuring outcomes were doing this because it was a funding requirement.

This result is shared by another study conducted by Claire Moxham (Moxham, 2009) which found financial accountability was the key driver for measuring the performance of the nonprofits that were studied. Over half of the funders examined in the study distributed public funds. This has an impact for nonprofit performance measurement systems, as nonprofits that are funded by public money will be required to report against public sector measurement criteria. Such findings raise questions as to the relevance of public sector measurement criteria for nonprofit organizations. These findings concur with research by Morris (2000) which shows that once nonprofits have been subsidized by public funds, governments have an obligation to keep track of performance.

These findings have implications for the relevance of nonprofit performance measurement systems, and for the future of nonprofits that rely on the public sector for the majority of their funding. The case studies demonstrate that smaller nonprofits may not have the capacity to respond to accountability requirements, despite the fact that McLaughlin (2004) believes that this capability is key to shaping their future direction.

Nevertheless, there were other reasons for measuring outcomes within nonprofit organizations. Twenty percent of the organizations measured outcomes to learn whether their program was making a real difference in the lives of its participants or clients. Fifteen percent of the respondents wanted to improve program planning through outcome measurement, several respondents also explained that their organizations were measuring outcomes in order to acquire new funders. Performance measurement in nonprofit organization is a recent thing, in this study 69% of the organizations started measuring outcomes in the 90's, in fact 45% began since 1995. The concern in the last years has been turned from focusing all of resources on services to focus more on the measurement and management of the nonprofit organizations.

Primary purpose for conducting most recently completed evaluation

Primary purpose	Percent of respondents (<i>N</i> = 140)
To measure outcomes or impact	56
To assess implementation	9
For strategic planning	9
To assess quality of operations	7
To measure client satisfaction	4
Other	8
No primary purpose designated	7

Primary purpose of current evaluations. Note: total exceeds 100% due to some respondents conducting multiple evaluations

Primary purpose	Percent of respondents (<i>N</i> = 35)
To measure outcomes or impact	80
To assess implementation	9
For strategic planning	3
To assess quality of operations	17
To measure client satisfaction	14
Other	6

Stakeholder Participation

Stakeholders are usually defined as those with a vested interest in the focus for evaluation (Cousins & Whitmore, 1998). In the study the stakeholders were defined as the program staff, the funder's staff, the board members and the program participants. The following survey was mailed where each organization was asked whether the members of each stakeholder group were involved in any of the following activities.

15. We would like to know how *program stakeholders* participated in the evaluation. Please check all activities in which each group participated.

Program staff

- Planning/designing the evaluation
- Collecting data
- Analyzing/interpreting results
- Writing report

Board members

- Planning/designing the evaluation
- Collecting data
- Analyzing/interpreting results
- Writing report

Funder's staff

- Planning/designing the evaluation
- Collecting data
- Analyzing/interpreting results
- Writing report

Program participants/clients

- Planning/designing the evaluation
 - Collecting data
 - Analyzing/interpreting results
 - Writing report
-

Of the four stakeholder groups, the program staff members were the most involved in the evaluation activities. 61% of the survey respondents answered that staff participation in design activities and 79% of them participated in data collection as well. 39% of the staff reported being involved in data analysis and interpretation and 29% in report writing.

Board member's were primarily involved in designing the evaluations (16%) and analyzing and interpreting data (18%).

The funders' focus of participation was the same as the board members, with 21% being involved in design and 11% on data interpretation.

Program participants were generally only involved in data collection 12%.

To explore differences between evaluations that involved a high degree of stakeholder participation compared to those with low, each of the organization was assigned a stakeholder participation score based on the response to the survey question. Scores ranged from zero (no stakeholder involvement) to 16, where all of the stakeholders were actively involved. Then each organization was grouped based on their scores, with 41%

having low participation (from 0 to 2 points), 40% having medium participation (3-4) and only 19% in the high participation group (5-11 points).

Percentage of respondents by evaluation outcome and level of stakeholder participation for most recently completed evaluation

Evaluation use	Level of stakeholder participation		
	All (<i>N</i> = 140)	Low (<i>N</i> = 58)	Medium (<i>N</i> = 56)
To report to a funder	76%	78%	75%
To improve outcomes or impact ¹	75	64	79
To change program design or operations	73	67	73
To plan future programs	71	67	70
To get additional funding	54	47	61
To design ongoing monitoring process ¹	51	47	46
To promote the program to potential clients ¹	51	47	46
To respond to questions about the program ¹	48	47	41
To improve outreach and public relations	41	36	39
To decide resource allocation ¹	36	22	41
To train or reassign staff	36	35	32
To gain support for evaluation	34	36	32
Other	4	3	7

^a Pearson chi-square is statistically significant at 0.05 level.

The study also tried to understand the relationship between stakeholder participation and use of the evaluation. As seen in the previous table, evaluations being made with a high degree of stakeholder participation are more likely to be used in almost every purpose over organizations with a low level of stakeholder participation. In particular, differences between evaluations with high and low stakeholder participation were notable in the following uses:

Improvement outcomes or impact of the program

Designing an ongoing monitoring or evaluation process

To promote the program to potential participants or clients.

To respond to questions or criticism about the program.

For resource allocation

The practitioners of the evaluation process usually believe that involving stakeholders will improve evaluations outcomes. This belief is based on the notion that involvement in the evaluation process makes the evaluation more relevant and reduces the likelihood of the data being questioned after the evaluation. In order to evaluate these assumptions the organizations were asked to evaluate how useful, credible and satisfying they thought staff, board members and funders found the evaluation effort.

Evaluation outcomes by stakeholder participation levels. Note: Pearson chi-square revealed no statistically significant differences at 0.05 level

Evaluation outcome	Level of stakeholder participation			
	All (N = 140)	Low (N = 58)	Medium (N = 56)	High (N = 26)
<i>Usefulness</i>				
Highly useful	77%	74%	77%	85%
<i>Credibility</i>				
Staff found evaluation highly credible	71%	71%	70%	77%
Board found evaluation highly credible	64	64	61	73
Funders found evaluation highly credible	63	57	66	69

Usefulness

Overall, most survey respondents found their evaluation to be highly useful. A evaluation is considered useful by the organization when it documents success, offers recommendations to improve, offers a tool to plan service delivery, and has a focused design (Fine, Thayer, & Coghlan, 2000).

Non for profit organizations are interested in demonstrating to donators, funders, board members, government agencies and other stakeholders, the effect of their programs on the lives of the people it serves. Constructive criticisms are another desired effect from a useful evaluation.

18% of the interview respondents cited that a focused evaluation is a key element to obtaining a useful evaluation, for example specific research questions that adds information to the organization. Seventy percent of the interview respondents thought that stakeholder involvement plays a key role in order to obtain a useful evaluation, since in general change is more easily implemented and accepted by staff and stakeholders when they form part of the evaluation that supports that change. Another benefit of stakeholder involvement is improvement design (by ensuring that relevant questions were asked), ensuring available resources to implement evaluation and its recommendation, increasing stakeholder's understanding and appreciation of an agency, and improving stakeholders understanding of the evaluation (Fine, Thayer, & Coghlan, 2000).

Credibility

When an approach that involves stakeholders in the evaluation process is involved, organizations and evaluators often show concern about the credibility of the data obtained. Nonetheless, in the study, more than half of the survey respondents thought their staff, board members and funders found the evaluation highly credible (71, 64, and 63% respectively). According to these organizations, the factors that influence the credibility of an evaluation are: having a solid design, involving an outside evaluator, engaging stakeholders and having an organization or evaluator that has a good reputation. Most respondents also stated that evaluations conducted by an external source are perceived to be more credible than an internal lead one, for the presumption of the expertise of the consultants. 63% of the respondents answered that the involvement of stakeholders in the evaluation process influences the credibility of the results.

Satisfaction

Overall, more than half of the survey answerers thought that their staff, board members and funders found the evaluation satisfying (66, 64 and 54% respectively). The most common factors that make an evaluation satisfying is the capability to demonstrate the program effectiveness (35%) and identifying areas for program improvement (25%). In addition 13% of the organizations defined a satisfying evaluation as one that possesses an honest appraisal of the program or agency. Only 5% of the respondents found satisfactory the ability to use the evaluation for fundraising purposes.

Conclusion

From the study we found that nonprofit organizations and funders find very valuable outcome measurement and participatory methodologies. Given the growing difficulty to attract funders there will undoubtedly be an increase in the number of nonprofit organizations conducting evaluations. The study has shown that evaluations are increasingly focused on outcome measurement and that program stakeholders are involved in several evaluation activities. Additionally, it has revealed that evaluations with high stakeholder participation were more likely to be used for several different purposes.

An important aspect of this study has been in capturing the aspects that make evaluation useful, credible and satisfying for nonprofit firms.

2.2 A STUDY BY GOLDMAN SACHS FOUNDATION

On March 26, 2003 the Goldman Sachs Foundation and the Rockefeller Foundation hosted over fifty funders at Goldman Sachs offices in New York to discuss issues surrounding assessing social impact and social return on Investment “SROI” (Carlson & Bell-Rose, 2003). The purposes of this meeting were to get together a group of variable charitable and double bottom line funders to discuss and learn various approaches regarding social impact; and to begin to develop a common language and measuring metrics for standards that could be used in the education and community development sectors of nonprofit organizations. The following information comes from different case studies of performance measuring metrics of charitable organizations that took part in the mentioned meeting.

Background

Over the past years, a new belief has emerged around the importance of building administrative and operational capacity in mission-driven organization. Mixing management principles from the for profit world with social values of the nonprofit sector, a group of social entrepreneurs and nonprofit managers has created a new type of nonprofit organization that balance scale with quality, financial stability with social impact, and community ties with rapid growth. At the same time there has been a great focus in improving administrative and operational capacity within mission-driven organizations. The conceptual boundaries between for profits and nonprofits seem to be diminishing, and

with this there has been a marked change of thought about the relation amongst capital philanthropy, management and strategy.

This change has been especially profound in grant making (or nonprofits that receive money from funders to invest on the community). In the past decade there has been a change from organization related exclusively to project development toward venture-type, philanthropic investment characterized by more capacity-building organizations, higher level of engagement and increased emphasis on measurement and results (Carlson & Bell-Rose, 2003). Investors are demanding greater transparency and accountability, to see the effect their funds are creating on the community.

The nonprofit field has yet to establish a common understanding of “social impact”, how it is defined and how to measure it. Each big and mature nonprofit organization has its own measures of impact, and many smaller firms don’t have any measure of impact since there is no common model to apply to their own firm and the development of a new one is rather costly. Within some examples of developed measured tools, the more sophisticated tools integrate organizational and process metrics with quantifiable outcome data, but in the absence of a common value, such as profit or shareholder value, each organization is changing the measurement performance system as they go along.

On March 26, 2003: The Goldman Sachs Foundation and the Rockefeller Foundation hosted a meeting convening many leading foundations and investors in businesses with social missions, with the purpose of discussing social impact assessment (“SIA”) in two fields: Youth development/education, and community development.

The goals of the meeting were:

- To explore language barriers, the current best practices, opportunities and challenges in social impact assessment.
- To define activities to try to reduce SIA misalignments between funders and nonprofits.
- To discuss interest in collaborative SIA efforts between funders and nonprofits.

The meeting involved 51 collaborators from 31 institutions that represented community development, financial institutions, foundations, and funding intermediaries. Catherine Clark of Columbia Business School provided a conceptual framework with an overview of some existing social impact assessment models. Then, Representatives of four organizations presented case studies of their current SIA system. In the end, there was a

discussion of how to continue improving the whole sector of nonprofits and try to solve current problems within them.

Social Impact Assessment framework

Currently the nonprofit field has developed a great number of conceptual frameworks, analytical tools, and management strategies. Several individual firms have increased the level of strictness, contribution depth and breadth to a diverse and growing field.

Despite this progress, the social enterprise field still finds itself with significant misalignments in goals, methodologies and strategy. Funders have different theories of change, goals, metrics and reporting requirement. Organizations have their own theories of change and management priorities, and frequently they find themselves troubled by the demands and exigencies of funders and management. The field as a whole doesn't have a common vocabulary. Following we have some reactions of social entrepreneurs and investors on this problem gathered and presented by Catherine Clark:

Social Entrepreneurs say:

-“Individual constituencies require different measures, reducing operational efficiency as I produce different reports for each constituent, funder, or regulator.”

-“I'm in funding shock. After meeting or exceeding performance measures, why isn't further funding by my current funders or others more easily obtained?”

-“My reporting needs and my funders' needs don't always align. What the funder needs from me may not be what I need to manage my venture more effectively.”

Investors say:

-“It's hard to learn what works if you can't read data, see consistent trends, or learn lessons within one project or across different grantees/investees.”

-“If you're not using impact tools familiar to peer foundations or investors, it's hard to leverage your own capital or mitigate risks by bringing in co-investors—while this is often exactly what is needed to build robust impacts.”

-“It's very expensive to track outcomes consistently, and without a commitment from other funders to value the results, is this a good use of funds?”

In general the comments from the social entrepreneurs and investors can be translated into several challenges. These challenges are then grouped into 4 different sectors and must be tackled in order to generate a successful improvement measurement practice and social impact assessment.

Conceptual Problems

- How does the field define a set of commonly shared desirable outcomes, and how will it measure them?
- How can the field create the strictness necessary to achieve true rather than apparent outcomes?
- Is there a set of general principles from which different organizations can build upon?

Operational Problems

- What are the management tools and evaluation systems needed to support measurement, assessment and reporting?
- How do organizations balance the credibility of impact assessment with its practicability, given the fact that impact assessments are typically very costly?

Structural Problems

- Given the diversity of goals among funders and different metrics across the industry, what practical solutions are there to achieve scale and preserve autonomy?
- What happens with funders that bring unclear goals or unrealistic expectations?
- How do organizations balance different priorities amongst funders?

Practical Problems

- Will funders follow through in their promises?
- Can there be a generalization of practices given the fragmentation and diversity of the nonprofit field?
- How does the capital need of the projects developed match with the resources used by nonprofits and provided by funders?

Roberts Enterprise Development Fund: From Measurement to Management

The Roberts Enterprise Development Fund (REDF) is known as a leader in the field of social enterprise and as one of the pioneers in performance measurement. REDF practices social work with a closed portfolio of nonprofit organizations, offering each financial and management support as long as there is an agreement upon performance standards. Most of the investments of this association were on social mission driven nonprofits, and the assessment of REDF consisted in measuring social and financial outcome of these enterprises. These SROI (Social Return on Investment) analyses stimulated a lot of discussion about investment related performance assessment. Since then, REDF has developed a outcome tracking system called OASIS, which helps nonprofit managers measure and track outcomes in social purpose enterprise and across the entire organization.

REDF's Social Impact Assessment Efforts Address Four Perspectives REDF Approaches to Measuring Impact



REDF started building OASIS in 1998. The effort took over 2 years of planning for each of the four organizations in which it was implemented. Technologically speaking, the Information System OASIS uses hierarchical linear modeling, a new statistical process that uses embedded data to connect outcomes to specific intervention. The system has allowed organizations to readapt the service delivery model, and change how the

information is tracked, analyzed, and reported. The result according to Melinda Tuan, REDF's managing director, is in internet enabled relational database that managers can use for performance benchmarking. Differently than the previous performance measurement, when the outcomes are measured after the fact, the program helps managers benchmark and improve performance in continuous operation.

More strategically, OASIS offers a useful operational tool to organize diverse sources of funding and juggling reporting requirements. For instance, one of the organization in which OASIS was implemented managed to reduce the overall paperwork use to deal with funders by 300%, also greatly reducing the processing time and quality of each of the reports to the different funders.

New Profit Inc.: Finding the Right Measures

New profit Inc. (NPI) uses the Balanced Scorecard, adapted from the profit form for nonprofit use, as a source to measure financial and social goals. New Profit Inc. is an intermediary funding organization with 43 direct investors. NPI has implemented performance assessment since 1999 and reports quarterly to its investors.

NPI social impact assessment goal was to develop a tool that goes across the organization; it builds measures and identifies the gaps between the operational plan and the organization's mission and values. The Annual balance scorecard report reflects three areas: Growth (measured by annual growth rates, revenues, numbers serves); Quality (several improvements benchmarks in operations and in services); and Leverage (How well the organization leverages outside resources). The balance scorecard system, according to founder Kelly Fitzsimmons:

- "The balance scorecard must be preceded by theories of change to succeed. Without it, neither organization nor funders know what they need to measure in the balance scorecard." (Theories of change is the background behind the mission of the company, in other words, what needs to be changed in order to improve society)
- "Sometimes there is a conflict between performance and funding. Instead of rewarding high growth, high performance, and financial solvency in a nonprofit organization, funders often view these organizations as too successful or insufficiently needy."
- "Often, funders or board members of an organization are not ready for a performance tracking system. Unless the practical considerations behind the performance

measurement are considered and discussed the performance measurement system will break down.”

- “Performance measurement can be a strong incentive for a change; once a plan has been clarified and performance milestones have been set, there is a strong motivation behind the staff and board members.”

Edna McConnell Clark Foundation: Improving the rigor of impact Assessment

The Edna McConnell Clark Foundation (EMCF), under the direction of Michael Bailin, has evolved from a traditional foundation to an organization with high engagement philanthropy. From 1999 the foundation limited its funded organizations from 182 to 53 in 2002, increasing the values of the donations and making multi-year commitments. With the help of a nonprofit management firm, EMCF has changed its staffing model to create an organization with development and knowledge development specialist. The foundation now focuses exclusively in youth development.

EMCF now utilizes social impact assessment for funding decisions and evaluation. In the selection process, the organization evaluates possible receiving organizations in four areas: educational skills attainment, successful transition to self-sustain work, civic engagement, and avoidance of high risk behaviors that derail youth. The foundation selects the receiving organization on the basis to deliver, grow and sustain impact, using over 70 indicators across six evaluation areas. Once an organization has received the fund, together they develop a plan that includes a combination of financial, growth and outcome benchmarks.

According to David Hunter, the director of evaluation and knowledge development, the core of the foundation strategy is to move nonprofit organizations from apparent effectiveness to real and proven effectiveness. The foundation has identified key indicators based on existing research, which can be used in performance planning and assessment (more information on this in www.emcf.org). “We don’t ask grantees to report on process,” Hunter said. “We care about whether they’re hitting the business plan milestones, the absolutely necessary things that must happen if the goal is to be accomplished.”

David Hunter also adds that funders must participate when designing an impact assessment system, or they are not going to benefit from it.

Coastal Enterprises, Inc.: Balancing credibility and feasibility

Coastal Enterprises, Inc. (CEI) is one of the best known community development financial institutions; it manages loan funds to nonprofits that help low-income individuals find jobs. In the past years, CEI has conducted SROI analyses and longitudinal studies of the organization's impact. In 1993, the Ford foundation funded Coastal Enterprises' first SROI analysis. Using a cost-benefit analysis, the study examined the relationship between public tax benefits and performance of the organization's loans. The evaluation provided a base on which to build a theory of implementing social change.

The Low-Income longitudinal study made many discoveries, according to Carla Dickstein head researcher at Coastal, "Our original theory of change was that people with low incomes lacked necessary networks and skills to get high-quality jobs, and nonprofits need resources to help them do it." The second part of the theory believed that since CEI screened for better companies and provided workers with better opportunities, jobs would more likely be retained. However, the study found out that people, although found better quality jobs, didn't stay in them and moved on to lower quality jobs. Consequently a study continuation was made to evaluate the reasons why the people left these jobs. Clients responded that workplace adjustments (work relationships with bosses and coworkers) as well as life management issues often caused people to leave. The findings had two profound implications on the organization, to adjust the theory of social change and to change the organization's culture. The study proved to be very useful in the learning process of the company but the major problem with this study has been its large cost, which was about USD. 500.000.

Challenges in the field

After the four case studies, the meeting took form of discussion in which several problems regarding nonprofit organizations and social impact assessment were tackled.

-Conceptual problems:

- Best practices are not standardized. Unless nonprofits and investors reach agreements about the goals they are seeking, measures of success, and basic measuring tools, resources will be allocated inefficiently.
- Social change ideals must be aligned among funders, investors and nonprofits. Measurement and social impact assessment begins with a clear focus on what the organization is attempting to accomplish. Without it, measuring becomes very difficult.

-Operational problems:

- Value cannot always be measured. The paradox of measurement is that value cannot always be easily measured. Sometimes by trying to define results with a measurable metrics the real value the organization is trying to achieve is missed.
- Quality implementation is essential. For the measurement to be effective, it must be practical, useful and correct.
- Time horizons for output and outcome measurement are long. Social impact assessment results might take several years to be measured, this might be solved by establishing some clear short term benchmarks in which to vase your progress.

-Structural problems:

- Significant diversity exists within each field. Within each of the areas of nonprofit organizations there needs to be a different and adequate measurement system developed. To establish a common metrics for all of them is challenging and might prove to be ineffective.
- Reporting requirements are not usually aligned. Sometimes to manage the individual reports for each funder takes time as each of them utilize different evaluation criteria.

-Practical Problems:

- Goals are often unclear. In some cases funders themselves don't have a clear mission of social impact, and therefore lack clear goals.
- Inconsistent funding priorities. One of the biggest problems in the nonprofit capital market is that funders tend to spread their money across a community. Therefore, several organizations find themselves struggling for capital as funders look for projects that fulfill a certain criteria instead of social impact results.

After the discussion several possible solutions for current problems were introduced by participants:

-Conceptual: Funders and nonprofits should align goals, assessment tools and best practices.

- Publicize what already exists. Develop a map of nonprofit organizations in different fields, categorized by different indicators such as size, geography, and current assessment practice.

- Form deeper relationships with set of funders that possess the same goals and mission. This comes in order to form a more common measuring performance system and reduce reporting time and mission misalignment.

- Analyze more deeply different social impact assessment models and compare their characteristics.

-Operational: Funders and nonprofits should acknowledge evaluation expenses as part of costs, invest in measurement systems and tools, and develop examples of proven impact.

- Develop assessment tools for organizations with limited resources.

- Create a common framework of definitions and operational approaches that demonstrate how they are applied.

- Show in detail the best practices of performance measurement divided by each category of nonprofit organization.

- Develop a list of organizations capable of assessing other organizations in performance measurement problems.

-Structural: Each category should explore a range of possible outcome goals and best practices for measurement.

- When possible, collaborate with investors to align reporting and assessment requirements.

-Practical: a commitment to outcomes assessment can be a fundamental part of management structure and organizational culture among funders and nonprofits.

- Ensure funders are deeply involved in the development and management of outcome assessment strategies.

3. SOME STATISTICS: LATIN AMERICA

3.1 UNEMPLOYMENT RATE

TASA DE DESEMPLEO UNEMPLOYMENT RATE

(Tasa anual media / Average annual rate)

País	2000	2003	2004	2005	2006	2007	2008	2009	Country
Argentina ^a	15.1	17.3 ^b	13.6 ^b	11.6 ^b	10.2 ^b	8.5 ^b	7.9 ^b	8.8 ^{bc}	Argentina ^a
Bahamas ^d	...	10.8	10.2	10.2	7.7	7.9	8.7	12.4	Bahamas ^d
Barbados ^d	9.3	11.0	9.6	9.1	8.7	7.4	8.1	10.0 ^e	Barbados ^d
Belice ^d	11.1	12.9	11.6	11.0	9.4	8.5	8.2	...	Belize ^d
Bolivia (Estado Plurinacional de) ^a	7.5	...	6.2	8.1	8.0	7.7	6.7	6.8	Bolivia (Plurinational State of) ^a
Brasil ^f	7.1	12.3 ^g	11.5 ^g	9.8 ^g	10.0 ^g	9.3 ^g	7.9 ^g	8.1 ^{gh}	Brazil ^f
Chile ^{ij}	9.7	9.5	10.0	9.2	7.8	7.1	7.8	9.8 ^h	Chile ^{ij}
Colombia ^{kl}	17.3	17.1	15.8	14.3	13.1	11.4	11.5	13.0 ^h	Colombia ^{kl}
Costa Rica ^m	5.2	6.7	6.7	6.9	6.0	4.8	4.8	7.6	Costa Rica ^m
Cuba ⁱ	5.4	2.3	1.9	1.9	1.9	1.8	1.6	...	Cuba ⁱ
Ecuador ^{km}	9.0	11.5	9.7	8.5	8.1	7.4 ⁿ	6.9 ⁿ	8.6 ^c	Ecuador ^{km}
El Salvador ^m	6.7	6.2	6.5	7.3	5.7	5.8 ⁿ	5.5 ⁿ	...	El Salvador ^m
Guatemala ^m	2.9	5.2	4.4	...	...	...	...	...	Guatemala ^m
Honduras ^m	...	7.6	8.0	6.5	4.9	4.0	4.1	4.9 ^o	Honduras ^m
Jamaica ^d	15.5	11.4 ^g	11.7 ^g	11.2 ^g	10.3 ^g	9.8 ^g	10.6 ^g	11.3 ^{gp}	Jamaica ^d
México ^q	3.4	4.6	5.3	4.7	4.6	4.8	4.9	6.8 ^h	Mexico ^q
Nicaragua ^m	7.8	10.2 ^b	9.3 ^b	7.0 ^b	7.0 ^b	6.9 ^b	8.0 ^b	...	Nicaragua ^m
Panamá ^{km}	15.3	15.9	14.1	12.1	10.4	7.8	6.5	7.9	Panama ^{km}
Paraguay ^m	10.0	11.2	10.0	7.6	8.9	7.2	7.4	...	Paraguay ^m
Perú ^r	7.8	9.4	9.4	9.6	8.5	8.4	8.4	8.3 ^h	Peru ^r
República Dominicana ^d	13.9	16.7	18.4	17.9	16.2	15.6	14.1	14.9 ^s	Dominican Republic ^d
Trinidad y Tabago ^d	12.2	10.5	8.4	8.0	6.2	5.6	4.6	5.1 ^t	Trinidad and Tobago ^d
Uruguay ^m	13.6	16.9	13.1	12.2	11.4	9.6	7.9	7.7 ^h	Uruguay ^m
Venezuela (República Bolivariana de) ^d	13.9	18.0	15.3	12.4	9.9	8.3	7.4	8.0 ^h	Venezuela (Bolivarian Republic of) ^d
América Latina y el Caribe ^u	10.4	11.0	10.3	9.1	8.6	7.9	7.4	8.3 ^v	Latin America and the Caribbean ^u

3.2 POOR AND INDIGENT POPULATION, URBAN AND RURAL AREAS

16.1 PERSONAS EN SITUACIÓN DE POBREZA E INDIGENCIA, EN ÁREAS URBANAS Y RURALES POOR AND INDIGENT POPULATION, URBAN AND RURAL AREAS

(Porcentaje del total de personas / Percentage of total population)

País	Años Years	Pobreza / Poverty ^a					Indigencia / Extreme poverty					Country
		Nacional National	Urbano / Urban			Rural Rural	Nacional National	Urbano / Urban			Rural Rural	
			Total	Área metropolitana Metropolitan area	Resto Rest			Total	Área metropolitana Metropolitan area	Resto Rest		
Argentina	1999 ^b	...	23.7	19.7	28.5	...	6.7	4.8	8.8	...	Argentina	
	2006 ^c	...	21.0	19.3	22.8	...	7.2	6.7	7.9	...		
Bolivia (Estado Plurinacional de)	1999	60.6	48.7	45.0	63.9	80.7	36.4	19.8	29.0	64.7	Bolivia (Plurinational State of)	
	2007	54.0	42.4	40.6	44.9	75.8	31.2	16.2	17.4	59.0		
Brasil	2001	37.5	34.1	...	...	55.2	13.2	10.4	...	28.0	Brazil
	2008	25.8	22.8	...	...	41.2	7.3	5.5	...	16.5	
Chile	2000	20.2	19.7	14.4	23.4	23.7	5.6	5.1	6.0	8.4	Chile	
	2006	13.7	13.9	10.4	16.0	12.3	3.2	3.2	3.7	3.5		
Colombia	1999	54.9	50.6	43.1	53.1	61.8	26.8	21.9	19.6	22.7	Colombia	
	2005 ^d	46.8	45.4 ^e	33.8	48.6	50.5	20.2	18.2 ^e	12.0	19.9		
Costa Rica	1999	20.3	18.1	17.5	18.7	22.3	7.8	5.4	4.3	6.5	Costa Rica	
	2008	16.4	15.6	13.9	22.3	17.5	5.5	4.3	3.7	6.4		
Ecuador	1999	...	63.5	...	...	...	...	31.3	...	...	Ecuador
	2008	42.7	39.0	...	...	50.2	18.0	14.2	...	25.6	
El Salvador	1999	49.8	38.7	29.8	48.7	65.1	21.9	13.0	7.7	19.0	El Salvador	
	2004	47.5	41.2	33.2	48.6	56.8	19.0	13.8	8.4	18.8		
Guatemala	1998	61.1	49.1	...	...	69.0	31.6	16.0	...	...	Guatemala
	2006	54.8	42.0	...	...	66.5	29.1	14.8	...	42.2	
Honduras	1999	79.7	71.7	64.4	78.8	86.3	56.8	42.9	33.7	51.9	Honduras	
	2007	68.9	56.9	47.8	64.0	78.8	45.6	26.2	18.0	32.5		
México	2000	41.1	32.3	...	...	54.7	15.2	6.6	...	...	Mexico
	2008	34.8	29.2	29.2	44.6	44.6	11.2	6.4	6.4	19.8		
Nicaragua	2001	69.3	63.8	50.8	72.1	77.0	42.4	33.4	24.5	39.1	Nicaragua	
	2005	61.9	54.4	48.7	58.1	71.5	31.9	20.8	16.4	23.7		
Panamá	2002	36.9	26.2	...	...	54.6	18.6	9.0	...	...	Panama
	2008	27.7	17.0	17.0	46.3	46.3	13.5	4.7	4.7	28.8		
Paraguay	2001	61.0	50.1	42.7	59.1	73.6	33.2	18.4	10.4	28.1	Paraguay	
	2008	58.2	52.5	48.8	58.2	66.1	30.8	22.1	18.9	27.2		
Perú ^f	2001	54.8	42.0	...	...	78.4	24.4	9.9	...	...	Perú ^f
	2008	36.2	23.5	...	...	59.8	12.6	3.4	...	29.7	
República Dominicana	2002	47.1	42.4	...	...	55.9	20.7	16.5	...	28.6	Dominican Republic
	2008	44.3	42.0	...	...	49.1	22.6	19.5	...	29.0	
Uruguay	1999	...	9.4	9.8	9.0	...	...	1.8	1.9	1.6	Uruguay
	2008	13.7	14.0	15.2	13.1	9.4	3.4	3.5	4.6	2.7		
Venezuela (República Bolivariana de) ^g	1999	49.4	...	...	...	...	21.7	...	...	...	Venezuela (Bolivarian Republic of) ^g
	2008	27.6	...	...	...	...	9.9	...	...	...
América Latina ^h	1999	43.9	37.2	...	...	63.7	18.7	12.1	...	38.2	Latin America ^h
	2008	33.0	27.6	...	...	52.2	12.9	8.3	...	29.5	

^a Incluye a las personas bajo la línea de indigencia o en situación de extrema pobreza.

^b Veintiocho aglomeraciones urbanas.

^c Treinta y una aglomeraciones urbanas.

^d A partir de 2001 el diseño muestral de la encuesta hace que las cifras para las zonas urbanas y rurales no sean estrictamente comparables con las de años anteriores.

^e Cabeceras municipales.

^f Cifras del Instituto Nacional de Estadística e Informática (INEI) del Perú. Estos valores no son comparables con los de años anteriores debido al cambio del marco muestral de la encuesta de hogares. De acuerdo con el INEI, las nuevas cifras presentan una sobrestimación relativa, respecto a la metodología anterior, de 25% en la pobreza y de 10% en la indigencia.

^g A partir de 1997 el diseño muestral de la encuesta no permite el desglose urbano-rural. Por lo tanto, las cifras corresponden al total nacional.

^h Estimación basada en 19 países: Argentina, Estado Plurinacional de Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Haití, Honduras, México, Nicaragua, Panamá, Paraguay, Perú, República Bolivariana de Venezuela, República Dominicana y Uruguay.

^a Includes those living below the poverty line or in extreme poverty.

^b Twenty-eight urban agglomerations.

^c Thirty-one urban agglomerations.

^d Since 2001, the figures are not strictly comparable with previous years in urban and rural areas because of the survey's sample design.

^e Municipal capitals.

^f Figures of the National Institute of Statistics and Informatics (INEI) of Peru. These values are not comparable with those for previous years because of changes in the structure of the household sample survey. According to INEI, the new figures show an overestimation of 25% for poverty and 10% for indigence with respect to the previous methodology.

^g Since 1997, the survey's sample design does not allow for the rural-urban breakdown. Thus, the data correspond to the national total.

^h Estimate based on 19 countries: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

3.3 LATIN AMERICAN AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT, AT CURRENT MARKET PRICES

AMÉRICA LATINA Y EL CARIBE: PRODUCTO INTERNO BRUTO POR HABITANTE, A PRECIOS CORRIENTES DE MERCADO
LATIN AMERICA AND THE CARIBBEAN: PER CAPITA GROSS DOMESTIC PRODUCT, AT CURRENT MARKET PRICES

(Millones de dólares / Millions of dollars)

País	2001	2002	2003	2004	2005	2006	2007	2008	Country
Antigua y Barbuda	8 813.2	8 918.8	9 297.6	9 943.9	10 319.3	11 892.7	13 434.5	13 831.2	<i>Antigua and Barbuda</i>
Argentina	7 211.7	2 710.6	3 409.8	3 990.8	4 728.0	5 474.8	6 638.3	8 224.3	<i>Argentina</i>
Bahamas	18 642.7	19 416.6	19 516.2	19 281.4	20 914.2	22 060.9	22 448.7	22 379.1	<i>Bahamas</i>
Barbados	10 176.1	9 864.9	10 694.0	11 135.0	11 879.6	12 562.6	13 536.7	13 886.5	<i>Barbados</i>
Belice	3 379.3	3 533.0	3 660.0	3 827.2	3 953.4	4 212.2	4 328.0	4 514.0	<i>Belize</i>
Bolivia (Estado Plurinacional de)	959.2	912.8	914.7	973.7	1 040.0	1 224.4	1 377.6	1 720.1	<i>Bolivia (Plurinational State of)</i>
Brasil	3 126.7	2 824.9	3 043.1	3 609.3	4 739.3	5 789.1	6 838.6	7 545.1	<i>Brazil</i>
Chile	4 413.7	4 280.7	4 638.6	5 932.7	7 257.3	8 913.8	9 850.9	10 084.4	<i>Chile</i>
Colombia	2 297.6	2 264.2	2 197.2	2 683.8	3 358.7	3 714.9	4 684.4	5 390.0	<i>Colombia</i>
Costa Rica	4 087.6	4 112.4	4 193.8	4 371.5	4 614.0	5 125.5	5 892.1	6 567.1	<i>Costa Rica</i>
Cuba	2 853.2	3 017.7	3 218.7	3 418.9	3 811.2	4 710.0	5 231.5	5 428.2	<i>Cuba</i>
Dominica	3 913.9	3 747.8	3 866.3	4 194.3	4 466.5	4 711.3	5 139.8	5 588.4	<i>Dominica</i>
Ecuador	1 704.6	1 973.0	2 242.8	2 527.7	2 847.4	3 162.9	3 431.2	4 055.3	<i>Ecuador</i>
El Salvador	2 312.9	2 386.4	2 501.9	2 618.2	2 818.3	3 067.0	3 335.9	3 605.8	<i>El Salvador</i>
Granada	4 181.5	4 286.7	4 708.1	4 601.3	5 377.3	5 480.0	5 925.4	6 523.9	<i>Granada</i>
Guatemala	1 625.5	1 761.6	1 812.7	1 933.2	2 141.1	2 320.5	2 548.2	2 847.3	<i>Guatemala</i>
Guyana	940.8	956.7	976.4	1 032.5	1 079.7	1 197.1	1 407.3	1 519.3	<i>Guyana</i>
Haití	402.2	362.7	313.9	400.2	446.9	525.1	648.1	738.9	<i>Haiti</i>
Honduras	1 202.3	1 210.0	1 242.5	1 312.1	1 414.5	1 551.2	1 729.2	1 954.8	<i>Honduras</i>
Jamaica	3 516.6	3 707.6	3 572.4	3 824.7	4 184.7	4 456.7	4 804.7	5 180.2	<i>Jamaica</i>
México	6 800.3	7 006.9	6 821.0	7 302.0	8 058.8	8 939.7	9 528.6	10 004.9	<i>Mexico</i>
Nicaragua	796.7	767.2	771.6	829.1	893.1	957.7	1 016.0	1 121.6	<i>Nicaragua</i>
Panamá	3 928.0	4 008.0	4 146.6	4 465.9	4 786.4	5 213.6	5 920.9	6 820.8	<i>Panama</i>
Paraguay	1 180.5	913.9	977.1	1 199.7	1 265.8	1 542.0	1 995.2	2 704.9	<i>Paraguay</i>
Perú	2 045.2	2 122.0	2 262.2	2 536.3	2 852.3	3 276.5	3 764.7	4 471.3	<i>Peru</i>
República Dominicana	2 818.8	2 821.1	2 235.4	2 370.9	3 631.3	3 805.4	4 314.9	4 723.3	<i>Dominican Republic</i>
Saint Kitts y Nevis	7 287.9	7 467.4	7 547.7	8 154.8	8 955.2	9 742.7	10 264.7	11 179.2	<i>Saint Kitts and Nevis</i>
San Vicente y las Granadinas	3 235.7	3 426.4	3 582.9	3 859.0	4 087.8	4 567.9	5 084.7	5 336.9	<i>Saint Vincent and the Grenadines</i>
Santa Lucía	4 318.6	4 371.9	4 556.9	4 873.4	5 200.3	5 574.5	5 667.7	5 800.4	<i>Saint Lucia</i>
Suriname	1 402.2	1 984.5	2 303.5	2 254.3	2 752.0	3 194.4	3 403.1	4 083.1	<i>Suriname</i>
Trinidad y Tabago	6 788.3	6 902.9	8 636.7	10 106.8	12 126.2	13 884.4	15 740.9	19 496.1	<i>Trinidad and Tobago</i>
Uruguay	5 788.9	3 829.0	3 492.4	4 125.7	5 183.5	6 011.0	7 261.6	9 607.8	<i>Uruguay</i>
Venezuela (República Bolivariana de)	4 942.9	3 667.0	3 238.2	4 282.2	5 445.0	6 786.1	8 247.0	11 158.9	<i>Venezuela (Bolivarian Republic of)</i>
América Latina y el Caribe	3 944.6	3 495.2	3 580.2	4 078.6	4 886.3	5 686.8	6 503.2	7 272.3	<i>Latin America and the Caribbean</i>
América Latina	3 933.7	3 476.4	3 557.9	4 057.3	4 866.0	5 668.5	6 487.0	7 253.3	<i>Latin America</i>
El Caribe	4 808.6	4 990.6	5 370.3	5 804.3	6 539.3	7 185.7	7 837.7	8 842.3	<i>The Caribbean</i>

3.4 SERVICE AVAILABLE IN DWELLINGS, URBAN AND RURAL AREAS

1.5.1 DISPONIBILIDAD DE SERVICIOS EN LAS VIVIENDAS, EN ÁREAS URBANAS Y RURALES^a SERVICES AVAILABLE IN DWELLINGS, URBAN AND RURAL AREAS^a

(Porcentajes del total de hogares urbanos / As a percentage of the total of urban households)

País	Área geográfica	Agua por tubería <i>Piped water</i>		Alumbrado eléctrico <i>Electricity</i>		Sistema de eliminación de excretas <i>Sewerage system</i>		Geographical area	Country
		2000	2008	2000	2008	2000	2008		
Argentina	Urbana	98.5 ^b	98.5 ^c	99.5 ^b	---	59.8 ^b	62.0 ^c	Urban	Argentina
Bolivia (Estado Plurinacional de)	Nacional	70.2	75.5	70.0	80.2	34.5	37.7	National	Bolivia (Plurinational State of)
	Urbana	90.0	94.8	95.8	98.2	53.1	55.8	Urban	
	Rural	35.6	39.4	24.9	46.6	2.1	4.1	Rural	
Brazil	Nacional	80.9	83.7	95.8	98.3	45.3	52.3	National	Brazil
	Urbana	91.3	92.9	99.0	99.6	52.6	60.6	Urban	
	Rural	21.3	31.3	77.3	91.4	3.2	5.9	Rural	
Chile	Nacional	90.6	92.9	97.5	99.0	79.5	82.5	National	Chile
	Urbana	98.8	99.0	99.7	99.7	91.1	93.3	Urban	
	Rural	37.2	53.0	83.1	94.3	4.1	10.9	Rural	
Colombia	Nacional	85.9	87.4	95.3	96.4	73.6	74.5	National	Colombia
	Urbana	98.1	97.5 ^d	99.5	99.6 ^d	94.0	92.7 ^d	Urban	
	Rural	64.0	55.4	87.8	86.6	37.3	17.0	Rural	
Costa Rica	Nacional	97.0	99.8	97.6	99.3	30.9	25.6	National	Costa Rica
	Urbana	99.2	99.9	99.5	100.0	45.6	39.9	Urban	
	Rural	93.7	99.7	94.7	98.2	9.3	4.3	Rural	
Ecuador	Nacional	---	73.7	---	96.8	---	55.2	National	Ecuador
	Urbana	88.4	92.5	99.5	99.6	67.5	73.8	Urban	
	Rural	---	33.0	---	90.7	---	14.7	Rural	
El Salvador	Nacional	57.3	68.3	80.1	83.2	37.3	40.1	National	El Salvador
	Urbana	73.9	80.9	92.6	91.4	59.0	59.6	Urban	
	Rural	29.6	43.9	59.1	67.1	0.9	2.2	Rural	
Guatemala	Nacional	70.8	76.3	73.1	81.8	38.2	40.3	National	Guatemala
	Urbana	89.0	90.0	93.7	93.7	76.4	68.4	Urban	
	Rural	56.8	60.6	57.3	68.0	8.9	7.6	Rural	
Honduras	Nacional	79.8	82.5	63.5	73.9	30.7	33.0	National	Honduras
	Urbana	91.5	93.6	93.4	97.9	59.0	62.9	Urban	
	Rural	68.8	71.8	35.2	50.7	4.0	4.1	Rural	
México	Nacional	87.4	90.4	97.8	98.0	65.0	73.8	National	Mexico
	Urbana	95.5	96.7	99.7	99.4	85.4	89.6	Urban	
	Rural	73.1	77.6	95.0	95.1	29.1	42.8	Rural	
Nicaragua	Nacional	61.5	64.6	72.4	73.9	62.9	26.4	National	Nicaragua
	Urbana	83.5	89.5	91.9	95.5	59.0	21.1	Urban	
	Rural	26.4	29.7	41.2	43.7	70.2	33.9	Rural	
Paraguay	Nacional	52.4	60.3	91.0	96.7	10.1	8.6	National	Paraguay
	Urbana	61.4	68.2	97.9	99.0	17.7	14.2	Urban	
	Rural	13.5	48.8	82.0	93.3	0.2	0.5	Rural	
Perú	Nacional	65.5	66.8	73.1	81.6	51.8	55.8	National	Peru
	Urbana	80.5	84.8	95.2	97.2	76.2	80.1	Urban	
	Rural	36.3	31.7	30.0	51.2	4.0	8.1	Rural	
República Dominicana	Nacional	73.4	75.9	---	---	24.2	24.2	National	Dominican Republic
	Urbana	86.4	86.8	---	---	35.0	33.8	Urban	
	Rural	49.3	53.1	---	---	4.1	4.0	Rural	
Uruguay	Nacional	---	91.2	---	98.3	---	56.7	National	Uruguay
	Urbana	98.2	97.1	99.4	99.5	61.3	60.9	Urban	
	Rural	---	11.6	---	82.6	---	0.9	Rural	
Venezuela (República Bolivariana de)	Nacional	92.4	93.7	98.8	99.5	88.2	75.5	National	Venezuela (Bolivarian Republic of)

^a Los datos se refieren al año más cercano al que encabeza la columna.

^b Veintinueve aglomeraciones urbanas.
^c Treinta y una aglomeraciones urbanas.
^d Cabeceras municipales.

^a The data refer to the year closest to the one heading the column.

^b Twenty-nine urban agglomerations.
^c Thirty-one urban agglomerations.
^d Municipal capitals.

3.5 ILLITERACY IN THE POPULATION AGED 15 YEARS AND OVER, BY SEX

13.1 POBLACIÓN ANALFABETA DE 15 Y MÁS AÑOS DE EDAD, POR SEXO ILLITERACY IN THE POPULATION AGED 15 YEARS AND OVER, BY SEX

(Porcentaje de la población de 15 y más años de edad / Percentage of the population aged 15 years and over)

País	Ambos sexos / Both sexes			Hombres / Men			Mujeres / Women			Country
	2005	2010	2015	2005	2010	2015	2005	2010	2015	
Antillas Neerlandesas	3.1	2.8	2.5	3.1	2.9	2.6	3.0	2.7	2.4	Netherlands Antilles
Argentina	2.8	2.4	2.1	2.8	2.5	2.3	2.7	2.4	2.0	Argentina
Bahamas	4.2	3.8	3.4	5.0	4.7	4.3	3.3	3.0	2.6	Bahamas
Barbados	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	Barbados
Belice	5.3	4.0	3.2	5.4	4.3	3.6	5.2	3.7	2.9	Belize
Bolivia (Estado Plurinacional de)	11.7	9.4	7.3	6.2	4.8	3.6	17.0	13.8	10.9	Bolivia (Plurinational State of)
Brasil	11.1	9.6	8.2	11.3	10.0	8.8	11.0	9.3	7.6	Brazil
Chile	3.5	2.9	2.3	3.4	2.8	2.3	3.6	2.9	2.4	Chile
Colombia	7.1	5.9	4.9	7.2	6.1	5.2	6.9	5.7	4.6	Colombia
Costa Rica	3.8	3.2	2.6	3.9	3.3	2.8	3.7	3.0	2.5	Costa Rica
Cuba	2.7	2.1	1.6	2.6	1.9	1.5	2.8	2.2	1.7	Cuba
Ecuador	7.0	5.8	4.8	5.6	4.7	3.8	8.3	6.9	5.7	Ecuador
El Salvador	18.9	16.6	14.6	16.4	14.4	12.8	21.2	18.6	16.3	El Salvador
Guatemala	28.2	25.2	22.5	20.9	18.3	15.9	35.4	32.1	29.1	Guatemala
Guyana	1.0	0.7	0.6	0.8	0.6	0.5	1.3	0.9	0.6	Guyana
Haití	45.2	41.1	37.2	43.5	39.8	36.3	46.8	42.3	38.1	Haiti
Honduras	22.0	19.4	17.1	22.4	20.0	17.9	21.7	18.8	16.2	Honduras
Jamaica	11.3	9.8	8.4	15.0	13.3	11.8	7.7	6.3	5.1	Jamaica
México	7.4	6.2	5.2	5.7	4.8	4.0	9.1	7.6	6.3	Mexico
Nicaragua	31.9	30.3	28.8	32.2	30.7	29.2	31.6	29.9	28.3	Nicaragua
Panamá	7.0	6.0	5.1	6.4	5.4	4.5	7.6	6.6	5.7	Panama
Paraguay	5.6	4.7	4.0	4.8	4.1	3.6	6.4	5.3	4.3	Paraguay
Perú	8.4	7.0	5.7	4.4	3.5	2.9	12.3	10.3	8.4	Peru
Puerto Rico	5.4	4.6	4.0	5.7	5.0	4.4	5.1	4.3	3.6	Puerto Rico
República Dominicana	14.5	12.9	11.6	14.7	13.2	12.0	14.4	12.6	11.2	Dominican Republic
Trinidad y Tabago	1.2	0.9	0.7	0.8	0.6	0.5	1.7	1.2	0.9	Trinidad and Tobago
Uruguay	2.0	1.7	1.4	2.5	2.1	1.8	1.6	1.3	1.1	Uruguay
Venezuela (República Bolivariana de)	6.0	4.8	3.9	5.8	4.8	4.0	6.2	4.9	3.8	Venezuela (Bolivarian Republic of)
América Latina y el Caribe ^a	9.5	8.3	7.1	8.8	7.7	6.8	10.3	8.8	7.5	Latin America and the Caribbean ^a

^a Incluye 41 países. Véase notas técnicas.

^a Includes 41 countries. See technical notes.

3.6 SCHOOL ATTENDANCE IN URBAN AREAS, BY PER CAPITA HOUSEHOLD INCOME QUINTILE

1.3.6 ASISTENCIA ESCOLAR EN ÁREAS URBANAS, POR QUINTILES DE INGRESO PER CÁPITA DEL HOGAR, SEGÚN SEXO Y GRUPOS DE EDAD, 2008 ^a
SCHOOL ATTENDANCE IN URBAN AREAS, BY PER CAPITA HOUSEHOLD INCOME QUINTILE, BY SEX AND AGE GROUP, 2008 ^a

(Porcentaje de la población de la misma edad / Percentage of the population of the same age)

País	Sexo	Quintil 1 / Quintile 1			Quintil 3 / Quintile 3			Quintil 5 / Quintile 5			Sex	Country
		Grupos de edad / Age groups										
		7-12	13-19	20-24	7-12	13-19	20-24	7-12	13-19	20-24		
Argentina ^b	Ambos sexos	99.1	73.6	24.0	99.6	81.5	41.5	99.6	89.3	62.2	Both sexes	Argentina ^b
	Hombres	99.0	73.4	20.6	99.5	82.0	37.1	99.8	87.7	56.0	Men	
	Mujeres	99.2	73.8	26.7	99.6	81.1	45.6	99.4	91.0	68.7	Women	
Bolivia (Estado Plurinacional de)	Ambos sexos	99.0	85.6	43.3	99.5	83.2	42.2	100.0	83.9	54.3	Both sexes	Bolivia (Plurinational State of)
	Hombres	99.2	87.5	45.3	100.0	79.6	43.7	100.0	88.0	55.9	Men	
	Mujeres	98.9	83.6	41.2	98.8	86.2	40.8	100.0	80.7	52.4	Women	
Brasil	Ambos sexos	98.0	76.3	15.6	99.3	75.5	21.9	99.4	87.8	52.5	Both sexes	Brazil
	Hombres	97.7	77.6	15.1	99.2	72.7	18.9	99.5	87.1	50.0	Men	
	Mujeres	98.3	75.0	16.0	99.4	78.4	25.2	99.4	88.4	55.1	Women	
Chile	Ambos sexos	98.9	81.6	19.1	99.4	81.2	33.3	99.9	89.0	64.1	Both sexes	Chile
	Hombres	98.7	82.5	20.3	99.1	81.3	32.8	99.8	89.3	65.9	Men	
	Mujeres	99.0	80.8	18.1	99.6	81.1	33.9	100.0	88.8	62.2	Women	
Colombia ^c	Ambos sexos	95.8	70.1	11.6	98.2	70.4	19.6	99.6	89.2	56.6	Both sexes	Colombia ^c
	Hombres	95.2	70.7	13.5	98.0	69.7	19.0	99.6	88.7	58.7	Men	
	Mujeres	96.5	69.5	10.1	98.5	71.2	20.2	99.7	89.6	54.4	Women	
Costa Rica	Ambos sexos	99.0	78.7	25.9	99.8	81.4	43.8	98.3	93.3	67.8	Both sexes	Costa Rica
	Hombres	99.1	78.8	21.6	99.6	78.6	37.8	100.0	90.2	70.4	Men	
	Mujeres	98.9	78.6	29.9	100.0	84.4	51.4	96.2	96.6	65.3	Women	
Ecuador	Ambos sexos	96.8	77.4	25.0	97.6	76.9	35.7	98.9	90.2	55.5	Both sexes	Ecuador
	Hombres	97.3	77.0	26.5	98.1	71.6	33.2	98.8	88.1	58.2	Men	
	Mujeres	96.3	77.7	23.8	97.1	82.7	38.2	99.0	92.4	52.6	Women	
El Salvador	Ambos sexos	91.6	67.5	14.5	96.6	79.3	22.8	99.0	90.2	43.6	Both sexes	El Salvador
	Hombres	91.1	72.7	19.7	96.5	79.5	21.6	98.4	90.8	43.7	Men	
	Mujeres	92.1	62.6	10.3	96.8	79.0	23.9	99.5	89.6	43.6	Women	
Guatemala	Ambos sexos	86.4	55.1	7.4	94.3	67.1	18.6	98.3	87.3	49.2	Both sexes	Guatemala
	Hombres	86.7	63.0	10.0	94.2	68.0	14.2	97.2	87.0	53.0	Men	
	Mujeres	86.2	47.7	5.5	94.5	66.0	22.3	99.6	87.5	46.4	Women	
Honduras	Ambos sexos	86.6	62.8	17.2	93.1	66.8	25.1	95.6	81.6	50.8	Both sexes	Honduras
	Hombres	86.4	59.6	15.4	93.4	64.1	22.3	96.6	84.4	49.1	Men	
	Mujeres	86.9	65.9	18.4	92.7	69.3	27.4	94.6	79.1	52.4	Women	
México	Ambos sexos	97.9	65.9	16.9	99.3	69.9	26.6	99.2	88.0	52.9	Both sexes	Mexico
	Hombres	97.5	65.7	21.2	99.4	67.4	25.7	98.4	90.1	56.6	Men	
	Mujeres	98.4	66.0	13.6	99.3	72.7	27.4	100.0	85.4	48.3	Women	
Nicaragua	Ambos sexos	89.5	60.7	13.7	93.2	66.3	21.9	99.6	82.0	41.3	Both sexes	Nicaragua
	Hombres	87.6	59.9	10.1	90.0	64.9	18.5	99.9	82.9	36.0	Men	
	Mujeres	91.5	61.5	17.4	96.4	67.6	25.5	99.4	81.1	46.5	Women	
Panamá	Ambos sexos	99.6	78.8	22.6	99.7	79.3	34.0	100.0	87.9	48.8	Both sexes	Panama
	Hombres	99.5	73.6	19.1	99.4	73.8	27.0	100.0	86.6	46.9	Men	
	Mujeres	99.7	83.3	25.4	100.0	84.8	40.4	100.0	89.4	51.5	Women	
Paraguay	Ambos sexos	96.4	76.0	24.5	98.6	76.5	32.6	100.0	83.9	55.3	Both sexes	Paraguay
	Hombres	94.9	76.3	24.0	97.4	73.5	27.9	100.0	87.0	48.2	Men	
	Mujeres	97.9	75.7	25.0	99.7	80.2	36.9	100.0	80.7	60.7	Women	
Perú	Ambos sexos	77.0	58.8	15.6	77.8	59.5	28.8	79.4	64.5	44.7	Both sexes	Peru
	Hombres	77.1	58.7	16.2	73.6	57.9	29.8	78.8	63.0	44.5	Men	
	Mujeres	76.9	58.9	15.1	82.2	61.2	27.8	80.2	65.9	44.8	Women	
República Dominicana	Ambos sexos	97.0	85.6	35.7	97.6	81.9	40.3	99.3	80.2	53.8	Both sexes	Dominican Republic
	Hombres	97.3	86.5	39.2	98.5	79.3	35.4	99.0	73.6	47.2	Men	
	Mujeres	96.6	84.7	33.3	96.8	84.8	44.8	99.5	86.7	59.9	Women	
Uruguay	Ambos sexos	98.9	65.6	11.2	98.9	78.5	38.2	98.7	93.8	72.3	Both sexes	Uruguay
	Hombres	98.6	63.4	8.2	98.6	72.6	29.4	98.4	92.8	67.9	Men	
	Mujeres	99.2	67.8	13.6	99.3	85.1	47.5	99.1	94.8	76.8	Women	
Venezuela (República Bolivariana de) ^d	Ambos sexos	97.1	76.4	15.6	98.3	76.7	20.0	99.0	83.2	22.3	Both sexes	Venezuela (Bolivarian Republic of) ^d
	Hombres	97.0	75.0	12.2	98.2	72.6	17.7	98.7	81.2	20.9	Men	
	Mujeres	97.3	77.7	18.3	98.4	81.0	22.4	99.3	85.5	24.0	Women	

^a Los datos se refieren al año más cercano al 2008.

^b Treinta y una aglomeraciones urbanas.

^c Cabeceras municipales.

^d Nacional.

^a Data refers to years nearest to 2008.

^b Thirty-one urban agglomerations.

^c Municipal capitals.

^d National.

4. QUESTIONARIES PERFORMANCE MANAGEMENT IN LATIN AMERICAN NONPROFIT ORGANIZATION

4.1 PERFORMANCE EVALUATION PRACTICES IN LATIN AMERICAN NONPROFIT ORGANIZATIONS

Cordial saludo,

Tuve la oportunidad de trabajar con la Corporación Antioquia Presente, en Colombia, como responsable de estructurar y asesorar las iniciativas productivas de una comunidad vulnerable, ideando, liderando e implementando un novedoso esquema de Padrinos de Proyectos en el cual participaron 87 estudiantes de la Escuela de Ingeniería de Antioquia y logrando el establecimiento de 94 unidades productivas.

Actualmente, estudio una maestría en M.Sc, Management, Economics and Industrial Engineering del Politecnico Di Milano - Italia, como proyecto de tesis, trabajo en un sistema de información para ONG's basado en performance management system.

Para lo cual me gustaría contar con la ayuda de su organización diligenciando la encuesta que encontrará en el link: <http://polldaddy.com/s/58BA99AC7F45A541> antes del **25/05/2010**, si el sistema no permite abrir el link, por favor copiar la dirección en la barra de direcciones de internet explorer.

Los resultados de la investigación serán disponibles a finales del mes de julio y serán compartidos con usted y demás organizaciones participantes. Es importante resaltar que la encuesta es anónima.

Agradeceré su colaboración,

César Augusto Acevedo Granados

Estudiante M.Sc. Management, Economics and Industrial Engineering
Politecnico di Milano
Italia

INFORMACIÓN GENERAL

Q.1

Segun la clasificación internacional, su organización trabaja en las áreas de *

- Cultura, Arte y Recreación
- Educación e Investigación
- Salud y Saneamiento Básico
- Servicios Sociales
- Medio Ambiente
- Desarrollo Economico y Vivienda
- Asesoría Legal y Política
- Voluntariado y Filantropía
- Internacional
- Religión
- Asociaciones empresariales, profesionales - sindicatos
- TIC's para el desarrollo

Q.2

Fuentes de financiamiento de sus actividades

	20%	40%	60%	80%	100%
Donaciones empresariales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Donaciones de entes internacionales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Donaciones de personas naturales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entidades públicas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Por prestación de servicios	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q.3

Presupuesto anual de su organización

- menor a U\$200.000
- Entre U\$200.000 y U\$400.000
- Entre U\$400.000 y \$600.000
- Superior a U\$600.000

GESTION DEL DESEMPEÑO

Q.4

Objetivo de las evaluaciones que realiza a los programas y proyectos presentes en su organización *

- Evaluar la efectividad de los programas
- Evaluar el nivel de satisfacción de los beneficiarios
- Obtener feedback de cómo mejorar los programas
- Planeación estratégica
- Obtener información financiera
- Demostrar calidad del servicio
- Generar confianza entre los stakeholders
- Para obtener más fondo

Q.5

A Quién le presenta informes acerca de los proyectos y programas que realiza su organización

	Mensual	Trimestral	Semestral	Anual	Al final de cada programa/proyecto
Entidades regulatorias	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entes de financiamiento	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comunidad intervenida	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entidades de voluntariado	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uso interno	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q.6

Considera que sus procesos de evaluación de los proyectos son

Útiles

Credibles

- Satisfactorios

Q.7

Quienes participan en las evaluaciones

- Beneficiarios
- Entes de financiamiento
- Staff del programa o del proyecto
- Mesa directiva de la organización

Q.8

Posee algún marco de referencia para realizar las evaluaciones a los programas y proyectos

- Balanced scorecard
- Strategy map
- Global Reporting Initiative
- Prisma
- Ad hoc - desarrollado internamente por la organización
- Ad hoc - desarrollado por el ente regulador

- Ninguno

Q.9

Cuáles considera los factores críticos de éxito de su organización

- Identificación, priorización de los problemas de la comunidad vulnerable
- Gestión financiera de los recursos
- Gestión de los programas y proyectos
- Obtención de recursos
- Competencias del staff de la organización

Q.10

Utiliza algún sistema de información para

- Contabilidad
- Gestión de programas y proyectos
- Gestión de voluntariado

Evaluación

Ninguno

Finish Survey

List of nonprofit organization which the survey was sent

NONPROFIT ORGANIZATION	COUNTRY
América Emprende	Argentina
Asociación Civil Avanzar por el Desarrollo Humano	Argentina
Asociación Civil DE LA NADA	Argentina
Asociación Civil Estación Esperanza	Argentina
Asociación Civil Nuestro Hogar	Argentina
Asociación en Defensa de la Comunidad (ADeCom)	Argentina
Cáritas Vicaria Centro	Argentina
CEMUPRO - Centro de Estudios Municipales y Provinciales - Buenos Aires	Argentina
Centro Comunitario Padre Reinaldo Conforti	Argentina
centro de servicios para el Desarrollo Local	Argentina
Desarrollo Joven Asociación Civil	Argentina
Ejercicio Ciudadano	Argentina
Familia Sur	Argentina
Fundación Biosfera	Argentina
Fundación CIPPEC	Argentina
Fundación Cruzada Patagónica	Argentina
Fundacion El Desafio	Argentina

Fundación GEO	Argentina
Fundación Imara de Asistencia Humanitaria y Gestión de Riesgo	Argentina
Fundación Impulso Hacia Un Desarrollo Solidario	Argentina
Fundación Inclusión Social Sustentable de Córdoba	Argentina
Fundación Manos Que Ayudan	Argentina
Fundación Mundar	Argentina
Fundación Pachacamac	Argentina
Fundación para el Desarrollo Humano y Productivo (FUNDEHP)	Argentina
Fundacion para el Desarrollo Regional	Argentina
Fundación para el Desarrollo Sustentable de Argentina	Argentina
Fundación Pro Patagonia - ARGENTINA	Argentina
Fundacion Pro Vivienda Social	Argentina
Fundación PROEM - Proyecto Emprender -	Argentina
Fundación Red Comunidades Rurales	Argentina
Fundación Silataj	Argentina
Ingenieros por el Desarrollo	Argentina
la Asociación Civil Sistempro	Argentina
Los Pioneros	Argentina
Microcréditos del Socorro	Argentina
Movimiento Solidario Independiente	Argentina
Nuestras Huellas, Asociación Civil	Argentina

Plan Techos	Argentina
Programa Crece	Argentina
Proutista Universal	Argentina
PyP-Agencia Solidaria de Desarrollo Sustentable	Argentina
Rotaract Parque Chacabuco	Argentina
Un Techo para mi País Argentina	Argentina
Va de Vuelta	Argentina
Voluntarios Sin Fronteras	Argentina
Centro Educativo y Desarrollo Integral del Altiplano (CEDIA)	Bolivia
Centro Integral de Desarrollo "CID"	Bolivia
CEPAD-Centro para la Participacion y el Desarrollo Humano Sostenible	Bolivia
CREAB	Bolivia
Cruz Roja Boliviana	Bolivia
DHAFAM	Bolivia
FODUR (Fomento al Desarrollo Urbano y Rural)	Bolivia
FONCRESOL de Bolivia	Bolivia
Fundación Andina	Bolivia
Fundación Manos Solidarias	Bolivia
FUNDAMAZ	Bolivia
PRODESA - Bolivia	Bolivia
Programa SAMU	Bolivia

A.P.E.V.E. Ayuda a pueblos en vía de extinción	Chile
CIDERE BIOBIO	Chile
Comité Unión y Esfuerzo	Chile
Corporación para el Desarrollo Sostenible del Sur	Chile
Cruz Roja Chilena	Chile
Fundación IMPULSA	Chile
Movimiento Humanista Latinoamericano	Chile
Programa de Economía del Trabajo (PET)	Chile
PuelcheSur ONG de desarrollo	Chile
Red Economía Solidaria Chile	Chile
COMITÉ REGIONAL DE REHABILITACIÓN ANTIOQUIA	Colombia
ALBERGUE INFANTIL ANTIOQUEÑO	Colombia
ASOCIACIÓN NACIONAL DE TRASPLANTADOS	Colombia
ASOCIACIÓN AMIGOS DE LOS LIMITADOS FISICOS.	Colombia
Asociación de Fundaciones Petroleras	Colombia
ASOCIACIÓN DE LIMITADOS FISICOS Y/O MENTALES DE ENVIGADO - ALFIME	Colombia
ASOCIACIÓN HÁBITAT PARA LA HUMANIDAD - COLOMBIA	Colombia
ASPERLA:ASOCIACIÓN DE PEDAGOGOS REEDUCADORES DE LA UNIVERSIDAD LUIS AMIGÓ	Colombia
CASA MAMA MARGARITA	Colombia
CEBOGA:CENTRO ECLESIAL DE BASE ORLANDO GONZÁLEZ ARDILA	Colombia
CEDECIS:CORPORACIÓN PARA EL DESARROLLO COMUNITARIO Y LA INTEGRACIÓN SOCIAL	Colombia

CENTROS DE FORMACION FAMILIAR.	Colombia
CINDE	Colombia
CINDE -CENTRO INTERNACIONAL DE EDUCACIÓN Y DESARROLLO	Colombia
CINSET	Colombia
CIUDAD DON BOSCO	Colombia
CLÍNICA SAN JUAN DE DIOS	Colombia
Coliderar	Colombia
COMFAMA: CAJA DE COMPENSACIÓN FAMILIAR DE ANTIOQUIA	Colombia
COMITÉ PRIVADO DE ASISTENCIA A LA NIÑEZ, PAN	Colombia
CONCIUDADANIA:CORPORACIÓN PARA LA PARTICIPACIÓN CIUDADANA	Colombia
Consornoc	Colombia
COOPROSPERAR CTA	Colombia
CORCIEDA:CORPORACION CIVICA Y EDUCATIVA DE ANTIOQUIA	Colombia
CORPINDES, CENTRO PERSONA Y FAMILIA	Colombia
CorpoInnova	Colombia
CorpoInnova	Colombia
CORPOLATIN:CORPORACIÓN LÍNEA DE ATENCIÓN INFANTIL Y JUVENIL 106	Colombia
CORPORACIÓN DE DESARROLLO, EDUCACIÓN Y VIVIENDA CODEVI	Colombia
CORPORACIÓN FUTURO PARA LA NIÑEZ	Colombia
CORPORACIÓN MICROEMPRESAS DE ANTIOQUIA	Colombia
CORPORACIÓN MINUTO DE DIOS	Colombia

CORPORACIÓN PROMARGINADOS	Colombia
CORPORACIÓN REGIÓN PARA EL DESARROLLO Y LA DEMOCRACIA	Colombia
Corporación Actuar por Bolívar	Colombia
CORPORACIÓN ANTIOQUIA PRESENTE	Colombia
CORPORACIÓN CADENA DE AMOR AL NIÑO	Colombia
Corporación Calidad	Colombia
CORPORACIÓN CALOR DE HOGAR	Colombia
Corporación Consorcio para el Desarrollo Comunitario	Colombia
CORPORACIÓN CRESER	Colombia
CORPORACIÓN DE AMOR AL NIÑO. CARIÑO	Colombia
CORPORACIÓN EDUCATIVA- CLEBA	Colombia
CORPORACIÓN EDUCATIVA COMBOS	Colombia
CORPORACIÓN EMPRESARIAL ARCA	Colombia
CORPORACIÓN GRANITO DE ARENA	Colombia
CORPORACIÓN HOGAR	Colombia
CORPORACIÓN HOGAR SOCIAL EL AMPARO	Colombia
CORPORACION INNOVA PROJECT	Colombia
CORPORACIÓN MAKAI A ASESORIA INTERNACIONAL	Colombia
CORPORACIÓN MUNDIAL DE LA MUJER	Colombia
Corporación para el Desarrollo de las Microempresas	Colombia
CORPORACIÓN PARA LA EDUCACIÓN Y LA SALUD PÚBLICA HECTOR ABAD GOMEZ	Colombia

CORPORACIÓN PARA LA VIDA MUJERES QUE CREAN	Colombia
CORPORACIÓN PRESENCIA COLOMBO SUIZA	Colombia
CORPORACIÓN PROMOTORA DE COMERCIO SOCIAL, PROCOMERCIAL	Colombia
CORPORACIÓN PUEBLO DE LOS NIÑOS	Colombia
Corporación Región	Colombia
Corporación SENSE	Colombia
CORPORACIÓN SERVIRED:	Colombia
Corporación Somos Más	Colombia
CORPORACIÓN SUPERARSE	Colombia
CORPORACIÓN SURGIR: CORP. COLOMBIANA PARA LA PREVENCIÓN DEL ALCOHOLISMO Y LA FARMACODEPENDENCIA	Colombia
CORPORACIÓN UN SER FELIZ	Colombia
CORPORACIÓN VAMOS MUJER	Colombia
CORPORACIÓN VIVA LA CIUDADANIA.	Colombia
CORPRODEC:CORPORACIÓN PARA LA PROYECCIÓN Y DLLO COMUNITARIO	Colombia
EL HOGAR QUE SOÑÉ	Colombia
ESCUELA NACIONAL SINDICAL	Colombia
FASOR:FUND. DE APOYO SOLIDARIO DE EL RETIRO	Colombia
FUNCARBON	Colombia
FUNDACIÓN ALFABETIZADORA LAUBACH	Colombia
FUNDACIÓN BIENESTAR HUMANO	Colombia
FUNDACIÓN CARLA CRISTINA	Colombia

FUNDACIÓN DAME LA MANO	Colombia
FUNDACIÓN FRATERNIDAD MEDELLÍN	Colombia
FUNDACIÓN INTEGRAR	Colombia
FUNDACIÓN SANTA MARÍA	Colombia
Fundación ACAYMAS	Colombia
Fundación Alberto Merani	Colombia
Fundación Amanecer	Colombia
FUNDACIÓN APOSTOLADO LA AGUJA	Colombia
FUNDACIÓN APOYA AL DEPORTISTA ANTIOQUEÑO - ADA	Colombia
Fundación Argos	Colombia
Fundacion Arkangel	Colombia
FUNDACIÓN AURELIO LLANO POSADA	Colombia
Fundación Avina	Colombia
Fundación Bambú	Colombia
FUNDACIÓN BARRIOS DE JESÚS	Colombia
FUNDACIÓN BERTA MARTINEZ DE JARAMILLO	Colombia
FUNDACIÓN BIBLIOTECA DIEGO ECHAVARRÍA MISAS	Colombia
Fundación Caicedo Gonzalez	Colombia
Fundación Caicedo Gonzalez	Colombia
Fundación Caicedo Gonzalez	Colombia
FUNDACIÓN CANGURO: PROGRAMA MADRE CANGURO INTEGRAL	Colombia

Fundación Carboandes	Colombia
Fundación Carvajal	Colombia
FUNDACIÓN CASA DE LA CHINCA.	Colombia
Fundación CIPAV, Centro para la Investigación de Sistemas Sostenibles de Producción Agropecuaria	Colombia
FUNDACIÓN CODESARROLLO	Colombia
Fundación Codesarrollo	Colombia
Fundación Colombia Emprende	Colombia
Fundación Compartir	Colombia
FUNDACIÓN CONCRETO	Colombia
FUNDACIÓN CONFIAR	Colombia
Fundación Coraje	Colombia
Fundacion Corficolombiana	Colombia
Fundación Corona	Colombia
Fundacion DAR: Tu Derecho a la Riqueza	Colombia
FUNDACION DE APOYO PARA CREACION Y FORTALECIMIENTO DE MYPIMES	Colombia
FUNDACION DE APOYO PARA CREACION Y FORTALECIMIENTO DE MYPIMES	Colombia
FUNDACIÓN DE ATENCIÓN A LA NIÑEZ	Colombia
Fundación del Alto Magdalena	Colombia
FUNDACIÓN DISCAPACIDAD SIN BARRERAS,AULA ABIERTA	Colombia
Fundación Dividendo por Colombia	Colombia

Fundacion Ecology & Treks ECOTREK	Colombia
Fundacion Ecology & Treks ECOTREK	Colombia
FUNDACIÓN EDUCATIVA SOLEIRA	Colombia
Fundación El Alcaraván	Colombia
FUNDACIÓN EL BUEN PASTOR	Colombia
FUNDACIÓN EL DULCE HOGAR	Colombia
FUNDACIÓN EL EDÉN	Colombia
FUNDACIÓN EL MANA	Colombia
Fundación Empresarial para el Desarrollo de Yumbo - FEDY	Colombia
Fundacion empresarial Redepyme Colombia	Colombia
Fundación Empresarios por la Educación	Colombia
Fundación Endesa Colombia	Colombia
FUNDACION ENTORNOS SERVICIOS INTEGRALES	Colombia
Fundación EPM	Colombia
FUNDACIÓN ESPERANZA Y VIDA	Colombia
FUNDACIÓN ÉXITO	Colombia
Fundación Exito	Colombia
Fundación FES Social	Colombia
Fundación Futuro con Amor para Colombia	Colombia
Fundacion G.E.A.	Colombia

Fundación Grupo Nacional de Chocolates	Colombia
FUNDACIÓN HOGARES CLARET	Colombia
FUNDACIÓN HOSPITAL UNIVERSITARIO SAN VICENTE DE PAUL	Colombia
FUNDACIÓN LAS AMÉRICAS	Colombia
FUNDACIÓN LAS GOLONDRINAS	Colombia
FUNDACIÓN LAZOS DE AMOR	Colombia
FUNDACIÓN LÍDERES Y EMPRENDEDORES EN LA U	Colombia
FUNDACIÓN LUISA FERNANDA SÍNDROME DE DOWN	Colombia
Fundación Luker	Colombia
FUNDACIÓN LUPINES	Colombia
FUNDACIÓN MAHATMA GANDHI	Colombia
fundacion manuel marin	Colombia
Fundación Mario Santo Domingo	Colombia
FUNDACIÓN MI SANGRE	Colombia
Fundación Microfinanzas BBVA	Colombia
FUNDACIÓN MONICA URIBE POR AMOR	Colombia
FUNDACIÓN MULTIIMPEDIDOS	Colombia
FUNDACIÓN MUNDO MEJOR	Colombia
Fundación Oleoductos de Colombia	Colombia
Fundación para el desarrollo del magdalena medio (Fundesmag)	Colombia
Fundación para el Desarrollo Social Empresarial y Comunitario de Colombia	Colombia

FUNDACIÓN PARA EL PROGRESO DE ANTIOQUIA PROANTIOQUIA	Colombia
FUNDACION PARA LA REHABILITACION DE ALCOHOLICOS Y ADICTOS - FUNDAR	Colombia
Fundación Paz y Bien	Colombia
FUNDACIÓN PRO - DÉBILES AUDITIVOS	Colombia
FUNDACIÓN PROAMAR	Colombia
FUNDACION PROBOQUILLA	Colombia
Fundación Proyección Social del Caribe - PROSOCA	Colombia
FUNDACION RED DE SERVICIOS AMBIENTALES - FUNREDCORSUBA	Colombia
FUNDACIÓN SERVICIO JUVENIL BOSCONIA	Colombia
FUNDACIÓN SIFUTURO	Colombia
FUNDACIÓN SOCIAL	Colombia
FUNDACIÓN SOCIAL CONOCER	Colombia
Fundación Social Expreso Palmira	Colombia
Fundación Social por Rovira	Colombia
Fundación Social Torcoroma	Colombia
FUNDACIÓN SOLIDARIA LA VISITACIÓN	Colombia
FUNDACIÓN SOLIDARIDAD POR COLOMBIA	Colombia
FUNDACIÓN SOMA	Colombia
Fundación Terpel	Colombia
FUNDACIÓN VIENTO FRESCO	Colombia
Fundaempresarial	Colombia

Fundagan	Colombia
FUNDAUNIBAN: FUNDACIÓN SOLIDARIA DE UNIBAN	Colombia
Grupo de Fomento PYMEXPO	Colombia
Grupo Semillas	Colombia
HERMANAS FRANCISCANAS SANTA CLARA	Colombia
HOGAR INFANTIL LA CASA DEL CAMINO	Colombia
HOGAR GERIÁTRICO Y DIA SIGGEM	Colombia
HOGAR JUDITH JARAMILLO	Colombia
INSOVIVIENDA: INSTITUTO SOCIAL DE AYUDA PARA VIVIENDA	Colombia
INSTITUTO DE CAPACITACIÓN LOS ALAMOS - ICLA	Colombia
INSTITUTO POPULAR DE CAPACITACIÓN - IPC.	Colombia
Naturaleza y Desarrollo Colombia - Fund. para la conservación de la naturaleza	Colombia
NAZARET	Colombia
Nuevo Milenio	Colombia
Oportunidad Latinoamérica Colombia - OLC	Colombia
ProBarranquilla	Colombia
Promotora de Servicios para el Desarrollo PROSEDER	Colombia
RedEAmérica	Colombia
SOCIEDAD SAN VICENTE DE PAUL DE MEDELLÍN	Colombia
Visión Colombia	Colombia
VOLUNTARIAS DEL BUEN PASTOR	Colombia

ALOP Asociación Latinoamericana	Costa Rica
Coalición Sostenible del Su	Costa Rica
Fundación Sociocultural -FUSCAL-	Costa Rica
AROG Asociación Red de ONGs de Guayaquil	Ecuador
ASOPLÉJICA	Ecuador
Centro de Apoyo Para el Desarrollo CENADES	Ecuador
Centro de Promoción y Empleo para el Sector Informal Urbano - CEPESIU	Ecuador
Centro Médico Naturista MCL	Ecuador
Corporación de Desarrollo Sustentable "Chorrillos"	Ecuador
Ecuador Diverso para el Desarrollo Sostenible! de Ecuador	Ecuador
Fondo Ecuatoriano Populorum Progressio (fepp)	Ecuador
Fudación ALDHEA	Ecuador
FUDICSOL	Ecuador
Fundación ATASIM	Ecuador
Fundación Esquel Ecuador	Ecuador
Fundación Internacional Ambiente y Desarrollo (FIADE)	Ecuador
Fundación para el Desarrollo Humano Ecuador (PROMOSER)	Ecuador
Fundación Simbiosis Ecuador	Ecuador
FUNDAR Galápagos (Español)	Ecuador
INTERVIDA ECUADOR	Ecuador
LAS AMAZONAS	Ecuador

ONG Fundación Desarrollo Integral Genesis	Ecuador
UNIFEM Región Andina	Ecuador
Asociación para el Desarrollo Humano	El salvador
Fundación Salvadoreña para la Promoción Social y el Desarrollo Económico	El salvador
ADECAP	Guatemala
Asociacion Auge de Guatemala	Guatemala
Asociación Fe y Esperanza	Guatemala
Centro de Desarrollo Humano de Guatemala	Guatemala
Fundación de Ayuda a Niños de la Calle "CONSTRUYENDO VIDAS	Guatemala
Amextra, A.C.	Mexico
Asociación Intermunicipal del Altiplano Tamaulipeco	Mexico
Cochitlehua centro meixcano de intercambios, A.C. - cemiac	Mexico
Consejo Mexicano para el Desarrollo Económico y Social	Mexico
Cuerpos de Conservación de Yucatán AC	Mexico
Fundación Anisa, A.C.	Mexico
Fundación León XIII de México	Mexico
Fundación Merced	Mexico
Ideas Comunitarias Oaxaca	Mexico
Misión de Maconi, I.A.P.	Mexico
Nonantzin Queretaro	Mexico
Organización y desarrollo integral solidario de emprendedores asociados de AGS	Mexico

Oxfam México	Mexico
Red para el Voluntariado por los Pueblos de México AC	Mexico
Sikanda, Solidaridad Internacional Kanda	Mexico
Vida Digna, Trabajo Digno OSC	Mexico
Asociación par la integración de la población desarraigada de Nicaragua (AID	Nicaragua
Fundación Horizonte	Nicaragua
Fundación MASAYA CONTRA LA POBREZA, NICARAGUA	Nicaragua
Fundación Nicaraocali, Managua	Nicaragua
FUNDECOM (Fundación para el Desarrollo Comunitario)	Nicaragua
Instituto para el Desarrollo y la Democracia	Nicaragua
Apronad - Centroamerica	Panama
Centro de Capacitación Social de Panamá	Panama
Fundación kalu Ibaky	Panama
Fundación Salvatierr	Panama
Fundación Social de Arraijan	Panama
Crecer con Futuro de Paraguay	Paraguay
Fundación Microsol de Paraguay	Paraguay
Accion Social y Desarrollo	Peru
Agencia para la Ayuda y Desarrollo AYUDES	Peru
APRODEBIS "LALO GARAY"	Peru
Asociación de Planificación Familiar (PLAFAMI) Puno-Perú	Peru

Asociación Equilibrio & Desarrollo EDES de Cajamarca Perú	Peru
Caritas del Perú	Peru
CEDIUR - Centro desarrollo integral urbano rural "Ilaqtanchispaq"	Peru
Centro de Investigacion y Promocion de la Inclusion y el Desarrollo - PRO INCLUS	Peru
Comparte Prosperidad Perú	Peru
Desarrollo social Integral desde la Razón y la Acción por la Paz (Desiderya Paz)	Peru
Elite Activity Chiclayo	Peru
Fundación Despertad Perú (FUNDESPE)	Peru
Fundación Llamkasun Perú	Peru
Grupo GEA	Peru
Idin Peru	Peru
Instituto de Apoyo al Desarrollo Rural INADERU	Peru
Instituto de Ayuda Comunitaria Santa Faz (IACOSFAZ)	Peru
Instituto de Desarrollo Integral Auto Sostenido Perú	Peru
Instituto Horizonte Social del Perú	Peru
Instituto Rural de Promoción Andina (IRPA)	Peru
IPES - Promoción del Desarrollo Sostenible	Peru
ONG ASOCIACION PRO DESARROLLO PERU-VIDA "APRODE-PERU"	Peru
ONGD-PERU VISION PARA EL DESARROLLO (VIPADES	Peru
Organismo de Desarrollo Peruano Chavin	Peru
Partido Humanista del Perú	Peru

Programa para el Desarrollo Económico Social Norm Tattersall	Peru
Promoviendo el Desarrollo de La Libertad (PRODES La Libertad)	Peru
REDES PERU	Peru
Alianza Pro Justicia Social (APROJUS)	Republica Dominica
Fondo de Inversión Socioeconómico	Republica Dominica
Fundacion Desiderio Gomez	Republica Dominica
Fundación Sur Futuro	Republica Dominica
Niños de las naciones (Children of the Nations)	Republica Dominica
FUNDASOL	Uruguay
Prodecor	Uruguay
Asociación Civil Comunitaria Sabana Larga (ACSALA)	Venezuela
CEPAI	Venezuela
CIRNEFAZS	Venezuela
Corporación Venezolana de Desarrollo Integral	Venezuela
FUDEP (Asociación Civil Fomento del Desarrollo Popular)	Venezuela
Fundación Curiara	Venezuela
Gente de Soluciones	Venezuela

4.2 THE EXTENDED PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK APPLIED IN NONPROFIT ORGANIZATION

Cordial saludo,

Como es de su conocimiento, en días pasados me he dirigido a ustedes para solicitarles su participación a través de una encuesta online para trabajado de investigación que estoy realizando como tesis de maestría del Politecnico di Milano.

A través de esta encuesta han participado hasta la fecha, 28 entidades sin ánimo de lucro de Latino América, como Colombia, Argentina, México, Perú, Bolivia, Chile, Ecuador, Costa Rica entre otros. Los resultados han sido muy satisfactorios y están siendo analizados.

En esta ocasión, me dirijo a ustedes con la propuesta de participar en esta investigación con un rol más específico y trascendental. La idea es analizar su sistema de gestión del desempeño a través de un marco conceptual ampliamente usado por organizaciones con y sin ánimo de lucro, con el fin de generar un diagnóstico de la situación actual del sistema de gestión. A partir del mismo, propondremos una posible solución para mejorar los sistemas de gestión del desempeño para ONG's que es el objetivo principal de la investigación.

Para esto, si su organización considera pertinente participar, sólo sería necesario una sesión de videoconferencia de cerca 40 minutos de duración a través de skype (por motivos logísticos, es la mejor alternativa).

Por favor responder a este e-mail con su posible participación antes del **27/05/2010**, con tentativa fecha para la videoconferencia.

Agradeceré su colaboración,

César Augusto Acevedo Granados

Estudiante M.Sc. Management, Economics and Industrial Engineering

Politecnico di Milano

Italia

1.Cuál es la visión y misión de la organización? Qué mecanismos, procesos y redes son usados para comunicar los propósitos y objetivos a sus miembros?

MISIÓN

Contribuir con el desarrollo del hombre, las organizaciones e instituciones en los municipios de su influencia, mediante la generación e implementación de programas que promuevan el mejoramiento de la calidad de vida regional y la participación ciudadana en torno a su crecimiento social, armónico y sostenible.

VISIÓN

Ser líder en la promoción de procesos de formación de capital social y de proyectos de bienestar social y económico sostenibles, a partir de la planeación participativa y la formación ciudadana, que impulsen el desarrollo municipal, sobre valores que legitimen el Estado y fortalezcan la democracia.

Mecanismos:

- Sistemas de información como correos, pagina web.
- Carteles
- Agenda personal
- Periódico Institucional Huellas
- Programa Radial “Construyendo Futuros”.
- Informes de Gestión Anual.

2. Cuáles considera usted los factores críticos de éxito de su organización? Los factores críticos de éxito son aquellas actividades, atributos, competencias, y capacidades que son prerrequisitos para el éxito de la organización en su sector en cierto periodo de tiempo.

- La vinculación de líderes sociales y comunitarios en los nuestros programas, a través de Corporaciones y/o Asociaciones, Instituciones Educativas, Relacionamiento con Entidades Públicas y Privadas.

- Contar con un equipo interdisciplinario
- La congruencia de principios y valores con el desarrollo de las líneas programáticas.
- La gestión permanente de convenios y contratos como mecanismo de financiamiento.

3.Cuál es la estructura de su organización y cuál es el impacto que esta tiene en el diseño y uso de sistemas de gestión del desempeño (performance management systems)? Cómo esta influencia y como es influenciada la gestión de los procesos estratégicos.

La estructura organizativa de la Fundación es de tipo jerárquico.

Para la Dirección Ejecutiva la gestión de desempeño es un proceso continuo de establecimiento de objetivos y metas de trabajo, análisis de logros individuales y grupales obtenidos durante un período determinado, generalmente esta evaluación se hace de manera bimensual, en la cual no trata únicamente a la evaluación de los desempeños obtenidos por el personal, sino que se hace abarcando las acciones que realiza la FODC para el cumplimiento de los resultados esperados.

Esta labor comienza desde el proceso de selección de personal, la identificación de los perfiles de las personas requeridas para los cargos, las permanentes actividades de formación y entrenamiento.

La gestión de los procesos estratégicos está influenciada en la ejecución de los programas y proyectos generados de la planeación estratégica en donde se establecen actividades, metas, indicadores y tiempos de respuesta.

4. Cuáles estrategias y planes ha adoptado la organización y cuáles son los procesos y actividades para asegurar el éxito de la organización? Cómo son las estrategias y planes adoptados, generados y comunicados a los empleados?

- Planeación estratégica
- Trabajo en equipo
- Asignación de zonas, con previo entrenamiento y reconocimiento de estas.
- Asignación de funciones específicas
- Remuneración adecuada

- Adecuada divulgación y cumplimiento al reglamento de trabajo e higiene y seguridad industrial.

- Capacitación permanente

La estrategia está basada en una mezcla específica de principios y valores, misión, visión, políticas, objetivos, decisiones y acciones para contribuir al logro de los objetivos institucionales.

Con base en la estrategia, políticas y decisiones generadas por nuestro Consejo de Administración se desarrollan de manera coordinada, procurando establecer clara y permanentemente la relación entre los objetivos, programas y actividades que se realizan de acuerdo a los programas institucionales

5. Cuáles son los indicadores de desempeño derivado de sus objetivos, factores críticos de éxito, estrategias y planes? Cómo estos son especificados y comunicados y que rol juegan en la evaluación del desempeño? Existen omisiones importantes?

Indicadores de desempeño

- Mejor efectividad administrativa, buen manejo de los recursos y cumplimiento de las tareas misionales de los Municipios
- Mayor participación comunitaria en los asuntos públicos y en el desarrollo del Municipio
- Contar con jóvenes competentes para la educación superior y el liderazgo en proyectos socio-ambientales
- Buena dinámica empresarial en la región
- Mayor capacidad comunicativa en las comunidades
- Tener ejecutados o en marcha proyectos especiales de desarrollo
- Haber ejecutado consultoría técnica y proyectos de inversión con total financiación externa

Factores críticos de éxito, estrategias y planes

- La vinculación de líderes sociales y comunitarios en los nuestros programas, a través de Corporaciones y/o Asociaciones, Instituciones Educativas, Relacionamiento con Entidades Públicas y Privadas.
- Contar con un equipo interdisciplinario
- La congruencia de principios y valores con el desarrollo de las líneas programáticas.
- La gestión permanente de convenios y contratos como mecanismo de financiamiento.

Cómo estos son especificados y comunicados y que rol juegan en la evaluación del desempeño

Son comunicados a través de reuniones mensual del personal y mediante la promoción, actualización, capacitación e investigación en los funcionarios de la FODC.

6.Cuál es el nivel de desempeño que la organización necesita para cada uno de sus indicadores (identificados en la pregunta anterior), Cómo son especificados estos objetivos de desempeño, y qué tan ambiciosos son estos objetivos de desempeño?

- Capacitar a los funcionarios públicos, brindar asesoría y acompañamiento en la gestión y capacitar y asesorar a los Concejos municipales.
- Acompañar en ejecución de proyectos a las escuelas de líderes y/o gobierno (ELG), capacitar y asesorar a los organismos de participación y control en temas de gestión.
- Fortalecer el proceso de articulación con el SENA del programa de liderazgo en educación y gestión socio- ambientales en las instituciones educativas.
- Consolidar proyecto de los jóvenes emprendedores con apoyo del núcleo familiar y apoyar unidades empresariales, empresas asociativas del sector económico.
- Continuar la producción del programa radial y periódico Huellas y fortalecer las emisoras comunitarias y otros medios de comunicación.
- Brindar asesoría, capacitación y crédito a organizaciones de base para mantenimiento de oleoductos y ejecutar proyectos de reforestación, sociales, productivos y/o apoyar convenios para proyectos de desarrollo en la región
- Identificar oportunidades de proyectos y coordinar la presentación de propuestas.

Estos objetivos de desempeño son especificados a través de cada línea programática y son ambiciosos en la medida en logramos ejecutarlos y desarrollarlos en tiempos no mayor a un año fiscal.

7. Qué procesos sigue la organización para evaluar el desempeño individual, grupal y organizacional? La evaluación del desempeño es principalmente objetiva, subjetiva o mixta y qué tan importante es la información y control formal e informal en estos procesos?

Como se respondió en la pregunta tres para la Dirección Ejecutiva la gestión de desempeño es un proceso continuo de establecimiento de objetivos y metas de trabajo, análisis de logros individuales y grupales obtenidos durante un período determinado, generalmente esta evaluación se hace de manera bimensual, la evaluación de desempeño es mixta porque se combinan las metas alcanzadas en un periodo determinado con la cualificación del desempeño del funcionario en función de su cargo.

8. Cuáles son los reconocimientos económicos o no económicos los empleados obtendrán alcanzando los objetivos de desempeño. (que penalidades están previstas por el fallo de los objetivos)

Los funcionarios gozan de un sistema de incentivos aprobado por el Consejo de Administración que contiene: préstamos para vehículos, préstamo para libre inversión, incentivos por ahorro y/o vivienda y primas extralegales.

En la actualidad se tiene pensado desarrollar un sistema de bonificación por desempeño en función de los objetivos o metas trazadas..

9. Cuáles flujos específicos de información – feedback, and feedforward –, sistemas y redes tiene la organización para soportar la operación del sistema de gestión del desempeño?

- Entrevistas directas
- Reconocimiento individual o público por el logro de las metas
- Llamado al mejoramiento del desempeño cuando se presenta fallas
- Utilización de medios escritos.

10. Qué tipo de uso es dado a la información obtenida por el sistema de gestión de desempeño? Cómo su uso difiere a diferentes niveles jerárquicos de la organización.

El uso es de tipo confidencial a nivel interno en la organización y la ampliación o restricción de la misma depende del grado jerárquico de la organización en función a la competencia de la instancia regulada en nuestros estatutos.

11. Cómo ha sido alterado el sistema de gestión de desempeño a la luz de los cambios dinámicos de la organización y su entorno? El diseño y uso de este ha sido proactivo o reactivo?

La Fundación se adapta con facilidad a los cambios requeridos por el entorno, para estos el equipo puede trabajar de manera coordinada y organizada y alcanzar los objetivos propuestos.

12. Qué tan fuerte y coherentes son los links entre los componentes del sistema de gestión del desempeño y la forma en la cual son usados

- Planeación estratégica
- Planeación del desempeño individual
- Evaluación de resultados y desempeño
- Entrevista
- Retroalimentación
- Evaluación de resultados y desempeño
- Reconocimiento

5. VALIDATION OF THE MODEL

Buenos días,

A continuación encontrarán el modelo para la gestión del desempeño en entidades sin ánimo de lucro, desarrollado gracias a la investigación en la cual muchos de ustedes participaron.

Nos gustaría contar con su retroalimentación del modelo, leyéndolo en el archivo adjunto y participando en la encuesta presente en el link: <http://polldaddy.com/s/265CC9671CACEE61> antes del **19 de junio**, de esta manera podremos mejorarlo y compartirlo nuevamente con ustedes.

Los resultados de la primera investigación están disponibles en el link que encontrarán una vez diligenciada la encuesta.

A quienes les gustaría una copia de la versión final de la investigación así como la tesis que serán disponibles a finales de julio, por favor escribirme.

Muchas gracias,

Q.1

Consideraciones sobre el modelo

- * Es claro
- * Refleja las necesidades de su organización en cuanto a gestión del desempeño
- * Presenta de manera explícita el enlace entre la misión y los aspectos operativos de la organización
- * Considera el modelo útil para su organización
- * Adoptaría un modelo de gestión del desempeño como el presentado

Q.2

Según la clasificación internacional ICNPO, su organización trabaja en las áreas de

- * Cultura, Arte y Recreación
- * Educación e Investigación
- * Salud y Saneamiento Básico
- * Servicios Sociales
- * Medio Ambiente
- * Desarrollo Económico y Vivienda
- * Asesoría Legal y Política
- * Voluntariado y Filantropía
- * Internacional
- * Religión
- * Asociaciones empresariales, profesionales - sindicatos
- * TIC's para el desarrollo

Q.3

Presupuesto anual de su organización

- * menor a U\$200.000
- * Entre U\$200.000 y U\$400.000
- * Entre U\$400.000 y \$600.000
- * Superior a U\$600.000

Q.4

Qué barreras consideraría al momento de adoptar un modelo como el presentado

- * Aspectos tecnológicos como sistemas de información
- * Recursos financieros
- * Recursos humanos
- * Aspectos administrativos
- * La estrategia de la organización
- * Tiempo de implementación y capacitación

Q.5

Por favor incluya sus comentarios sobre VULNERABLE COMMUNITY PERSPECTIVE

Q.6

Por favor incluya sus comentarios sobre OPERATIVE PERSPECTIVE

Q.7

Por favor incluya sus comentarios sobre ADMINISTRATIVE PERSPECTIVE

Q.8

Por favor incluya sus comentarios sobre SOCIAL PERSPECTIVE

Q.9

Por favor incluya sus comentarios sobre SUSTAINABILITY PERSPECTIVE

Q.10

En este link pueden encontrar los resultados de la investigación anterior

<http://www.mediafire.com/?qedg2gddzti>

