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**Impact and evaluation in the UK third sector:  
reviewing literature and exploring ideas**

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# Impact and evaluation in the UK third sector: reviewing literature and exploring ideas

## Abstract

The topic of impact and evaluation of the third sector refers to a wide range of issues, which engages several groups of stakeholders. This paper reviews material presented by TSOs, funders, and academics with the aim of outlining the way evaluation is practiced, experienced and discussed. The paper identifies ways of understanding the complexities involved in negotiating frameworks of evaluation.

Recent studies reveal that third sector organisations and funders experience a great deal of frustration and tension due to a mismatch of expectations and poor communication. Some of this relates to *manageable* problems, that can be remedied by improving capacities within organisations to manage evaluations, and by improving communication between stakeholders. Some problems can be addressed by enhanced knowledge of *methodological* challenges, particularly related to the assessment of normative goals. However, the developments of new frameworks and tools for evaluation are not primarily underlined by managerial and methodological advancement, but is characterised by negotiations over contested ideas. This *relational* challenge refers to stakeholder interactions. Appreciating how power, politics and disputes characterise these relations becomes essential in order to understand actions and interactions within the evaluation arena in the third sector today. Concepts such as accountability, legitimacy, trust, and integrity can help us to unpick the meaning of this relational challenge. They can also help us to understand some of the implications that formal evaluation frameworks might have on third sector organisations.

## Keywords

Evaluation, impact assessment (history and practice), legitimacy, trust, accountability, unintended consequences.

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## Introduction

The aim of this paper is to review material related to evaluations and impact assessments of third sector activities in the UK. The discussion refers to an idea of an 'evaluation arena' where the notion of an arena suggests an interplay between different actors. The core question engaging these actors is how we should evaluate as well as appreciate the achievements of third sector organisations. The developments of new frameworks and tools for evaluation are not primarily underlined by technical, methodological advancement, but is characterised by negotiations over contested ideas regarding the distinctiveness of the sector and how this should be reflected in the practice and interpretations of evaluation.

The paper is based on a review of literature drawing chiefly, but not exclusively, on UK literature, and the US. It uses printed and web material produced by third sector organisations themselves, umbrella organisations, funders and partners, and academic research. The review has been guided by the following questions: who are the actors or stakeholders engaged with evaluation and impact assessment of the third sector; what are the contested issues; and how can we analyse this arena and its interactions in order to better understand progress made and challenges associated with the attempts to improve both evaluation practices and our learning of social changes related to third sector activities.

The text is divided into two sections. The first section has been written with the intent to outline and present issues and discussions related to evaluation, and to provide references to contemporary literature primarily on the third sector in the UK. This section looks into claims and expectations about the roles and achievements of the third sector, and reviews how evaluation is practiced and experienced by third sector organisations. The section also briefly presents some historical perspectives on how measurements and evaluations of the sector's achievements have been used over time, and how the relationship with the state has come to play a particularly important role in how the sector is assessed and supported today.

Section two offers an analysis of evaluation practices and experiences, as presented in part one, with the intent to identify some of the core issues behind the frustrations and tensions which have arisen between stakeholders. This discussion draws on literature which has an academic foundation, and which relates to concepts of relevance to a wider context than that of the third sector. The analysis in section two focuses on the *managerial*, *methodological*, and *relational* challenges described as follows: the *managerial* challenges relate to the capacity of the organisation and its staff to manage the practical side of gathering, recording, and using data, and consider how performance management systems may work in the context of voluntary and charity work. *Methodological* challenges refer to how we can identify what programme goals and organisational claims mean in practice, and how they are related to underlying theories of social change. It also involves identifying appropriate methods for gathering data and an understanding of what these data represent. The *relational* challenge focuses on the way impact evaluation is linked to how relations are structured within organisations, and to the way organisations relate to its social environment, including its

partners, opponents, competitors, and constituency. It reflects on the way impact assessments interact the quest by organisations for legitimacy and credibility, and on how, or whether, formal accountability can be taken as the basis for trust in different relations.

## Section I – Impact assessment and evaluations in the UK Third Sector: where are we now?

In this first section we take a broad look into what claims and expectations are made regarding the third sector, which in turn constitute the basis on which its overall impact is to be assessed. The section gives insight into recent progress and experiences related to evaluation practices. It also provides a brief historical review, explaining the central role that the relationship between the third and state sectors has come to play in shaping the way evaluations are approached today.

### **Claims and expectations**

The third sector comprises a myriad of organisations. While each and every organisation plays its own role, working for a specific cause and operating in a distinctive field, the sector as a whole aims to be a prime mover in activating and informing citizens, and in advocating issues of public interest and concern in order to influence government policies. With the purpose of gaining a general understanding of how third sector organisations present themselves, the websites of some 20 individual organisations have been reviewed for this paper. The claims and aims presented are primarily discussed in relation to specific goals and target groups, often focusing on care and services for marginalised and vulnerable groups in society.<sup>1</sup> A wider perspective of the role and contribution of the third sector is discussed by umbrella and capacity-building organisations<sup>2</sup> where local community, democratic involvement, social inclusion and wellbeing are key concepts. These concepts refer to the 'added value' of the third sector and goes beyond changes at individual level to include changes at aggregate community and national levels: an active third sector, with ensuing informed and empowered individuals, amounts to a strong and inclusive civil society, a thriving democracy, with a state that is held accountable and is better informed about the needs and preferences of its citizens.

The present government's expectations of the Third Sector often echo these claims. The Office of the Third Sector (OTS), under the Cabinet Office, was inaugurated in May 2006 *'in recognition of the increasingly important role which the third sector plays in both society and the economy'*<sup>3</sup>. Part of the aim of OTS is to use third sector organisations to transform public services through capacity building of the sector. This suggests that there is something to learn from the sector that can lead to better quality and more cost-efficient service provision. It also aims to develop and support an environment which enables the third sector to thrive, growing in its contribution to Britain's society, economy and environment. Specifically, OTS aims to enable the third sector to campaign for change; to deliver public services; to promote social enterprises; and to strengthen communities.

The above constitute the general claims and expectations against which the third sector achievements are to be assessed, referring to both directly targeted *outcomes*, as well as *added values* defined as improved wellbeing and welfare for the wider community. There are, as we will move on to discuss later, great challenges in assessing such claims. Not only is it hard to establish cause and effect (how is charity work linked to the notion of social capital, and how is social capital

linked to democratisation?) due to the often elusive character of some claims, such as the sector being essential in educating and facilitating democracy and democratic values, but some claims are also subject to critique and dispute<sup>4</sup>.

### ***Understanding and questioning claims***

Claims relate not only to *what* characterise the sector, but to how these characteristics make the sector different, *distinctive*, from the state and private sectors. The sector describes itself as community based, more inclusive and client-focused compared to mainstream public welfare organisations or the private sector<sup>5</sup>. This, it is claimed, is what gives the sector a comparative advantage in approaching complex social issues and in reaching marginalised or vulnerable groups compared to both a bureaucratic state sector and a profit-seeking private sector. The third sector is also frequently described as diverse which means that *‘there can be no “one size fits all” approach for measuring impact’* (Wainright 2002: 5). However, as in the case with making claims about *outcomes* and *added value*, claims regarding organisational characteristics or sector *distinctiveness*, are often hard to validate. One first step towards understanding claims is to question them, to scrutinise the taken-for-granted.

In a paper discussing the added and distinctive values of the third sector Bolton divides claims made by and about the third sector into ‘reasonable’ and ‘unreasonable’ and by doing so raises questions about some underlying assumptions regarding third sector organisations being different from those of the state and private sectors (Bolton 2003). What is meant, for example, by claims such as that TSOs are value driven, with morally motivated and committed staff? And how does this differentiate their staff from those working in the private or public sectors? Kendall and Knapp (2000) briefly refer to the motives of volunteers by pointing out that they do not only include altruism and empathy, but also social adjustment aims and means to improve career opportunities. Assuming such mixed motivations, in what way do charity workers and volunteers differ from staff of private companies or public sector organisations? While Bolton questions such claims about staff motivation and commitment, she considers the following claims as reasonable:

- that TSOs build or constitute social capital
- that the sector is good at meeting special needs because they have developed expertise
- that TSOs have an independent voice
- that the sector is flexible and innovative
- that the sector engages all stakeholders and pays particular attention to the powerless.

Bolton provides some initial reasoning behind her arguments, but does not offer any evidence to support them. A glance at some empirically based research demonstrates the complexity behind some of the concepts listed above which illustrates the point about scrutinising the taken-for-granted. *Social capital*, for example, is a complex and often challenged concept which has been widely analysed and researched, and it seems dismissive to list it as a ‘reasonable’ claim without at least acknowledges some critical questions. Maloney et al. (2000) criticise the so-called ‘Putnam school’ of analysing civil society organisations and social capital for neglecting the role of public authorities in creating social capital and introducing the idea of ‘political opportunity structure’. They offer an empirically based

discussion and conclude by emphasising the importance of recognising *'the reciprocity which exists between civil society and the state in terms of social capital maintenance and generation'* (ibid: 817). Claiming that the building and upholding of social capital is a distinctive feature of third sector organisations thus seems to have a weak foundation, since it appears neglectful of the institutional environment in which the organisation is placed. Other research suggests that the link between volunteering and social capital, defined as civic engagement, is either weak or hard to prove (See for example Isham et al. 2006; Schneider 2007).

Osborne et al. (2008) report from a longitudinal study of TSOs in the UK that looks into the meaning of *innovativeness* in third sector organisations. They conclude that being innovative is not an inherent characteristic of TSOs but rather contingent on its institutional and policy environment, which supports the point made by Maloney et al. above: to focus on *opportunities* created in an institutional context rather than on intrinsic values and differences between sectors. Reporting from a slightly different setting, namely Gambian NGOs working in the context of international development, Fyvie and Ager (1999) argue that organisational innovation does not manifest itself in practice. Instead, 'being innovative' is an important trademark and marketing tool of NGOs, and has no bearing on their day-to-day work. The *distinctiveness* of the sector is furthermore the focus a study from the States presented by Reed et al. (2005), which investigates to what extent for profit and not-for-profit organisations are *different* in terms of goals, values, organisational structures and strategies. Reed et al. (2005) conclude that *'these differences are more difficult to detect than supposed'* (p. 124). A final example of inquiries into commonly made claims poses the question 'what do we really know about the *diversity* within the sector?' In what way is it diverse? Exploring the purported diversity of the large NGO sector in Bangladesh, a study concludes that *'the NGO sector is highly organized and homogenous'* and that the *'similarities among Bangladeshi NGOs, whether big or small, are more striking than their differences'* (Gauri and Galef 2005). The common characteristics identified included organisational structures and strategies, sources of funding, relationship with funders, and with what types of activities they were involved.

The results presented by these studies brings us to ask a) in what way are third sector organisations in the UK *different* from state or private sector organisations?; b) is it the case that there are significant *similarities* within the sector that warrant emphasis, rather than a focus on diversity; and c) what are the meanings ascribed to concepts such as innovative, flexible, educating and empowering? In particular, what do these concepts mean in organisational day-to-day practice? The intended implication in asking this is not that these claims are untrue, but that changes have occurred in organisational structures and value-based characteristics. The concept of 'institutional isomorphism', that is the mainstreaming of organisational structure, appears to be well established within third sector studies, based on the frequent citation of DiMaggio and Powell's influential article from 1983<sup>6</sup>. Similarly the concept of 'mission drift' (mainstreaming of organisations that involve a move away from core values and principles) is regularly discussed in recent articles in two established journal for third sector research. Should we not assume that some distinctive characteristics and features change over time along with changes in legal frameworks, funding, and sector-targeted capacity building initiatives? While the answer to that question may be 'yes', some research suggests

that changes are complex and that referring to 'institutional isomorphism' and 'mission drift' would be inadequate as a basis for understanding contemporary characteristics and changes over time. Anheier (2000) argues that our understanding of how non-profit organisations operate is crude; his image of the non-profit organisation is one consisting of 'multiple bottom lines' that harbours normative, strategic, and operative dimensions that cope with changes in different ways. Anheier's notion of nonprofits as multiple organisations suggests that one part may take on a more business-like character, while another part remains intact in terms of what is seen as characteristically non-profit. Craig et al. (2004) look into the distinction between being insider/outsider in the policy process. How do organisations cope with the risk of losing independence and the right to 'protest' when entering into partnership with government bodies? The study suggests that organisations may deal with strategic choices in ways that make the distinction of insider/outsider inappropriate, and argue that although there have been changes in policy framework and market conditions that may encourage a move towards uniform strategic behaviour, in reality organisations appear to adopt rather different strategic approaches, both within one and the same organisation, and within organisational fields. Bennett's study of the marketing of voluntary organisations as contract providers concurs with the idea that organisations chose different strategies to ascertain successful bidding (2008). It is hard to conclude what the characteristics of third sector organisations are, as seen today and over time. Rather, a concluding remark regarding distinctiveness and characteristics suggests that there appears to be gaps in our understanding in areas of organisational values, structuring, and responses to change.

### **Defining evaluation concepts**

The material reviewed for this paper relates to various ways of assessing and understanding what the third sector achieves, including social accounting (Mook, Richmond et al. 2003) and to appreciative inquiry done with the aim to explore not only what an organisation achieves but also how it operates (Reed, Jones et al. 2005). Some of the key concepts used in evaluations are found in the box below, and may be useful as a point of reference for distinguishing what type of understanding a particular evaluation is to enhance. Reviewing the definitions below we see a clear distinction between strictly project-related monitoring, and the more complex exercise of assessing the impact of organisations.

***Evaluation can take place by assessing any of the following:***

**Inputs:** the resources that contribute to a programme or activity, including income, staff, volunteers and equipment.

**Activities:** what an organisation does with its inputs in order to achieve its mission. They could be training, counselling advice, or material provision of some sort.

**Outputs:** countable units that are the direct products of a programme or organisation's activities. They could be classes taught, training courses delivered or people attending workshops, qualifications awarded, jobs placed. In themselves they are not the ultimate objectives of the organisation.

**Outcomes:** are the benefits or changes for intended beneficiaries. They tend to be less tangible and therefore less countable than outputs. Outcomes are usually planned and are therefore set out in an



organisation's objectives. Outcomes may be causally and linearly related; that is, one outcome leads to another, which leads to another and so on, forming a linear sequence of if – then relationships.

**Impact:** is all changes resulting from an activity, project or organisation. It includes intended as well as unintended effects, negative as well as positive, and long-term as well as short-term.

(Adopted from Wainwright 2002)

Outputs, outcomes and impact all claim a role in contributing towards understanding what organisations do (as in how they spend their money, what activities they undertake) and what they achieve in terms of added value, for example towards strengthening civil society, policy impact, and sustainable life-changes for individuals. But the problem of moving from what an organisation achieves in relation to its immediate constituency or clients and sponsors to the wider impact provides great challenges, as discussed in Reed et al. (2005). While programme outcome refers to e.g. how an individual has been able to benefit from project activities, impact assessment encompasses a wider area aiming to track changes in community conditions (Hendricks, Plantz et al. 2008). Hendricks et al. emphasise the need to:

*'distinguish between measurement of program outcomes and community impact and to reiterate that simply aggregating program data does not yield community impact data. This may be obvious to the evaluation community, but it is not readily apparent to some who are eager to use existing (program outcome) information to demonstrate results in the new community impact environment' (ibid.: 34).*

Conclusions regarding impact rely on assumptions, or theories of change, based on an interpretation of the distinctive value of the third sector and its capacity to add value through activities, and these interpretations are, as mentioned above, often contested. Conclusions also rest on assumptions about what above is termed 'if – then relationships' which presume an interpretation of the degree of influence of intervention introduced by the third sector organisation vis-à-vis that of surrounding social, political or other changes. Slim writes that accounting for results of the work of nongovernmental organisations (NGOs):

*'can be uncertain, is usually contested and can border on pure speculation at times as NGOs try to track causes and effect between their actions and the personal, social, economic, environmental and political change around their projects' (2002: on-line).*

In other words, impact assessment overlaps with interpretations of change and can be informed by the perspective or position of the particular actor making the assessment. Using formal structures for evaluation does not remove the fact that evaluations reflect values and beliefs about what is 'good' or 'bad', 'success' or 'failure'. The idea that evaluations and impact assessments rely on interpretations, that they are not objective, is a recurrent theme in debates about frameworks of evaluation and it has real relevance for the third sector since evaluations constitute a formal and important way of communicating its achievements and the value of its existence to different stakeholders.

### **Finding a framework for evaluation**

Emphases on the *diversity* of the sector and that it is *distinctively different* from other sectors are raised as bases for objections to generic evaluation models, or models that have originally been aimed

for the state or private sector. But there is also a recognition that the idea of a 'framework', defined as a set of key concepts and variables and which also suggests a theoretical approach as to how they are related (Sowa et al. 2004), is necessary in order to clarify aims and work approach to organisations and outside stakeholders alike. Evaluation based on such a framework is different from what Patrizi (2006) calls a '*conventional evaluation approach*' where evaluations are done by outsiders, at isolated points in time, focusing on measurable indicators that are presented out of context. Such evaluations do not manage to represent an understanding of how third sector organisations work or how change is achieved (Patrizi 2006). Frameworks for evaluation, as defined above, are increasingly made available to individual organisations<sup>7</sup>. Attempts are also being made to define a framework that can be used across the sector: in 2008 The Office for the Third Sector launched a project called 'Social Return for Investment' (SROI), an initiative aimed to improve impact assessment of the sector through the use of a standardised approach of SROI.<sup>8</sup> SROI aims to create '*a consistent and clear approach to understanding and reporting on the changes caused by an organisation*' which is thought to benefit third sector organisations by providing basis to improve strategies and to better understand and demonstrate change, as well as facilitating decisions made by funders through ascertaining more intelligent investment<sup>9</sup>. The work with SROI is in its infancy, and it is hard to assess what this initiative will give. However, it is possible that it will face difficulties similar to those encountered when attempts were made to introduce integrated social accounting. The SROI-framework will use '*financial proxies for indicators in order to include the values of those excluded from markets in the same terms as those used in markets*'.<sup>10</sup> Mook et al. (2003) reflect on the difficulties they faced when attempting to implement an integrated social accounting system in third sector organisations and explained that 'making market comparisons may seem forbidding' implying that there is in third sector organisations an inherent resistance to accepting evaluation that involves a market, monetary-based language. Some third sector organisations, the authors report, have resisted using a market-based approach and language since it '*reduces organizational performance to financial values*' which risks neglecting the human element in third sector work (ibid.: 295).

Kendall and Knapp's article 'Measuring the performance of voluntary organizations' is another attempt at developing some generic criteria for measuring achievements. They suggest eight domains of performance – economy, effectiveness, choice/pluralism, efficiency, equity, participation, advocacy, innovation – and identify indicators that reflect or capture organisational performances in these domains. The authors do recognise that there are problems with identifying domains that represent what is perceived as core characteristics of voluntary and non-profit work. They say that when reviewing theoretical perspectives of, for example, links between participation, social capital, and trust, as well as the concept of 'innovativeness' it appears that the theoretical underpinnings for some claims are weak and/or unclear. The value of their article lies not only in the end product, i.e. a tentative framework for evaluation, but also in this theoretically informed examination of the claims referred to above. The authors point out that many of the aims of voluntary organisations are difficult to pin down, and that there is '*no single criterion of performance upon which to rely, particularly in the view of the multiple-stakeholder context*' in which organisations operate, and that there is no '*simple or uncontroversial way to aggregate indicators across domains*' (ibid.: 129, emphasis added).

A framework can serve at least two different, but not contradictory, purposes. One aim may be to establish a generic model to facilitate sector assessments through, for example, establishing a common language, as in the case of SROI, which can be used by outsiders. An evaluation framework can also serve as an instrument for organisational learning. By defining a framework for evaluation organisations can identify concepts that are key to their work, and suggest theoretical approaches as to how they are related (Sowa et al. 2004). Zimmermann and Stevens (2006) describe the benefit of this:

*'...using outcome measurement seems to be an excellent method for clarifying the purpose behind programs, as the development of performance measurement programs has required organizations to evaluate not only what they do but also why they do it... there is clearly a connection between the clarity of an organization's mission and strategies and how well a performance measurement program works.'* (ibid.: 325-326).

Along the same lines Whitman (2008) argues that evaluations can be used to examine how an organisation *'creates and reflects on its own vision and how well it performs in conveying that vision'* (p. 417). Behrens and Kelly (2008) refer to their experience from the States of working with a 'logic model approach', originally used within the government sector, that focuses on activities, outputs and outcomes data, and where the interpretive framework is strictly guided by a fixed set of assumptions and which *'simply aims to prove that change has occurred'* (ibid.: 43). Behrens and Kelly criticise this approach and suggest instead a model based on the idea of a *learning organisation* where the focus is to *'learn about how to create change'*.

Ellis and Gregory (2009) and Kendall and Knapp (2000) point out that the many and different stakeholders involved with third sector work makes it hard to find a common evaluation framework that would please all stakeholder interests and requirements. The attempt at finding some common grounds for evaluations does not only require stakeholders to negotiate their interests, but, argue Behrens and Kelly, it also means that a series of misconceptions, described as a series of false choices, need to be addressed:

- evaluations that give clear answers versus evaluations that examine complexity without single cause-and-effect relationships
- evaluations for learning and inquiry as opposed to evaluations that determine accountability to results
- real-time-data for day-to-day decision making, as opposed to determination of causality of outcomes. (Behrens and Kelly 2008)

These misconceptions have caused tensions among stakeholders, and Behrens and Kelly call for improved understanding of how evaluations can be used for both assessment and learning, from all parties. Alongside this, hesitations regarding a 'one size fits all' approach to evaluation-models, and disagreements regarding what language would capture project achievements and wider community impact of third sector work, contribute to frictions between stakeholders.

### **Historical and theoretical contexts of evaluations**

In her article reviewing the history of measurement in the British voluntary sector Emily Barman writes *'measurement in the non-profit sector [is] a historically situated and socially constructed*

*process*' (2007: 103). Quantification of various aspects of third sector work is nothing new, but what has been measured has changed over time reflecting changing roles and perceptions of what the non-profit sector is or should be. In the early twentieth century, as charity work grew to become a more systematic way of tackling socio-economic problems, organisations sought to justify their existence and work. Measurement was then used, by organisations themselves, to demonstrate the need for charitable intervention, and to promote a *'view of how the voluntary sphere should move forward'* (p. 107). The task of measuring also gradually became increasingly complex, as the understanding of linkages between individual ill-being and community characteristics developed. In the 1960s quantifiable measurements were *'used by nonprofits to fight doubts about its efficiency and to demonstrate competency'* (p. 109). This change reflects an influence of the notion of legitimacy, which indicates some of the tensions caused by evaluations, and Barman also notes that *'by the late 1960s, nonprofits were increasingly being assessed for goodness based on the criteria of efficiency'* (p. 109). The history of measurement does not only reveal an evolution of methodology, and socio-economic understanding of, for example, the causes of poverty. The changes in what is measured and for what purpose reflect the sector's changing position in society at large. The sector has embraced a number of different roles and characteristics, including a need to be organised and professional, to an emphasis on being innovative and flexible. Kendall and Knapp (2000) come to a similar conclusion to that of Barman. After reviewing and recommending indicators that have come to represent the characteristics of the sector and its contribution Kendall and Knapp write that these indicators *'were shown to be clearly and closely linked to theoretical perspectives on the existence, roles, activities and achievements of voluntary organizations'* (p. 129): trouble-shooters and advocates, vehicles for wider participation, partners of the state sector with the intention to complement (providing choice and pluralism of service providers) or as implementers of state services. The claims and expectations are not fixed entities but represent social values and theories of the state, the private sector and the third sector, and their respective contributions to society.

The points raised by Barman and Kendall and Knapp prompt us to consider what contemporary focus of evaluations represent, including a focus on transparency and improved accountability as expected outcomes of evaluations. Understanding evaluation, in other words, means not just mastering the technical side of producing and analysing data, but a recognition that it needs to be placed in the context of a political arena, where values, power and resources constitute bases for differing interpretations and potential conflicts.

### **Recent experiences and progress in impact evaluation**

Evaluation is becoming increasingly important for government as funders of the third sector<sup>11</sup>, for other donors<sup>12</sup> and for organisations themselves<sup>13</sup>, although this has also been frequently asserted in the past (see for example references in Edwards and Hulme 1995; Kendall and Knapp 2000; Tonkiss and Passey 2001; Barman 2007). Third sector organisations themselves emphasise that requirements for evaluation by funders has become more demanding over the last five years, and that their work has also become more controlled by this (Ellis and Gregory 2009). A report prepared for Charities Evaluation Services (CES), based on a comprehensive recent survey of UK third sector organisations, outlines requirements and practices of evaluation, the use of evaluation for organisational learning and

as a basis for funding (Ellis and Gregory 2009). The situation is described as one filled with frustration for donors and organisations alike (ibid.)<sup>14</sup>. organisations lack skills and capacity to conduct meaningful evaluations, and to transform information gained through evaluation processes into organisational learning. Funders pay little attention to organisational size and the scope and scale of work when demanding information on outcomes, impacts, efficiency and so on, and reporting is felt to be irrelevant and sometimes even counter-productive to organisational mission. And, the report suggests that it is not even clear that evaluation reports are actually used by funders as a basis for decision-making. But while the present situation is fraught with dissatisfaction the report also indicates significant changes that have occurred in terms of capacity to support and promote self-evaluation as part of the introduction of quality standards. Thus a range of proactive measures initiated by organisations themselves, and by consultancies, have been deployed to challenge evaluation controlled by outsiders. The stated aims of these measures have been self-evaluation that aims to provide meaningful challenges to the way these organisations work<sup>15</sup>. Findings from searching web-pages presenting the work and achievements of individual non-profit organisations reveals that some UK TSOs have their own systems in place for producing data that is used to assess programme success, influence policy, and for internal organisational learning<sup>16</sup>.

Despite the significant changes in the range and intensity of activities related to impact assessment and evaluation, as reported in the recent CES-study (Ellis and Gregory 2009), the status of assessment in organisations is, some claim, still poor. Martin Brookes of New Philanthropy Capital states that surprisingly few charities can articulate their performance and that *'there is a shocking lack of evidence in a shockingly large range of charitable endeavours'* (Guardian on-line, 17 January 2007). Examining information provided via websites, including Annual Reports, for this review, has made it clear that challenges remain regarding how organisations state their aims, regarding the quality of evidence presented and how organisations choose to demonstrate their success.<sup>17</sup> The impression that claims are unsubstantiated and that the evidence is selective and therefore inadequate remains, and this contributes to a feeling that there is little reflection regarding work approach, and not enough interest to learn from what has been achieved<sup>18</sup>. However, it is also clear that weakness in both assessing and reporting impact is not simply due to capacity in technical and methodological aspects of impact evaluation.

## Section II – Understanding the evaluation arena: managerial, methodological and relational challenges

This second part of the review will look into the evaluation practices and experiences as described in section one, with the aim at distinguishing what different types of challenges the ‘evaluation arena’ comprises; how can we analyse this arena and its interactions in order to better understand progress made and challenges associated with the attempts to improve both evaluation practices and our learning of social changes related to third sector activities. The challenges have been labelled managerial, methodological and relational and will be described in detail below. Contemporary literature and discussions pay much attention to the so-called managerial challenges. Less attention is given to methodological issues about the link between data that represent outcomes at a local level and achievements that fall under the headline ‘community impact’, and the difficulties with making sense of data, including qualitative material. Lastly, the issues that fall under the relational challenge are often hinted at more or less indirectly (such as in the concern for organisational change and mission drift), but this political dimension is often not dissected in much detail (but see Tonkiss and Passey 2001; Taylor and Warburton 2003; Theuvsen 2004; Ebrahim 2005).

There are obvious overlaps between the three types of challenges identified here, but this is nevertheless a useful step towards appreciating some distinct ways of analysing and understanding how experiences and concerns are discussed. It provides a guideline towards different ways of approaching what could be termed ‘problems with evaluation’, in helping to distinguish problems that are manageable from those that signify more complex, perhaps even inherent, dilemmas of third sector work such as identifying impact and knowing whether to attribute change to the work of a charity, and the dilemma of gaining trust from groups of stakeholders that are significantly different.

### **Managing evaluations**

The managerial challenge includes the managing of expectations, demands and resistance in relation to evaluations, as well as managing practicalities involved with undertaking evaluation procedures, be it complying with funding conditionalities or for internally motivated purposes. ‘Managing evaluations’ will also be allowed a broader interpretation here, permitting us to include some aspects of ‘performance management’ and general organisational control.

Ellis and Gregory (2009) report from their recent study on evaluation in the sector that *‘one critical area of difficulty was the mismatch between information required by funders and the information needs of the third sector organisations themselves’* (p. 15). The ‘mismatch’ is presumably partly linked to what Behrens and Kelly (2008) call misconceptions, such as the idea that evaluations that give clear answers are somehow conflicting with evaluations that examine the complexity without relying on the identification of single cause – and – effect relationships (Behrens and Kelly 2008: 43). Vertical accountability, with a particular focus on stakeholders upwards in the chain of hierarchy, and formal accountability based on regulation and performance management appear to dominate evaluation activities (see for example Mullins 2006; Taylor 2006). From many third sector organisations’ point of view, evaluations determined by the needs of funders are seen as meaningless and uninteresting at

best, or inappropriate and damaging (misrepresentation of achievements, forcing organisational change) at worst. Furthermore, while there is much pressure from funders to introduce regular assessments it is not clear to organisations how the data required by funders is being used as a basis for decision making<sup>19</sup>.

Based on a study of American non-profit organisations, Carman and Fredricks (2008) conclude that non-profit organisations often fail to see the value in evaluations, considering them to be a resource drain and distraction from what they should be doing. Christensen and Ebrahim (2006) illustrate the seemingly absurd focus by funders' on the measurable as a way of enhancing accountability, with staff in one voluntary organisation having to spend time 'counting spoons' as part of a regular inventory exercise, rather than attending to clients' needs. From a survey of 577 voluntary agencies in South Carolina, Zimmermann and Stevens (2006) report that when asked what initially motivated organisations to conduct performance measurement more than half indicated that it was because an outside source had required it to do so. They also found that 2/3 of the organisations do engage in performance measurement, but that many '*struggle to get meaningful measures without becoming buried in paperwork*' (ibid.: 325). Based on a study including 42 directors of American non-profits Alaimo (2008) show that 60 per cent of them received government funding and they report that their government agencies require output information only, such as dollars spent and number of people served.

Framed in this way – a mismatch of expectations, unreasonable demands, badly targeted monitoring, and evaluation introduced due to funder demands – there seems to be ample ground to resist evaluations, and it is also here that some of the managerial challenge originates. Alaimo (2008) identifies organisational leadership as crucial to handling this challenge. It involves managing expectations and pressure from a political environment, and it demands leadership to '*handle the personal and professional discomfort that typically comes with the reflection and introspection necessary for cultural change*' (p. 75). Organisational change that may come as a result of evaluation could involve changes in strategies, operations and staffing, and may cause conflict and uncertainty among staff. Ebrahim (2005) argues that appropriate management and evaluation systems need to be coupled with the creation of an organisational culture<sup>20</sup> that values self-evaluation in order for management to have a successful outcome. Hoole and Patterson (2008) report experiences from organisations who have embarked on integrated evaluation and new performance management systems, and where this experience '*was intimidating at first but has been transformative for staff*' (p. 99) and that the journey to '*build the organizational capacity necessary to effectively use evaluation for organizational learning was "scary and painful"*' (p. 101). The challenges reported in these studies were not only based on a resistance to what was perceived as inappropriate evaluations, but also on the fact that self-evaluation provokes some key questions. It forces organisations to clarify 'grand social missions' that are primarily used for attracting interest and attention from various stakeholders but does not give any clear directions as to how to conduct work at grassroots level (Beck et al. 2008: 157) and addresses the impression that goals and visions are often '*vague, ill-defined and sometimes conflicting*' (Theuvsen 2004: 132).

Organisations also take a pro-active role towards monitoring and evaluation and see the usefulness of data as the basis for advocacy and a tool for strategic management. It does however appear to be difficult to systematically integrate the monitoring of activities and the evaluations of programme outcomes in organisations' daily activities. For organisations aiming to gather evidence regarding a cause that may have policy implications, such as the Citizens Advice Bureau, it is important to have a well thought through system that can be managed by all kinds of staff during their work. Capacity is not only related to management and leadership, but also to resources such as time (for staff to record data) and technology (that can store data in an accessible and systematic way).

### ***Managing performance***

In both public and private sectors the idea of performance management as a way of organisational control are well established. But although experience and knowledge gained from management as practised in these two sectors can be useful for the third sector there are reasons for caution. The image of the third sector builds on it *being different* in its mission, approach and workforce. The management of *staff* for example in relation to performance may demand an approach that is sensitive to TSOs distinctive aspects regarding workforce. Christensen and Ebrahim (2006) quote organisational directors describing staff as *'you get a very different breed of people in this type of work, people who love their work, who are committed to the work, but maybe people whose needs are greater than others'* (p. 203). Reed et al. (2005) describe how volunteers and clients sometimes change positions, making boundaries and roles hard to distinguish.

Beck et al. (2008) present a review of case studies of small non-profit organisations attempting to adopt management solutions developed for the private sector, and claim that these small organisations encounter several problems in doing so:

*'because of the absence of crucial knowledge, skills, and abilities and because of perceived incompatibilities between the purpose of the tools and the mission of the organization.'* (ibid.: 154).

The authors later conclude:

*'One of the lessons from this study is that the transferability of management approaches requires more than expertise in the particular technique of theory to be adopted; it also requires an appreciation for the surrounding factors and infrastructure that create the conditions for the approach to yield the intended results.'* (ibid.: 167).

This conclusion suggests that it is important to be true to two contexts: the original setting the management system was intended for and the new one, recognising commonalities and differences. Managements systems cannot be transferred in a piece-meal way, since they are not intended to deal with isolated problems. Theuvsen (2004) provides an example of what this could mean in practice, discussing the risks of introducing a performance-based reward system, which can operate as integrated evaluation. According to Theuvsen pay-for-performance systems, which are based on extrinsic<sup>21</sup> rewards, are inappropriate in a non-profit organisation since it risks 'crowding out' the value-based motivation that is essential to non-profit work; it will compromise core characteristics of the organisation and jeopardize work ethos of staff through changing targets. Referring to a reward-cum-control system Jaffee (2001) recounts a study of interviewers handling job-seeking clients. When evaluation emphasised the number of job-placements of clients achieved, the effect turned out to be



that interviewers, possibly inadvertently, selected clients who were easy to place<sup>22</sup>. The unintended consequences come at both organisational and individual levels, where at the former level the aim to follow an organisational ideology is replaced by focus on fulfilling goals identified in evaluations (mission drift or goal displacement). At individual level, staff may tend to drift towards compatibility with evaluations, and set up priorities that lead to exclusion of clients or neglect of personal and organisational work ethos, such as empathy and solidarity with all. For the individual, experiencing mixed messages (different priorities emphasised in organisational values and in project evaluations) can also result in disillusion regarding voluntary work and what is achievable in the context of organisational work.

Assuming that one important characteristic of third sector organisations is that they are value-driven, it is still unclear how this differentiates the sector from public and private sectors in terms of accountability and efficiency (Brett 1993)<sup>23</sup>. Lewis argues that maintaining the idea that third sector organisations provide a distinctively different culture from that of state and private organisations and hence is not a suitable setting for mainstream management thinking is hindering a cross-sector learning (Lewis 2002). Lewis points out that it is in no way contradictory to embrace the idea that the sectors have similarities – such as resource dependence and competitiveness – as well as differences – such as market characteristics, multiple stakeholders, and a different type of workforce.

The responsibility of getting evaluations right is often ill defined: although funders are placing increasing demands on organisations to provide reports on activities and achievements, they rarely provide resources for organisations to do this (see for example Ellis and Gregory 2009). The effect of having to comply with funders' demand for evaluation, without capacity or support for doing so, can for some lead to disproportionate efforts going into the monitoring and evaluation of project work instead of into actually executing the project as such. One study even indicates that smaller organisations consider *'whether they will seek funding in the future because of the volume of effort required for the amount of money they receive'* (Zimmermann and Stevens 2006: 325). Christensen and Ebrahim advise that funders and investors in the third sector *'might gain more from investing in internal grantee capacities for lateral communication and coordination than by soliciting more detailed reporting'* (2006: 195), which is to suggest a redefinition of roles and responsibilities in relation to both evaluation and reporting.

### **Methodological challenges**

In earlier parts of the paper we have referred to measurements, the use of a monetized language in evaluations, case studies, and anecdotes, all of which can be used as a basis to draw conclusions regarding organisational achievements and impact. The following discussion will address ways in which we can interpret and understand various data related to evaluations. The discussion refers primarily to examples of qualitative material, but the essence of the discussion is relevant also to quantitative data.

Although many aspects of the work of third sector organisations are measurable, it is difficult to find appropriate ways of establishing the effects of interventions that are aimed at multifaceted problems. Goals of normative quality, such as 'empowerment' of a group of clients, are hard to assess in the context of organisations in general, and Scott writes that problems with evaluations usually arise due

to a confusion between process and substance: *'once [process and substance] become blurred, a new logic is assumed: the more treatment there is, the better the results'* (Scott 1992: 356). This can be exemplified by the assumed link between participatory activities, often performed in international development projects, and individual empowerment. Formal reports of projects may refer to an impressive record of participatory activities having been held. This in turn is seen as a basis for assuming that individual and community empowerment has been achieved, a concept that has been perceived as significant for the establishing of sustainable change and being able to assess a project as successful. There are however, few ways of establishing what 'participation' has meant to participants, whether certain activities are empowering per se; the link between process – participatory activities – and substance – empowerment and sustainable change – is an assumed one, yet provides the rationale behind many projects and their frameworks for evaluation. As described earlier in this paper, frameworks for evaluation can be seen as social constructs rather than objective tools and within these frameworks there are certain assumptions that provide interpretive guidance. Differentiating between process and substance means understanding those assumptions. Patrizi (2006) for example argues that simple indicators put together may 'appear to reveal clarity' but in fact may be very misleading of what an organisation has achieved in terms of normative and sustainable impact. She refers to how evaluations are often based on *'ill-founded assumptions and simple, even wishful thinking'* (ibid.: 10). The definition of outcome referred to earlier in the paper as 'a linear sequence of if – then relationships' (from Wainwright 2002: 10) refers to a type of assumption that risks confusing process and substance.

### ***Interpreting data***

An essential part of the preparing for evaluation is to identify what type of data is required and how to access it. How can we make sure data properly relates to the very aspects of organisational work we wish to explore? This includes differentiating between for example process and substance. And not only do we need to identify what is the right type of data, but we also need to develop an understanding for what data represents; what can we read into the material gathered through evaluations? Kendall and Knapp (2000) identify some methodological difficulties that relate to both quantitative and qualitative approaches. There are conflicting interests within and around the third sector and this influences not only the way an evaluation framework is set up, but also how material is interpreted and presented. The problems this causes is enhanced by asymmetric information with information being both scarce and inaccessible, leaving ample opportunities for interpretations based on vague evidence. Having identified what concepts would capture impact and added value created by the third sector, there is a risk of *'strategic behaviour'* (ibid.: 128) since respondents have an incentive to report for example, innovations if they think that will be appreciated. Ebrahim (2005) also ponders on this topic and writes about the risk of individuals responding to questions 'based on knowledge about their audience' and hence thinks strategically about how to formulate an answer. Avoiding biases in research methods, both quantitative and qualitative, is always a challenge. Trying to *cope* with this problem is a more suitable approach though than becoming preoccupied with finding objective and neutral data. Dealing and coping with the problem requires an appreciation of the context in which information is shared (by interviewees), presented (in a dialogue between

organisation and funder), and used (for purposes of advocacy, or as a basis for decision-making regarding funding).

While quantifiable data may be straightforward to retrieve, it does not easily give a full picture of what organisations have achieved in terms of normative and added values. Using measurable aspects of organisational work may also lead us to overlook the complexities underlying what may appear as causal relationships between social intervention undertaken by a charity and change in the life course of an individual. Qualitative approaches, such as individual narratives of experiences, life histories, and inquiries into organisational informal operations, may be more appropriate tools for capturing processes including events that take place outside of a formal project context. However, qualitative material presented by and to staff of TSOs themselves, or to outsiders that have come to be seen as close and trustworthy by organisational members, requires a critical eye too.

Although not directly linked to the work of UK TSOs, several authors working in the context of care and social development, comment on the complexities concealed in qualitative material related to the monitoring and evaluation of social interventions. Anthropologist David Mosse, writing on the informal processes underlying policy implementation of development projects in India, suggests that although recipients of development aid may have different priorities and a different understanding of underlying problems and interpretations of solutions to those of project implementers, these two stakeholder groups have one thing in common: they wish to portray the development work as important and successful, with the aim of securing further resources (Mosse 2005). Lipsky too, in his study of street-level bureaucrats in the US, points out the close relationship between clients and social workers, where clients are potentially important supporters, i.e. a group that can legitimate the need for the services the organisation provides and the approach it uses, as well as providing testimony that their work is successful (1980). Lipsky argues that social workers are in a powerful position vis-à-vis their vulnerable clients; recruiting clients involves convincing them of the importance of the organisation they represent, and of the potential importance they as social workers may have for future positive life changes for the client. The social workers hold exclusive access to information and are gatekeepers to clients for outsiders who wish to enter and understand the operational world of the organisation and its staff.

Taylor (2006) addresses further issues related to the difficulties in interpreting qualitative material, in her case information that comes from providers of care. She writes on the use of 'narrating significant experience', a technique used by staff such as social workers aiming to achieve a better understanding of social work practice. This and other related qualitative techniques '*move us away from evaluating practice against a set of normative standards of good practice or prescribing what ought to be done and "what works" to exploring what goes on in practice*' (ibid.: 190). However, as Taylor then points out, while these techniques provide important learning tools that are used as '*a means to give unmediated access to practice and/or to the thoughts and feelings of the individual practitioner*' (ibid.: 191) the data provided through these accounts also hold intricate references to normative frameworks and ideal images of who a social worker is, how they should operate, and what they should achieve. Taylor again: '*what gets narrated and how practice is narrated are not driven by*

*the facts of the case but by the imperative to display a competent professional (albeit possibly fallible) identity'* (ibid.: 191).

Getting evaluation right is not only about selecting appropriate tools for capturing organisational achievements. Scott reminds us that we need to appreciate that there is a difference between process and substance, and calls for caution not to overlook hidden assumptions underlying our interpretations of how data are related. Based on insights provided by Mosse, Lipsky and Taylor, we also realise that before interpreting data we need to be imaginative in terms of what the data represents, to understand the different dimensions of data, and consequently use it with caution.

### **The relational challenge**

Behind the call for a demonstration of tangible results of both programme outcomes and community impact, lies reasonable demands for accountability, upwards (to funders) as well as downwards (to constituency). Apart from what earlier in the paper has been labelled 'managerial' and 'methodological' challenges related to evaluation, there are further dimensions linked to this topic that are spun from the following questions: is getting evaluation right just a matter of capacity, leadership, methodological insight and skills? Or is there something more intricate related to evaluation procedures such as who is in control of the third sector? And, how or in what way are evaluation and its outcomes related not just to organisational procedures, but to relationships between doers, givers, and receivers of charity work? The purpose of discussing the relational challenge here is primarily to take notice, and perhaps not to provide an in-depth discussion, of some essential dimensions of organisational life related to evaluations. These include accountability, legitimacy and trust, and also to some extent the rhetorical aspect of claims that organisations make.

### ***Evidence, legitimacy and trust***

Evaluation and assessing impact is not only about accountability and getting policies right. It is also about finding evidence to be used as a basis for legitimacy. But how does an organisation justify its right to exist? What role does evidence, evaluation and accountability play? Taylor and Warburton (2003) look into different ways of claiming legitimacy, in particular in relation to the policy process. While government bodies involved in partnership with TSOs emphasise fiscal and operational legitimacy (to ensure delivery of contracted services funded with taxpayers' money), TSOs themselves emphasise political and moral legitimacy. The political and moral claims organisations refer to include values of social justice, equity, solidarity, and the use of democratic and inclusive organisational procedures. However, these claims are, as Taylor and Warburton point out, both disputed and very difficult to demonstrate. Tonkiss and Passey (2001) distinguish between *trust* and *confidence* as two different aspects of legitimacy. They argue that '*a tension exists between trust based on principles of voluntarism and linked to shared values, and relations of confidence that are mediated by institutional and contractual forms*' (p. 257). The authors refer to both processes of institutionalism (see the concept of organisational isomorphism in DiMaggio and Powell (1983)) and to what they see as recent trends, as underlying reasons behind a move from trust based to confidence based legitimacy. The environment in which third sector organisations operate today is increasingly characterised by professionalization, competition and a 'contract culture'. In the movement from 'voluntarism as a model of civic action' to formal voluntary organisations, there is also an attempt to formalise trust; with

contract-based partnerships confidence is established through 'audit and regulation'. This takes precedence over trust in a cause, i.e. to help the needy and less fortunate. Voluntary work and 'doing good' is framed in a new and very different way, defined by a technical language that comes with formal contracts between parties. Concurring with the findings of Taylor and Warburton cited above, Tonkiss and Passey note that *'relations with the state are shifting from a focus on wider outcomes (trust relations based on shared evaluations of social good) to specific outputs (confidence relations based on target-driven contracts)'* (p. 272) and argue that the implications of this for the third sector may be that *'organisations are increasingly governed by mechanisms designed to develop and maintain confidence'* (ibid.).

There are possibly negative aspects of this development linked to the way third sector organisations relate to the public. Tonkiss and Passey note, based on a survey of 1045 adults, that while people in general share the values represented by charities, they feel *'ambivalence towards the ways that charities behave as institutions'* (ibid.: 266). The aim 'to do good' has become more complicated by questions such as 'who can be defined as "in need"?', 'how are they best supported?' and 'who is best suited to do this job?'. Tonkiss and Passey's study is one of the few reviewed for this paper that focuses on the relationship between the general public and third sector organisations, and that link new standards of accountability to how the third sector is perceived by the public. Schlesinger et al. (2004) addresses this relationship too in their article, focusing on the crisis of legitimacy that they claim threatens charities in the US. The authors provide a complex analysis of the underlying causes of this crisis and suggest that focus is directed towards understanding and dealing with people's 'evident difficulty' in understanding the sector. The sector, and the practice of philanthropy and charity, has changed considerably over recent years which may cause people's perceptions to *'become ever more discordant with the evolving nature of the sector'* (ibid.: 274). The question of particular interest in the context of this review is to what extent more precise and standardised accountability will remedy a crisis of legitimacy and the public's ambivalence towards the third sector. The authors argue that while inadequate accountability is one of several threats to the crisis of legitimacy, lack of knowledge and preconceived ideas stand out as more significant. Furthermore, accountability is not educational for a sceptical and partly ignorant public, which is an important insight that should have implications for how evaluations are used and framed.

Linking evaluation and the call for evidence of achievements to legitimacy and accountability may lead us to further questions regarding the effect of increased organisational control. Emphasising accountability as key to restoring legitimacy and trust may not only be inappropriate, as the argument above suggests, but also counterproductive. Slim (2002) writes, in the context of humanitarian assistance, that:

*'the problem with elaborate systems of accountability is that they 'professionalise' still further a relationship between NGOs and poor primary stakeholders that should be continuous, immediate and human'* (on-line article, no page).

Taylor and Warburton, too, point out that formal accountability may undermine trust in institutions. In her Reith Lectures from 2002 Onora O'Neill discusses the impact of an all-encompassing audit system, introduced on the basis that improved accountability, as in detailed monitoring and control, will

restore lost trust in the public sector. She writes that *[t]he new accountability is widely experienced as not only changing but I think [...] distorting the proper aims of professional practice and indeed as damaging professional pride and integrity* (O'Neill 2002: on line). Not only do professionals in the public sector suffer from serious unintended consequences of the new accountability system, but along with increased control systems comes growing mistrust from the public. The root cause, argues O'Neill, is the introduction of a wrong kind of accountability. The effects of this can turn out to be highly unwanted in that they undermine key characteristics of work and, argues O'Neill, damage professional integrity.

Although it is unclear how value-driven organisations differentiate from public or private sector organisations in terms of accountability, and although there are clearly disputes about how to frame and use evaluations, and questions about its unintended consequences, the suggestion is not to abandon demands for accountability, but to seek for different ways of expressing accountability. Different suggestions and experiences can be seen in a few articles. Lewis and Sobhan (1999) review how *'sound and responsible funding relationships based on mutual trust [can] be built between bilateral donors and NGOs'* in the context of international development. From the case they have studied<sup>24</sup> they conclude that a trust-based relationship which relies on personal relationships and shared values, as opposed to contract-based relations and a trust that is of a more general kind, has benefited NGOs and donors. Although the local NGOs are relying on funding from donors the trust-based relationship has made it possible to avoid becoming *"instrumentalised" by the objectives of the donors'* (ibid.: 127). This is not an approach that is without problems, but the example provides some insights and ideas that are rarely discussed. Christensen and Ebrahim (2006) argue that accountability so far is mainly interpreted as a one way relationship whereby organisations report to authorities, and where rules and punishment appear to play important roles in defining what accountability is all about. This is a limiting way of interpreting accountability, and they suggest that it can instead be built on *'mission and purpose rather than external scrutiny'* (ibid.: 208), obtained through structured informality which encourages communication within organisations and between organisations and their partners. Similarly Taylor and Warburton (2003) argue for accountability through dialogue, and O'Neill (2002) supports accountability through active inquiry, both which demand active engagement by doers, givers, and receivers related to third sector work.

### ***Claims, evidence, and strategies as rhetorical tools***

Theuvsen (2004) argues that a likely explanation for charities taking on management performance systems more suitable for private businesses is that they operate in an institutional environment where an organisational culture dominates which:

*'force[s] organizations to adapt to management techniques that are legitimated externally and that are evaluated not in terms of efficiency but ceremonial assessment criteria.'*  
(ibid.: 131).

Ebrahim (2005) argues that an evaluation is *'not simply utilitarian in its relevance'* but that it also *'serves a symbolic function to conferring legitimacy'* (p. 65). What these authors seem to be saying is that taking on management techniques and embracing organisational evaluations are *strategies* adapted in order to communicate authority and credibility. Strategies may serve as organisational

rhetoric and may be symbolic rather than real in terms of how they affect organisational structure and behaviour. Our understanding of third sector organisations and organisational change appears to be limited; the fears of organisational change referred to above are real but not quite substantiated. As Anheier (2000) suggests, we ought to think of third sector organisations as multi-dimensional, with one part taking on business-like features, but that another part of the organisation operating at the grassroots level may remain intact in terms of essential non-profit values and motivations.

A similar rationale may be applied to the claims made by organisations; some claims are linked to organisational goals, while others make up part of organisational rhetoric. Joel Best argues that claims-making about social problems, much like many associated with the work of third sector organisations, is a persuasive activity and builds on the idea that social problems are constructed (Best 1987). This is similar to what Barman (2007) suggests; measurement has been used within the third sector to support claims about needs and to establish approaches to tackle socio-economic problems. This constitutes part of the persuasive activities needed for organisations to gain attention and establish legitimacy. Some claims are organisational goals, and should be seen as essential pointers for evaluation procedures. Other claims must be understood in the context of organisations needing to establish and strengthen moral control over social and economic issues that are politically contentious; claims-making and rhetoric are *'ideological weapons with which to overcome opposition and garner resources from the environment'* (Scott 1992: 285).

How is this related to a discussion about organisational evaluation, accountability and legitimacy? Claims are expressed and strategies adopted in a relational context characterised by resource dependence and uncertainties, and where third sector organisations need to establish or strengthen legitimacy and trust. The discussions evolving around evaluation, evidence, and accountability are closely linked to those needs and should be investigated not just with the view to finding suitable ways of assessing outcomes and impact of third sector organisations, but through a perspective that takes relations, control, and power into account.

### **Concluding remarks and further questions**

The intention of this paper was to provide a preliminary overview of evaluation-related activities in the UK third sector, and in particular to contribute an analytical perspective on the managerial, methodological and relational challenges involved in formulating frameworks for evaluations. The idea of an 'evaluation arena' has been used to capture some essential traits of these challenges: there are several actors, with different interests and expectations, arguably competing with one another in their efforts to define suitable ways of evaluating and appreciating what third sector organisations contribute to target groups and society at large. The *managerial* challenge focuses on organisational capacity needed to carry through evaluations, to manage fears and expectations, and to establish a culture of organisational learning. Questions of third sector distinctiveness become important here, since 'management' and 'control' are terms more often associated with organisations of different characters, such as public and private. The *methodological* challenge highlights the need for an understanding of the possibilities and limitations of different evaluation methods. It also points out the difficulties involved with interpreting data; it demands a cautious and imaginative mind in order to realise what data represents (the truth?) and to what extent data about project activities can lend itself to

conclusions about normative changes at aggregate levels. Finally, the *relational* challenge refers to the unintended effects that evaluations and an emphasis on formal accountability may have at individual and organisational levels. It also draws attention to relations of a political character with stakeholders outside of the third sector organisations.

Although the three challenges are closely linked, the relational challenge brings a dimension to the discussion that is distinctively different to the more technical managerial and methodological challenges, which are more technical in character. The relational challenge is also the dimension that distinguishes the third sector from public and private sectors; it summarizes a landscape of relations which includes very different actors, reflecting how needs, dependence, and power come to play important roles in how ideas, claims and aims are negotiated.

As is clear from this paper an initial discussion about evaluation and impact assessment of the third sector opens up a series of empirical and theoretical investigations. From the perspective of looking into how evaluation and impact is articulated and negotiated between actors, the following research questions can be identified:

1. At the core of attempts at identifying suitable frameworks for evaluation lie questions about distinctiveness of third sector organisations. However, there seem to be few studies offered that have a sound theoretical and/or empirical grounding that look into what this means today; for example, are services provided by the third sector more accountable, effective and inclusive than that of other sectors? And if the third sector is different from other sectors, how should this be reflected in evaluations that aim to assess the sector's impact and efficiency?
2. An important component in discussions around evaluations is a fear of changes in work-ethos and organisational values that may occur as a result of formal accountability and the use of generic frameworks of evaluation. There is, however, limited research that verifies these fears. One way of investigating organisational change could be to look into what informal forces can be detected that may counteract the changes feared to be detrimental to important traits of third sector organisations. To what extent do staff and volunteers resist such externally imposed frameworks?
3. Much of the literature is focusing on formal ways of expressing accountability, where evaluations and control are important components in relationships between organisations and funders. But what other – perhaps less formal – types of 'accountability transactions' exist between organisations and funders?
4. How do requirements for evaluations as framed by funders affect strategies adopted by third sector organisations regarding tendering and fundraising?
5. Accountability, delivered through improved standards of evaluations, is seen as an important means of ascertaining that organisations are efficient in using their funds. But what other expectations are linked to increased accountability and transparency? How can formal accountability that is primarily aimed as contractual relationships between organisations and funders, benefit clients? Can improved accountability and publicly available evaluations improve knowledge regarding the work of third sector organisations? To what extent can it enhance clients' potential to exercise voice and choice? Research into these issues would involve a



closer look into what characterises third sector clients, and how provision of information and assessments can empower a clientele that is often defined as vulnerable and with limited possibilities to access, comprehend, and use information.

## Endnotes

<sup>1</sup> Please see the end of the paper for a list of reviewed websites.

<sup>2</sup> See e.g. NCVO, Navca, The Community Sector Coalition, Resource Alliance, Community Alliance.

<sup>3</sup> [www.cabinetoffice.gov.uk/third\\_sector](http://www.cabinetoffice.gov.uk/third_sector)

<sup>4</sup> For a useful and short review of this debate see Taylor and Warburton (2003). See also Reimer et al. (2008) and Smith et al. (2004) for studies of social capital in relation to third sector work.

<sup>5</sup> For the purpose of this review over 40 websites belonging to individual and umbrella third sector organisations have been investigated. Please see attached list.

<sup>6</sup> This is based on search for key concepts used in articles in two journals specialising in third sector research, International Journal of Voluntary and Nonprofit Organizations and Nonprofit and Third Sector Quarterly, 2003-2009.

<sup>7</sup> See for example PQASSO offered by the Charity Evaluation Services, described as a 'practical quality assurance system for small organisations. See further at [www.ces-vol.org.uk](http://www.ces-vol.org.uk)

<sup>8</sup> [http://www.cabinetoffice.gov.uk/third\\_sector/Research\\_and\\_statistics/measuring\\_social\\_value.aspx](http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/measuring_social_value.aspx)

<sup>9</sup> <http://www.sroi-uk.org/content/view/31/66/>

<sup>10</sup> As above.

<sup>11</sup> See <http://www.sroi-uk.org> and

[www.cabinetoffice.gov.uk/third\\_sector/Research\\_and\\_statistics/measuring\\_social\\_value.aspx](http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/measuring_social_value.aspx)

<sup>12</sup> See e.g. <http://www.philanthropycapital.org/>

<sup>13</sup> See upcoming events at [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

<sup>14</sup> The report 'How are you getting on?' published by New Philanthropy Capital (Lofgren 2009) gives a similar picture of a mismatch of expectations, resources, responsibilities and skills related to evaluation and reporting. For a useful report on the very similar experiences of nonprofit organisations in the States see Alaimo (2008)

<sup>15</sup> See for example [www.ces-vol.org.uk](http://www.ces-vol.org.uk) (PQASSO), and discussions under [www.philanthropycapital.org](http://www.philanthropycapital.org),

<sup>16</sup> For example [www.homelessoutcomes.org.uk](http://www.homelessoutcomes.org.uk) which provides a 'one-stop resource for homelessness agencies who are interested in taking an outcomes approach to their work' (Introduction, web-page 10/05/09). See also the eBEF of the Citizens Advice Bureau, short for 'electronic bureau evidence form', which can be used by an advisor whenever a policy law or practice is causing problems for a client. This system is linked to CASE, a recording system used by advisors for every client interview. See further here: <http://www.ncvopolicyforum.org.uk/group/evidencebasedpolicy/forum/topics/follow-up-from-evidence-based>

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- <sup>17</sup> A list of organisations and websites visited is provided the end of the paper.
- <sup>18</sup> But see Sue Ryder, Shelter, and Whale and Dolphin Conservation Society for good examples.
- <sup>19</sup> See Taylor and Warburton (2003), Hoole and Patterson (2008) and Ellis and Gregory (2009) for different aspects of how funders use evidence and evaluations. Briefly, the articles suggest that evaluations are not being used by funders as basis for decision making or as a basis for building up a dialogue with organisations to improve learning and performance, hence evaluation as currently practised is failing third sector organisations. This particular aspect of impact assessment as practised today is also addressed in 'How are you getting on?', a recent NCP publication (Lofgren 2009), which suggests that evaluations *are* being used by funders, but that reporting by organisations, as seen by funders, is often inadequate and unconvincing.
- <sup>20</sup> What is meant by 'organisational culture' here is not clear though; does it refer to characteristics of staffing, or ideological predisposition? For a discussion of 'organisational culture' in the context of third sector management see Lewis (2002).
- <sup>21</sup> Extrinsic rewards appeal to extrinsic motivation, where I do things for a material reward. Intrinsic reward is something that appeals to my inner life, to motivation such as solidarity, altruism.
- <sup>22</sup> See Christensen and Ebrahim (2006) for empirically based discussion on this.
- <sup>23</sup> Brett's article from 1993 provides thought provoking and valuable reading. It gives a concise review of some theoretical approaches to efficiency in organisations and enforcement of accountability in public, private and voluntary sectors respectively.
- <sup>24</sup> Between Swedish SIDA and Southern NGOs.

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1. Charities Evaluation Services [www.ces-vol.org.uk](http://www.ces-vol.org.uk)
2. The Big Lottery Fund [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)
3. NCVO [www.ncvo-vol-org.uk](http://www.ncvo-vol-org.uk)
4. ACEVO [www.acevo.org.uk](http://www.acevo.org.uk)
5. Innovation Exchange [www.innovationexchange.org.uk](http://www.innovationexchange.org.uk)
6. ARVAC [www.arvac.org.uk](http://www.arvac.org.uk)
7. CEMVO (Council for Ethnic Minority Voluntary Sector Organisations) [www.cemvo.org.uk](http://www.cemvo.org.uk)
8. Institute for Volunteering Research IVR [www.ivr.org.uk](http://www.ivr.org.uk)
9. Volunteering England [www.volunteering.org.uk](http://www.volunteering.org.uk)
10. Voice for Change [www.voiceforchange.org.uk](http://www.voiceforchange.org.uk)
11. Community Action Hampshire [www.action.hants.org.uk](http://www.action.hants.org.uk)
12. New Economics Foundation Nef [www.neweconomics.org](http://www.neweconomics.org)
13. The School for Social Entrepreneurs [www.sse.org.uk](http://www.sse.org.uk)

14. Innovation Exchange [www.innovationexchange.org](http://www.innovationexchange.org)
15. Navca [www.navca.org.uk](http://www.navca.org.uk)
16. Director of Social Change [www.dsc.org.uk](http://www.dsc.org.uk)
17. Community Sector Coalition [www.communitysectorcoalition.org.uk](http://www.communitysectorcoalition.org.uk)
18. Bassac (British Association of Settlements and Social Action Centres) [www.bassac.org.uk](http://www.bassac.org.uk)
19. ImPACT [www.impactcoalition.org.uk](http://www.impactcoalition.org.uk)
20. Third Sector [www.thirdsector.co.uk](http://www.thirdsector.co.uk)
21. The Charity Commission [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)
22. HACT Housing Association Charitable Trust [www.hact.org.uk](http://www.hact.org.uk)
23. Regional Action West Midlands [www.rawm.org.uk](http://www.rawm.org.uk)
24. Future Builders [www.futurebuilders-england.org.uk](http://www.futurebuilders-england.org.uk)
25. ChangeUp [www.changeup.org.uk](http://www.changeup.org.uk)
26. Unicef [www.unicef.org.uk](http://www.unicef.org.uk)
27. World Bank [www.worldbank.org](http://www.worldbank.org)
28. Compact [www.thecompact.org.uk](http://www.thecompact.org.uk)
29. Shelter [www.shelter.org.uk](http://www.shelter.org.uk)
30. Cancer Research [www.cancerresearch.org](http://www.cancerresearch.org)
31. Oxfam [www.oxfam.org](http://www.oxfam.org)
32. Barnardos [www.barnardos.org.uk](http://www.barnardos.org.uk)
33. The Development Trust Association [www.communitysectorcoalition.org.uk](http://www.communitysectorcoalition.org.uk)
34. Resource Alliance [www.resource-alliance.org](http://www.resource-alliance.org)
35. WCVA (Wales Council for Voluntary Action) [www.wcva.org.uk](http://www.wcva.org.uk)
36. Regional Forum [www.regionalforum.org.uk](http://www.regionalforum.org.uk)
37. Community Alliance [www.communityalliance.org](http://www.communityalliance.org)
38. Combat Stress [www.combatstress.org.uk](http://www.combatstress.org.uk)
39. Well Child [www.wellchild.org.uk](http://www.wellchild.org.uk)
40. Age Concern [www.ageconcern.org.uk](http://www.ageconcern.org.uk)
41. SOS Children's Villages [www.soschildrensvillages.org.uk](http://www.soschildrensvillages.org.uk)
42. Sue Ryder Care [www.suerydercare.org](http://www.suerydercare.org)
43. Shelter Box [www.shelterbox.org](http://www.shelterbox.org)
44. The Psychiatric Research Trust [www.psychiatryresearch.org.uk](http://www.psychiatryresearch.org.uk)
45. Whale and Dolphin Conservative Society [www.wdcs.org](http://www.wdcs.org)
46. The Musicians Benevolent Fund [www.mbf.org.uk](http://www.mbf.org.uk)
47. Airfields of Britain Conservation Trust [www.adct.org.uk](http://www.adct.org.uk)
48. Action Aid [www.actionaid.org.uk](http://www.actionaid.org.uk)

## About the Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The third sector research centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

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## Economic and Social Impact

Assessing the economic impact of third sector organisations is a key research priority for TSRC. It is linked to our mapping and measuring of the sector, and has a particular focus on the role that third sector organisations play in delivering public services and contributing to general community wellbeing. We are engaged in a review of the wide range of existing methods and tools for measuring impact within TSOs including Social Return on Investment (SROI), blended impact measures and other adaptations of cost/benefit analysis. We will also develop sector wide analysis of economic impact of third sector activity and its contribution to the wider economy, including analysis of workforce trends, volunteering and third sector value.

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