Determinants of Nonprofit Impact: A Preliminary Analysis

Kathryn L. Chinnock and Lester M. Salamon
The Johns Hopkins University

Paper presented at the panel session on
“Nonprofit Impacts: Evidence from Around the Globe,”
Fifth International ISTR Conference, Cape Town, South Africa, July 2002

I. INTRODUCTION

Although some research has accentuated the importance of evaluating the impact of the nonprofit sector (Flynn and Hodgkinson, editors, 2002; Forbes, 1998; Herman and Renz, 1999; Kendall and Knapp, 2000), there remains a dearth of research that reveals what difference nonprofit organizations actually make and how\(^1\).

The impact analysis component of the Johns Hopkins Comparative Nonprofit Sector Project\(^2\) has begun to shed some light on the question about nonprofit impact. This impact project established a set of criteria for an effective impact analysis and identified five widely cited roles or contributions that nonprofits are expected to fulfill and five vulnerabilities or drawbacks often attributed to nonprofits. The initial analysis validated the identified roles and vulnerabilities and confirmed that the nonprofit sector does indeed seem to perform a distinctive set of roles and exhibit a number of vulnerabilities in a wide assortment of countries throughout the world (Salamon, Hems, and Chinnock, 2000)\(^3\). Nevertheless, the extent of these roles and vulnerabilities fall short of prior expectations. The performance of this set of roles and vulnerabilities is now being closely scrutinized and compared at the nonprofit field and agency levels. We recognize that some nonprofit organizations are more capable of creating and sustaining impacts than others. What accounts for these differences is the topic of this paper.

This paper identifies and explores what factors assist or inhibit the impact of nonprofits across fields, regions, and countries and focuses on the results from more than 20 countries. Source materials include organizational case studies and field memoranda, comprised of literature searches, data analysis, expert interviews, and focus groups, prepared by local researchers collaborating with us in each country. The results provide insight into the factors that influence nonprofit impact.

---

1 For examples of attempts to come to terms with the impact of nonprofit organizations, see: Brett (1993); Clark (1991); Clotfelter (1992); Edwards and Hulme (1996); Farrington and Bebbington (1993); Fowler (1995); Kramer (1981); Riddell and Robinson (1992).

2 For a further discussion of the objectives and results of this project to date, see: Salamon and Anheier (1996) and Salamon et al. (1999).

II. METHODOLOGY

The initial analysis (Salamon, Hems and Chinnock, 2000) provides explicit details about the methodology of this impact analysis project, including the established criteria, the various tasks, and the different units and modes of analysis. The section below provides a synopsis of the methodology utilized and what we have accomplished thus far.

A. CRITERIA AND APPROACH

First, it was determined that certain criteria must be met for an effective impact analysis. Thus, this impact assessment strived to go beyond outputs, to be systematic, to be more than a celebration (by investigating potential negative consequences as well as the positive), to be theory-based, to show relative impact, and to be comparative.

With these criteria in mind, we created an approach to the impact analysis portion of the Johns Hopkins Comparative Nonprofit Sector Project that involved a few principal steps, as shown in Table 1.

Table 1  Impact Analysis: General Approach

<table>
<thead>
<tr>
<th>Task</th>
<th>Unit of Analysis</th>
<th>Mode of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Site Selection</td>
<td>Countries</td>
<td>Data Analysis</td>
</tr>
<tr>
<td>II. Identify Contributions/Vulnerabilities</td>
<td>Sector</td>
<td>Literature Review/Interviews</td>
</tr>
<tr>
<td>III. Validate Contributions/Vulnerabilities</td>
<td>Country</td>
<td>Literature Review/Interviews</td>
</tr>
<tr>
<td>IV. Measure Contributions/Vulnerabilities</td>
<td>Subfield</td>
<td>Literature Review/Interviews</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expert Interviews</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Focus Groups</td>
</tr>
<tr>
<td>V. Explain Contributions/Vulnerabilities</td>
<td>Agency</td>
<td>Case Study Inquiries</td>
</tr>
</tbody>
</table>

B. SITE SELECTION

Initially, in order to provide the broadest possible perspective on the impacts that nonprofit organizations are having in different settings, we selected a range of research sites that differed widely in terms of level of development, cultural and religious heritage, and social and political structure. Altogether, 40 countries are included in the Johns Hopkins Comparative Nonprofit Sector Project, including countries in Western Europe, Central Europe, Asia, South Asia, the Middle East, Africa, North America, and Latin America. The impact analysis portion of the project will eventually be completed in at least 30 of these countries. As of this writing, some portion of the impact analysis work has been completed in 21 countries.

C. ROLE DEFINITIONS

To structure our analysis, it was necessary to identify at the outset a reasonable set of indicators against which it is possible to assess the nonprofit sector’s impact. To be meaningful, these indicators had to have some theoretical foundation and some relationship to the special features that characterize this set of institutions. This required an examination of the theoretical
literature in this field to identify the features most commonly associated with nonprofit organizations and the kinds of contributions and drawbacks attributed to these organizations as a consequence. The following set of five widely cited roles (service, innovation, advocacy, expression, and community building) and vulnerabilities (particularism, paternalism, excessive amateurism or professionalism, resource insufficiency, and accountability lapses) serve as these indicators. The roles are summarized below. For a more detailed description of these roles and definitions of the vulnerabilities\textsuperscript{4}, please see Salamon, Hems, and Chinnock (2000).

1. **The service role.** Because of its non-profit-distributing character, the nonprofit sector can be expected to perform a crucial service-providing role. The services that we would expect nonprofit organizations to provide are those that involve some “public” or collective character. Nonprofit organizations can be expected to be involved in the provision of health services, education, personal social services, and cultural services of various kinds.

   The service role of nonprofit organizations can be expected to differ from that of other types of organizations (e.g. businesses and government agencies) not only in terms of the fields in which it operates, but even more so in terms of its basic character. Thus, even when all three types of institutions are active in a field, we would hypothesize that the nonprofit providers would exhibit a greater degree of one or more of the following features: higher quality, greater equity, lower cost/efficiency, and specialization.

2. **The innovation role.** Because they are not driven by the “bottom line,” nonprofit organizations are also potentially more flexible and adaptable than other types of organizations and more able to take risks. Nonprofit organizations can be expected to be pioneers in particular fields, identifying unaddressed issues and focusing attention on them, formulating new approaches to problems, and generally serving as a source of innovation in the solution of societal problems. All three types of innovation identified by Osborne (1998) can be identified with the nonprofit sector: evolutionary innovation, in which there is a new process/product; expansionary innovation, in which there is a new market; and total innovation, in which there is a new process/product and a new market.

3. **The advocacy role.** Because they are not beholden to the market, and are not part of the governmental apparatus, nonprofit organizations can be expected not only to innovate, but also to push for changes in government policy or in societal conditions (Boris & Mosher-Williams, 1998; Habib & Taylor, 1999; Kramer, 1981; Lipsky & Smith, 1989). These organizations may be in a position to serve as a link between individuals and the broader political process, providing a way to bring group concerns to greater public attention and to push for policy or social change, not only on behalf of those belonging to a group, but also on behalf of the general public.

4. **The expressive and leadership development role.** Advocacy is just one form that the representational activities of nonprofit organizations can be expected to take. These organizations also potentially perform a broader role as vehicles for individual and group

\textsuperscript{4} Since the ensuing discussion is focused on the roles and their determinants, we refrain from discussing the vulnerabilities in any detail in this paper.
self-expression (Weisbrod, 1975). Groups form to give expression to ethnic and religious heritages, occupational interests, shared ideologies and interests, musical or cultural concerns, and thousands of other preoccupations. In addition, because they offer vehicles for individual self-expression, nonprofit organizations encourage leadership development. Through this expressive role, therefore, nonprofit organizations should be instrumental in promoting the value of pluralism and diversity in society, providing outlets for the development of new leadership cadre and vehicles through which people can fulfill themselves in a variety of ways.

5. The community building and democratization role. Finally, these organizations can be expected to perform a unifying role as well (Berger & Neuhaus, 1996; Kingsley & Gibson, 1999). This role is embodied in the concept of “social capital” that has recently gained considerable currency (Putnam, 2000, 1993). The central idea here is that by encouraging social interaction, nonprofit organizations help to create habits of trust and reciprocity that in turn contribute to a sense of “community.” This community building role has been credited with encouraging both economic growth and democratization, each of which requires extensive bonds of trust in order to flourish. In short, we can hypothesize that nonprofit organizations make an important contribution in fostering sentiments of trust, social obligation, and belonging both among and between their own members and others in society and that they consequently function as “schools of democracy” and of community.

We do not expect that all nonprofit organizations will play all of these roles, nor would we expect that the roles are unique to nonprofit organizations. However, the identified set of roles and vulnerabilities provides an appropriate framework for assessing the impact of the nonprofit sector cross-nationally.

The initial analysis (Salamon, Hems, and Chinnock, 2000) revealed that the hypothesized roles are, in fact, recognizable at the sector level across a broad range of countries. The current analysis attempts to determine the extent of the roles in nonprofit organizations across fields and countries and the factors that may be encouraging or limiting these contributions. Thus, this portion of the analysis focuses on the field-level work and organizational case studies.

D. MEASURING THE ROLES

1. Field-level Analysis

After identifying the most likely contributions of the nonprofit sector, we attempted to determine the extent to which nonprofit organizations actually exhibit these contributions. For this purpose, we narrowed our focus to a limited range of subfields\(^5\) to make the task manageable while still encompassing the full range of nonprofit activity, thereby limiting bias toward a

\(^5\) The term subfield is used in the context of the International Classification of Nonprofit Organizations where field is the highest level of aggregation of activities (e.g. education) and subfield is a constituent part e.g. primary education. The use of subfield is akin to that of societal field defined by Scott & Meyer (1991) – “all organizations within a society supplying a given type of product or service together with their associated organizational sets: suppliers, financiers, regulators and so forth.”
particular role. In particular, research associates in each country were asked to identify one particular subfield of nonprofit work in each of three broad fields of nonprofit activity:

- traditional human services (e.g. social services, health, education);
- the promotion of economic rights and pursuit of economic opportunity;
- the promotion of basic human rights or free expression.

While the unit of analysis for this phase of work was the subfield, the mode of analysis was a combination of literature review, analysis of available data, personal interviews, and “focus group” sessions. This work was guided by a series of field instruments formulated in cooperation with the local research associates and designed to assemble both the quantitative and qualitative data as systematically as possible given the context of our overall framework. The goal was to collect comparable data and information from each site that could then be assembled into an aggregate picture. Because the data emerging from this was qualitative in character, it was necessary to utilize scaling techniques in order to assemble the information for comparative assessment.

Altogether, 43 “field studies” have been completed to date in 16 different countries. Research associates selected a wide assortment of nonprofit fields for this phase of work. Distributed across the three broad areas of nonprofit activity, the 16 countries include:

- Four European-style welfare partnership countries;
- Two Commonwealth countries and the United States;
- One Asian industrial country;
- Three transitional-economy countries from Eastern Europe;
- Three developing countries from Latin America;
- Two countries from Africa.

Eventually, such work will be completed in at least 24 countries, yielding a total of 72 field studies.

2. Organizational Case Study Analysis

In addition to the field studies, researchers conducted 24 case studies in 7 countries (Colombia, France, Ireland, Philippines, Romania, South Africa, and Tanzania). At this level of analysis, researchers in each country were asked to conduct a targeted case study inquiry of at least one organization in each of the three selected subfields. These inquiries focus on the extent to which these organizations exhibit the identified five roles, the types of activities they engage in that reflect these roles, and the organizational or other factors that explain the observed patterns. Eventually, these studies will be completed in approximately 18 countries and will yield 54 case studies in total.

Based on the field and case study analyses to date, a number of tentative conclusions can be drawn about role performance and some determinants of nonprofit contributions.
III. DESCRIPTIVE FINDINGS: Field level analysis: Extent of role performance by field, level of development, and region

First we compared the overall performance of all five roles.

A. OVERALL ROLE PERFORMANCE

The field level analysis of 43 field studies across three areas of nonprofit activity and 16 different countries reveals that nonprofit organizations are performing all five roles at medium to high levels more often than not, or over 50% of the time. Thus, there is substantial evidence of service, innovation, advocacy, community building and expression provided by the nonprofits, although the levels of performance do vary.

Chart 1. Medium to High Levels of Role Performance Overall (n=43)

As shown in Chart 1, the service role is highest with 95% of the field studies demonstrating medium to high levels of performance of the service role. Eighty-eight percent of the field studies show innovation with medium to high role performance. In contrast, only 67% of the field studies demonstrate medium to high levels of the advocacy role. Likewise, both the expressive and community building roles are displayed with medium to high levels of performance in only 60% of the field studies.

Because the advocacy and community building roles appear particularly low and contrary to our expectations, we decided to explore these role performance variations. Thus, we utilized various lenses to analyze the discrepancies in role performance by grouping the data by fields of nonprofit activity, by the level of development of each country, and by region.
B. ROLES BY FIELD

To examine the variations of performance within the roles, we first grouped the data to analyze role performance by field. The following chart shows role performance across the three fields of nonprofit activity studied (traditional human services, economic opportunities, and expression and rights).

This chart reveals several noteworthy findings.

1. **Traditional human services providers have lost some of their advocacy ardor.**

   Organizations in the field of traditional human services, such as organizations that provide child health care, elderly care, and primary education, tend to demonstrate high levels of the service (100%) and innovation (93%) roles, but remarkably low levels of advocacy (47%), expression (47%), and community building (53%). This high service role and low advocacy role performance is consistent with the view that service organizations are devoid of advocacy activities or that they are more focused on providing services to a targeted population rather than advocating on behalf of the beneficiaries.

2. **There is significant service provision across the board, even among agencies in expression and rights.**

   Surprisingly, in the field of expression and rights, which encompasses organizations such as ethnic minority groups and arts organizations, role performance is high in every role except for community building. This includes significant role performance in both service provision...
(86%) and advocacy (93%). Here we anticipated a high level of performance of the advocacy role in these types of organizations, but it is curious that these organizations are also playing a significant service role, which is contrary to the notion that nonprofit organizations provide either service or advocacy.

3. **Expression and rights groups are the least engaged in community building, but community building is low across the board.**

The community building role ranks significantly lower in comparison to most of the other roles with only 60% of all the field studies demonstrating medium to high levels of role performance. Most significantly, in the field of expression and rights, only 50% of the field studies demonstrated medium to high levels of community building. Here we anticipated that organizations in the field of expression and rights, which presumably would strive to create social ties among groups, would be more effective in generating social capital than the organizations in the other two fields.

4. **Community building is the most pronounced in the economic opportunities field.**

Organizations in the field of economic opportunities, such as community development, labor market integration, and microenterprise organizations, are providing extremely high levels of service (100%). However, they are also playing a significant community building role (79%), which is much higher than in the other two fields studied. We predicted that nonprofits in the field of expression and rights would place more emphasis on community building than economic opportunity organizations, but our data does not support this expectation. One plausible explanation may be that the nonprofit organizations in the field of expression and rights concentrate more on bonding within groups rather than bridging these groups across other groups in the larger community or linking them to macro-level institutions (Woolcock, 1999). It is possible that the organizations in the field of economic opportunities are more cooperative in nature and effective in both bonding within and bridging across groups and linking these groups to institutions.

We explore why advocacy is strikingly quite low, especially in the field of traditional human services, and why community building is low across the board in Section IV: Explanations.

C. **ROLES BY LEVEL OF DEVELOPMENT OF COUNTRY**

Next, we grouped the data to differentiate between developed countries and less developed countries. As Chart 3 shows, differences between developed and less developed countries are minimal across all roles. Nonprofit organizations seem to be slightly more effective at community building (+7%) in less developed countries than in developed countries; however, the developed countries appear slightly more effective at advocacy (7%) and providing channels of expression (12%).
D. ROLES BY REGION

Finally, in order to focus on distinctions between regions that may not be seen in the previous data grouping, we utilized a regional lens on the data to compare the variation of role performance across the six different regions studied. Because the findings between regions were not considerably significant, Chart 4 highlights only two noteworthy findings: the disparities within the performance of the **advocacy** and **community building** roles across regions.
Chart 4. Medium to High Levels of Advocacy and Community Building Role Performance by Region

1. Advocacy role

As displayed in Chart 4, the percentage of field studies with medium to high levels of performance of the advocacy role ranges from the higher levels in Central and Eastern Europe (75%), European-style welfare partnerships (75%), and Asia Industrial countries (100%) to the low end in Africa (60%), Latin America (56%), and the Commonwealth countries and U.S. (50%). The low performance level of the Commonwealth countries and the U.S. is unanticipated because nonprofits in those countries typically would be expected to play a stronger advocacy role.

2. Community building role

The fields studied in Africa (80%), Asia Industrial countries (67%), Commonwealth countries and the United States (67%), and Central Europe (63%), rank above the average from all regions of 60% of the field studies with medium to high levels of community building performance. Latin America (56%) and the European-style welfare partnerships (50%) rank below average and fall significantly behind the other regions. The notable findings here are the high levels of the community building role in Africa (80%) contrasting with the low level of community building (50%) in the European-style welfare partnerships.
Thus, an exploration of different possible determinants is imperative. Since the low levels of performance of the advocacy and community building roles across the board is particularly curious, the following analysis focuses on these two roles and possible explanations for these findings.

IV. EXPLANATIONS: FIELD AND CASE STUDY ANALYSIS

In an attempt to make sense of these findings, we conducted an analysis of the factors that appear to be contributing to or hindering nonprofit role performance. Along with the field studies, organizational case studies were included in this stage of the analysis. Twenty-four case studies were conducted in 7 countries throughout the world. One purpose of these case studies was to analyze what determinants and organizational characteristics appear to influence role performance. As an outcome of our analysis of the advocacy and community building roles, we have identified four dominant factors and two organizational characteristics that seem to influence role performance.

A. DOMINANT FACTORS AFFECTING ROLE PERFORMANCE

A thorough and systematic examination of both the field and case studies was utilized to determine the dominant factors. Every factor mentioned in every field study was scrutinized, tracked, and compared across roles and fields. A total of 18 assorted factors were cited in at least three different field studies. After utilizing a similar process in the case study analysis, these factors were compared across the field and case studies. The number of field and case studies that mentioned each factor was combined to establish a percentage of the total number of the field and case studies. Chart 5 shows the prominent factors influencing the advocacy and community building roles as cited in both the field and case studies. Although other factors were cited, we focus on the “significant” factors, which were mentioned in more than 20% of the field and case studies.
Thus, the determinants that appear the most significant in the performance levels of both the advocacy and community building roles are the nonprofits’ *relationships with governments* and the *credibility, trust, and recognition* that nonprofits have established in their communities. Additionally, *sufficient resources/lack of resources* is a significant determinant in community building and *cooperation/competition among nonprofits* has been identified as influencing the advocacy role.

### 1. Relationships with Governments

One of the most significant factors that influences performance of all five roles and is cited in both the field and case studies is the relationships that nonprofits have with governments. Often these relationships, which may be cooperative and positively influence nonprofit activity, take a variety of forms, such as government funding, technical assistance, training, planning, and coordination of activities and policy. For example, the volunteers of a community nonprofit organization that acts as a health care facilitator in a remote area of the Philippines needed technical assistance, which the city health office willingly provided in the form of education and training on health related matters. In turn, the nonprofit provided the supplementary manpower needed by the city health office to bring its services to the people, particularly to those in the remote areas. Further, the nonprofit’s data collection assisted in the local government planning processes. Thus, this nonprofit-government relationship contributed to the community’s well
being through its coordination, innovation, and service provision. One educational organization in Colombia maintains that the most important external factor enabling the promotion of its functions is the alliance with the government and the state’s resources.

Conversely, many field and case studies demonstrated that the relationships that nonprofit organizations have with governments may impede role performance. For example, these relationships may take the form of nonprofit dependence on government funding or poor communication or coordination between agencies. The following is an example from the South African child care field study:

“The greatest frustrations expressed by representatives of the nonprofit sector in this field relate less to their internal structures than to the lack of support from the state in terms of funding and planning. While nonprofits are expected to do the work and deliver the service, their work is made so much more difficult by the fact that their subsidies are delayed, coordination in the field is minimal and policy changes are slow”

The relationships nonprofit organizations have with governments influence the performance of the following two nonprofit roles: advocacy and community building.

a. Advocacy

Nonprofit-government relationships is the most frequently cited factor in discussion of the advocacy role and was mentioned in 64% of the total field and case studies. Many field and case studies revealed that relationships with government agencies encourage nonprofit performance of the advocacy role. All of the field studies that cited positive relationships with governments in assisting advocacy also demonstrated medium to high levels of the advocacy role. In Argentina during the 1980s, for example, nonprofit environmental organizations were alone in the environmental field since the government did not understand the issues. However, since then, the government has called on nonprofit participation in the design and implementation of national environmental policies, and these environmental nonprofits have continued to advocate for and interact with government agencies on environmental policies. In addition, an Irish nonprofit organization explains how it works with different government agencies to promote housing policy changes on behalf of its beneficiaries:

“We place a lot of emphasis in our work on what might be called quiet persuasion. We spend a lot of time preparing submissions… Housing is quite a complex subject so we tend to do a lot of our work directly with the relevant authorities at national level, with the housing ministry and to some extent with the local authorities. So it could be said that we don't have a very high public relations profile as such. We are here to serve our member organizations… as a form of expert representation… to the relevant government departments.”

Nonetheless, tension between nonprofit organizations and governments may hinder the advocacy role. Of the 20 field studies that identified relationships with government agencies as inhibiting the fulfillment of the advocacy role, only 60% exhibited medium to high levels of advocacy role performance. This percentage is lower than the advocacy role’s overall average of 67%, indicating that the conflict between nonprofit and government may prevent these organizations from fulfilling a more effective advocacy role.
There are several potential reasons explaining why the negative relationships hinder advocacy. First, inadequate channels of communication between the nonprofits and government can be detrimental. In the field of South African child care, it was acknowledged that “Another reason for the ‘weak voice’ of the nonprofits is the power of the government and the difficulty in being heard by them. It was suggested that the department of welfare has not taken adequate responsibility in responding to the advocacy of the nonprofits… [Two respondents stated that] nonprofits need a clear commitment from government and… clear mechanisms for communication.”

Another potential obstacle generated by this relationship is a dependency on government. A French organization that cares for disabled people perceives its advocacy role as less than desirable because of its reliance on government: “The relationships that it maintains with the government have an ambivalent feature. On one hand, this specific position gives [the organization] the means to be listened to. But, on the other hand, this situation (… a relative dependency vis-à-vis government) reduces its advocating capacity. In other words, the [organization] cannot be as radical as [other] nonprofit organizations.”

Of course, government funding may be laced with stipulations. Some field studies cited government agencies earmarking funds given to nonprofits for service provision and not advocacy. Thus, these field studies showed the advocacy role hindered by restrictions attached to government funding. For example, in the field of culture and arts in Australia, “Nonprofit advocacy might be declining as a result of governments specifying that they fund only services and, in some cases, using contracts to prohibit public advocacy in the field of service being funded.” In Israel, contracts between the state and elderly care nonprofit organizations require that the state provide funding to the nonprofits to provide services. Thus, this funding contract “dictates that [these nonprofits] concentrate mainly on providing services, pushing the other Third Sector functions onto the sidelines.” This finding may help explain why the traditional human services field studies had such low advocacy roles (47%) in comparison to the service role (100%). Because of government demands, these organizations may in fact be relegated toward service provision rather than advocacy.

Furthermore, although governments may assist nonprofits in their advocacy roles, they may still exert some control over nonprofit activities. In the field of community development in Slovakia, the state administration invited community organizations to strategically important meetings. “However, they invited only the organizations that were loyal to the government’s decisions,” suggesting that those participating organizations may have appeared to be actively advocating and promoting social change when actually they may have been utilized to promote government policy. Further, in South Africa, the government provides ample support only if services for child care are aligned with government policy.

b. Community building

These nonprofit-government relationships also seem to affect the fulfillment of the community building role. A Romanian child care organization identifies “the establishment of a formal frame of cooperation with the public authorities and public institutions (the cooperation conventions signed with them)” as a favorable factor in its community building. These positive
relationships affecting community building were also identified in nonprofit literature. The literature on community development organizations in the U.S. recognize that one of the “many factors that can encourage or inhibit the community building function… [is a] cooperative and effective local government.” Also recognized in South African literature, “policies in South Africa all favor community based programs” in the field of child care.

The community building role may also be negatively affected by unproductive, uncooperative, or nonexistent relationships with governments. An ethnic minority organization in Romania attributes its low community building partially to “the inappropriate manner in which the Romanian State understands the development of the civil society in a spirit of autonomy.” A South African child care organization with low community building states that “the external structures are enormously frustrating for the community childcare committees. There are big gaps between government provisions in terms of policy and what is actually reaching the people – alleviation of poverty being the major concern.”

Thus, as with both the advocacy and community building roles, where these government-nonprofit relationships are productive, positive nonprofit impact seems more likely; where the relationships are negative, the nonprofit impact is hindered.

2. Credibility, trust, and recognition from communities

Credibility, trust, and recognition from communities also seem to affect the performance, to some degree, of all the identified roles. The field and case studies revealed that in order for nonprofits to effectively fulfill some of the expected functions, the nonprofits first need to establish trust in the communities in which they operate. Generally, nonprofit credibility, positive reputations, and trust may be achieved through a variety or combination of the following: establishment or long period of involvement as service providers in a particular field, high prestige of the organizational affiliation or umbrella group, strong international ties, appearance of greater effectiveness than the comparable state or for-profit agencies, and independence. Thus, many organizations found it essential to achieve some level of recognition or credibility in the community before it could successfully perform various roles. Conversely, without this trust and credibility, these organizations were not able to achieve effective performance of some of the roles, especially advocacy and community building. A Romanian rural community development organization recognizes that the “financial and institutional background, and the [low] credibility at the community level influence negatively the development of the advocacy and community building functions.”

a. Advocacy

The case study analysis revealed that the nonprofit organizations that have established trust, credibility, and recognition in communities are more effective at advocacy. A child care nonprofit organization in Romania attributes its advocacy role to the positive reputations of some of its staff members. A Filipino health organization earned “the respect, trust and confidence of the people and of the institutions” by working closely with and for the community for many years. A for-profit respondent asserted that in Australian elderly care nonprofit organizations, the advocacy role is strengthened by “long traditions of community profile and acceptance,” in
addition to the presence of for-profit organizations that “couldn’t match the credibility fuelled by that kind of community heritage or longevity.”

Often the nonprofits established trust as advocates in communities due to their independence from government and for-profit agencies. Several field studies (Japanese social services, Irish and Slovakian community development, Romanian rural development) cited nonprofit independence from the state and business sectors as contributing to their abilities to perform an effective advocacy role. In other words, the nonprofit became credible in the community because of its autonomy from any government agency, political party, or for-profit entity. An expert in the field of personal social services in Japan states that nonprofit organizations “not being connected to any political party or government agency, are able to work and speak from an autonomous position.” A representative from a Japanese social service nonprofit agency asserts, “Independence allowed [the organization] to propose and establish cooperative agreements with other sectors and initiate social change.”

Furthermore, communities may perceive the work of nonprofit agencies as credible primarily because of the communities’ distrust toward the public or for-profit sectors. In the U.K., social housing clients perceive the public sector as more bureaucratic and the nonprofit sector as more approachable. An expert in the Japanese environmental field claims that “the primary advantage that NPOs have is that they are viewed as being divorced from the drive of profit maximization and are thereby better capable of grasping what is best for the larger public good. This allows them to more freely advocate innovating policies.”

Organizations that have not been able to establish credibility, trust, and/or recognition in communities have lower levels of advocacy. A Romanian nonprofit organization attributes its low advocacy function to a “rather bad reputation that NGOs have in the field of child care services, especially after the media campaigns of the last year – i.e., the reviews showing that most of the associations and foundations do nothing but take money from abroad without paying customs taxes and that a lot of ‘ghost’ NGOs do nothing while the number of street children is still increasing.”

An Irish elderly care organization with medium levels of advocacy performance aimed to increase its advocacy activities by building its credibility in the community through “preparing submissions and trying to become some source of reliability and perhaps authority in terms of what we present being a reasonably accurate assessment of… the situation.” Another elderly care organization perceived its advocacy role as being hindered by a lack of community understanding of its advocacy function: “Advocacy is not an issue that is readily understood and it is not understood in relation to older people. So we have got to help people understand what we mean by advocacy and then we have got to help them understand why advocacy is important for older people’s lives.”

b. Community building

Trust, credibility, and recognition is also an important element in successful community building. An educational nonprofit in Colombia has the recognition and support of the local communities, as demonstrated through the participation of the parents in a variety of activities
and community development programs. Having instilled trust as a reputable organization in the community, this organization is able to promote education and foster community building, change, and development.

Similar to the advocacy role, sometimes a distrust of statutory or for-profit institutions enables nonprofits to more successfully perform the function of community building. For example, in the field study of Irish community development organizations, “according to the respondents, the extent to which a community building function may be performed is dependent on the degree to which the organization is, or is perceived to be, inclusive, representative, and trustworthy. While the respondents suggested that question marks on all these accounts may exist, community organizations may benefit from their nearness to many local communities and the existence of a certain distrust of the state.”

This trust and credibility may also affect the flow of resources that nonprofits receive. For example, in Tanzania, a human rights organization “is effective, transparent and keeps clean accounts,” thus “donors are likely to continue financing.” In the Philippines, a women’s health organization established trust in the community through its effective health care services and its involvement of the community. This establishment of trust created a healthy relationship with the local government that financially supported the organization’s services.

Conversely, a lack of trust, credibility, and/or recognition in communities may impede nonprofit community building. Half of the organizations that perform low levels of the community building role cite “a lack of credibility and trust” as a barrier to greater community building. Many of the nonprofit agencies suggested a need to first establish their own trust and credibility in communities before effectively being able to generate trust and social capital in the communities.

A rural community development organization in Romania acknowledges that “the main unachieved function of the foundation is that the level of efficiency and credibility, which contribute to the improvement of community cohesion, has not been reached yet.” An organization’s service delivery or pursuit of its mission may strengthen its credibility in the community, which may include the target population or other nonprofit, government or for-profit agencies in the field. A South African nonprofit agency in the field of violence against women implies “that the external environment is difficult for NGOs dealing with Violence Against Women in the sense that they are not taken very seriously…. And state organizations are suspicious of [this organization].” Similarly, a Romanian child care organization attributes its low community building to “The lack of confidence and misunderstanding of [the organization’s] intentions by the local authorities and public institutions.” Thus, it seems as though these organizations must first establish trust before generating trust.

Therefore, nonprofits that have established trust, credibility, and/or recognition in communities seem to have higher levels of nonprofit impact and, more specifically, advocacy and community building roles. In cases where this trust or credibility is low or lacking, nonprofits are not as effective at performing the advocacy and community building roles.
3. Resources

Access to resources is one of the most frequently cited determinants of nonprofit performance for every role except advocacy. While greater resources presumably would lead to higher levels of role performance, the evidence in the field and case studies is more heavily weighted toward a lack of resources impeding role performance. In fact, 79% of all field studies cited that the extent of resource insufficiency in general is substantial. However, the lack of resources surprisingly does not seem to be a significant deterrent in role performance. For example, despite a lack of resources being a significant problem regarding innovation, one elderly care agency in Ireland reports that “Innovation is a major aspect of our work” and demonstrated high levels of the innovation role. Because the lack of sufficient resources is widely cited as hindering the community building role, particularly in the case studies, we explore this determinant in relation to this role.

Community building

A lack of resources is cited as a barrier to greater community building in half of the case studies; however, all but one of these organizations are performing the community building role at medium to high levels. Thus, although these organizations cite resource insufficiency as a barrier, other factors seem to be acting as greater determinants. Every organization that cites a “lack of resources” as a barrier and still demonstrates medium to high levels of community building either receives government funding as its primary funding base or is a large organization or both. We analyze the implications of these organizational characteristics, primary funding source and size, as determinants in Section C: Organizational Characteristics.

4. Cooperation or competition among nonprofits

Cooperation or competition among nonprofits is apparent across both fields and countries. Cooperation among nonprofits is not as evident as competition, but there is some evidence of nonprofit cooperation, such as nonprofits joining forces to expand services. Competition is caused by a variety of situations, such as a shortage of resources in a particular field or a lack of communication, and can affect different nonprofit contributions. In Hungarian women’s organizations, “The related organizations usually act independently, being only in loose contact with each other... the [lack of cooperation] may be connected to the aspirations for power or, just the opposite, to the fear of it – as both the expert interviews and the case studies unambiguously suggested.”

With high levels of resource insufficiency pervasive across organizations, a lack of resources will often cause nonprofit organizations to compete for the same funding. Competition for funding in the field of labor market integration in France can have adverse effects on service provision. “Competition for public funding increases... and managers have to ‘sell’ their organization. All are not successful. Shortage of resources can have severe consequences on the quality of supplied services.”
Advocacy

The nonprofit advocacy role seems particularly influenced by the cooperation or lack of coordination among nonprofits and is cited in 21% of the field and case studies. Where nonprofits seemed cooperative and have coordinated their actions, the outcome generally was positive; however, more commonly, the lack of coordination or competition impeded advocacy effectiveness. In South Africa, the literature on the sector asserts that “individual NGOs in the sector have proposed their own solutions to government on an individual basis thereby presenting a disconnected and uncoordinated approach to government… Networking and coalitions within the sector are key to successful advocacy… Although these networks have a presence, it appears as if these networks are subject to internal competition and rivalry that has been known to inhibit advocacy efforts. It is surmised that the root of the dissension is due to the very diverse nature of the sector.” A new funding regime in the U.K. increased the competition between social housing organizations and weakened their advocacy power. These organizations “should have advocated collectively to secure a more favorable, less commercially oriented regime in the first place, or at least acted in a less cut-throat, downward spiral of bidding once it was in place.” As a result, these organizations were not as effective in their advocacy activities.

B. ORGANIZATIONAL CHARACTERISTICS

Because we thought that an organization’s characteristics, such as age, geographical location served, board presence, and number of volunteers, may have some bearing on role performance, we systematically analyzed the characteristics of each case study. Two characteristics, primary revenue source and size, appear to be determinants of some nonprofit contributions.

The primary revenue source affects both the advocacy and community building roles while size/scale of agency affects community building.

I. Primary revenue source

The case studies suggest that government funding may contribute to nonprofits’ effectiveness in generating greater levels of advocacy and community building role performance.

a. Advocacy role

A 1995 survey of 3400 nonprofit public benefit organizations found that “there is no statistically significant negative relationship between the extent of government funding and the extent of advocacy activity, as the conflict model posits, but there is actually a statistically significant positive relationship” (Salamon, 1995: 17). Further, “as government support increases, nonprofit advocacy increases, and this relationship holds even after controlling for other factors that might be polluting the results, such as the fact that agencies with government support also tend to be large” (17). Our case study data supports this finding. As Chart 6 shows, 90% of the nonprofit agencies studied that receive government funding as their primary revenue base have medium to high levels of advocacy performance.

6 The “primary revenue source” was determined in each organization studied as the largest percentage of funding.
Conversely, only 50% of the case studies with another type of primary revenue base demonstrated medium to high levels of advocacy.

b. Community building

Similarly, 90% of the case studies with government funding as the primary revenue source also had medium to high levels of community building. In fact, all but one of the organizations exhibiting high levels of community building received government funding as their primary revenue base. This seemingly positive relationship between government funding and community building was unexpected because it suggests that the resources from the community are not sufficient in enabling nonprofits to generate higher levels of social capital. Rather, government funding appears to be associated with higher levels of community building. For example, a large Colombian educational organization cites its alliance with the government and the state’s resources as important external factors that promote the organization’s autonomy, support of the larger network, and development of the educational movement.

2. Size/scale of agency

The case study analysis compared size or scale of agency with role performance. Size seems related to the performance of community building.

Community building

Surprisingly, our data reveals that large nonprofits appear to be more effective at community building than smaller grassroots organizations. The case study data, as shown in
Chart 7, clearly shows a relationship between size and the performance of the community building role.

This discovery is contrary to the notion that small grassroots organizations start out quite involved in the community and that as they gain resources and grow in size, they lose touch with the community. Our data shows a different dynamic by revealing that large nonprofits seem to be more effective in generating social capital than small nonprofits. All six large organizations perform the community building role at medium to high levels. Contrary to this, more than half of the small organizations demonstrate low levels of community building. Interestingly, the only small organization with high levels of community building received government funding as its primary revenue source. Some of the small organizations cite limited capacity, skills base and other resources as hindering their abilities to address community building, implying that they do not have the adequate resources or funding channels. For example, a small South African advocacy organization that strives to eradicate violence against women demonstrates low community building: “Although the mandate does include this [community building] function specifically, the organization does play a limited role in community building… this organization is hampered in this function by a lack of capacity and the need to focus their resources on the advocacy role” (34). Presumably, if funding increased, such as funding from government agencies, these organizations may be able to expand capacity, size, and community building.
V. CONCLUSION: WHAT WE HAVE LEARNED

A. The nature of relationships between nonprofits and governments affects nonprofit advocacy and community building. Elements of these relationships, such as cooperation, coordination, and communication between nonprofits and government, can either negatively or positively influence nonprofit advocacy and community building. When these relationships are productive, they will generally encourage performance of advocacy and community building. Conversely, where these relationships are negative, as nonproductive or nonexistent relationships, the advocacy and community building roles are hindered.

B. Nonprofits need credibility, trust, and recognition in communities to successfully advocate and carry out advocacy and community building.

C. The relatively limited involvement of nonprofit organizations in community building, a product mostly of limited trust, suggests that organizations need trust to generate trust.

D. Government funding does not deter advocacy or community building. To the contrary, it seems to encourage these roles. In the case of community building, it may provide nonprofits with the necessary resources to expand capacity and size, and in turn, foster social capital.

Hence, the argument for nonprofits to be most effective at advocacy and community building is that nonprofits need to have credibility and publicity in the community.
References


Unpublished Project Memoranda

Argentina
Maria Andrea Campetella, 1997.

Australia
Mark Lyons and Martin Stewart-Weeks, 1999.

Colombia

France

Hungary
Agnes Vajda, 1997.

Ireland
Freda Donoghue, 1997.

Israel

Japan
Masayuki Deguchi and Naoto Yamauchi, 1998.
Reiko Asano
Susumu Furutachi
Yuko Hattori
Kenjiro Hirayama
Makoto Iwata
Tomoyuki Kafuku
James O’Leary
Yoshihiro Mishima

The Netherlands

Peru

Philippines
Erwin A. Alampay and Ronald Ong, 2002
Eden Valmonte-Santiago, 2002

Romania
Slovakia

South Africa
    Judy Klipin, 2001
    Rayna Taback, ed., 2002

Tanzania

United Kingdom

United States
    Stefan Toepler et. al, 2000.