



School of Business
Economics and Law
GÖTEBORG UNIVERSITY

Handelshögskolans Civilekonomprogram
Bachelor Thesis, ICU2006:85

Efficiency in non-profit organizations

-How do aid organizations estimate external and internal efficiency and how is it communicated?

Bachelor Thesis
Helena Steingrüber, 780607
Kristin Larsson, 820816

Tutors:
Inga-Lill Johansson
Thomas Braun

Business Administration; financial
control
Autumn term 2006

Abstract

Bachelor thesis in business administration, financial control autumn term 2006 at the School of Business, Economics and Law, Gothenburg.

Authors: Kristin Larsson & Helena Steingrüber

Tutors: Thomas Braun & Inga-Lill Johansson

Title: Efficiency in non-profit organizations-How do aid organizations estimate external and internal efficiency and how is it communicated?

Background and problem discussion: The need for aid organizations is growing in pace with increase in natural disasters and poverty. At the same time the need for non-profit organization to be able to present results of some kind increases with the amount of money involved. The often quite long distance between people giving money to charity and the set where the actual aid projects take place makes it important to have some type of efficiency thinking formulated. The difficulty lies in understanding the efficiency of non-profit organizations and what results the contributions have. Therefore our focus in this study will be on describing how efficiency in the activities of aid organizations is estimated.

Purpose: The purpose is to describe how three Swedish aid organizations estimate external and internal efficiency and what they do in order to achieve it and for what reasons.

Delimitations: We have chosen three Swedish non-profit aid organizations and picked out one or two people from every organization and let them represent the entire organization.

Method: We started our study by reading relevant literature and earlier research in order to get to know more of the selected subject. We are going to approach this subject by doing a case study, where we have selected three Swedish aid organizations to be the focus of our interest. We wanted the organizations to have activities that focused on similar kinds of target groups in order to make it easier to detect common denominators. We noticed that some of the largest ones had as their main goal to better the lives of children. We also wanted to have one smaller and two larger organizations to get variations and see if we noticed any differences in control and structure. To be able to collect the empirical data that we needed we decided that the most suitable tool for this would be to do interviews with the right people working in these organizations.

Conclusions: In our study it has emerged that it seems to be a widespread tendency of taking for granted that the efficiency measuring of profit driven organizations can be replaced with something similar in the non-profit sector. This however is not the opinion of the interviewees of this study. The estimation of efficiency in the aid organizations is often an object of judgment and a question of having contributed to something rather than having created something alone. Therefore standardized measuring systems are badly suited for many kinds of non-profit activities. We have found out that the organizations

feel increased pressure from their surroundings when it comes to accounting for their use of resources. Our interpretation of the situation is that they take after the behaviour of profit driven companies in order to try and make it look as if they are satisfying the demands from the outside to a greater extent than they are really capable of and in order to gain legitimacy. This, however, does not mean they have found any reliable business ratios or other structured measuring instruments to make their activities more efficient. The organizations have their focus on the target group rather than the interest parties and prioritise quality in front of efficiency.

Table of contents

1	Introduction.....	6
1.1	Background.....	6
1.2	Problem discussion and formulation.....	6
1.3	Purpose.....	7
1.4	Delimitations.....	7
1.5	Disposition.....	8
2	Method.....	9
2.1	Case study.....	9
2.2	Selection of organizations.....	9
2.3	Selection of method for collection of data.....	10
2.4	Selection of respondents.....	11
2.5	Implementation of collection of data.....	11
2.6	Method for processing data.....	11
2.7	Method problems.....	12
2.7.1	Validity.....	12
2.7.2	Reliability.....	12
2.8	Choice of theory.....	13
3	Theory.....	14
3.1	Efficiency in profit driven organizations.....	14
3.2	Efficiency in the municipal activity.....	15
3.3	Institutional isomorphism.....	16
3.3.1	An institutional perspective.....	16
3.3.2	Institutional isomorphism.....	17
3.4	Ethics in social work.....	17
3.5	FRII - Swedish Fundraising Council.....	19
3.6	SFI - The Foundation for Collection Review.....	19
3.7	Charity Rating.....	20
3.8	Sida.....	21
4	Empirical data and analysis.....	22
4.1	External perspective.....	22
4.1.1	Pressure from the outside.....	22
4.1.2	Pleasing the public.....	23
4.1.3	The risks of adjusting.....	23
4.1.4	The main focus.....	24
4.1.5	The salary discussion.....	25
4.1.6	Allocation of scarce resources.....	25
4.1.7	Control and conflicting interests.....	25
4.1.8	Problems with efficiency measuring.....	27
4.1.9	Governmental demands.....	28
4.1.10	Company sponsorships.....	28
4.1.11	Long term efficiency through quality.....	29
4.1.12	Following up results.....	29
4.1.13	Charity Rating.....	30
4.2	Internal perspective.....	31

TABLE OF CONTENTS

4.2.1	Goal fulfillment.....	31
4.2.1.1	The main activities.....	31
4.2.1.2	Additional activities.....	32
4.2.2	Alternatives to efficiency measuring.....	33
4.2.2.1	Ethics and accountability.....	33
4.2.2.2	Estimations and indicators.....	33
4.2.2.3	Motivation.....	34
5	Conclusions.....	35
5.1	Conclusions.....	35
5.2	Suggestions for further research.....	37
6	Table of literature.....	38
7	Appendix.....	41
	Appendix 1 - Interview questions.....	41

1 Introduction

In this chapter the reader gets an introduction to the study. The reader is given insight into non-profit organizations and strategic management. This leads to a discussion of the problem which in its turn results in the purpose of this essay.

1.1 Background

A non-profit organization is a legal person which does not have as its main purpose to gain profit. The goal is instead to accomplish something that benefits society or certain people who are less fortunate. Like shareholders in a joint-stock company the members have no individual responsibility. The final goal of the organizations is not financial. Therefore you can not use classical financial control in non-profit organizations. Since this a somewhat unexplored area we find it important to look at the methods that are used to measure efficiency in organizations which are not driven by economic results.

Every day people are affected by the activities of non-profit organizations. Society receives a number of services from the non-profit sector which enriches the lives of individuals and improves the economic development. The interest in non-profit organizations has grown in the last few years (Precht, 2006). In times when embezzlement scandals are being revealed more and more often the importance of accounting for the allocation of resources is bound to be increasing.

The need for aid organizations is growing in pace with increase in natural disasters and poverty. At the same time the need for non-profit organization to be able to present results of some kind increases with the amount of money involved. The often quite long distance between people giving money to charity and the set where the actual aid projects take place makes it important to have some type of efficiency thinking formulated. The difficulty lies in understanding the efficiency of non-profit organizations and what results the contributions have. (www.charityrating.se) Therefore our focus in this study will be on describing how efficiency in the activities of aid organizations is estimated.

Ax (2005) defines efficiency as the degree of goal fulfillment. Thus, efficiency is not an objective expression for how well the activities of an organization are operated, but stands in proportion to the level of the goal set out.

1.2 Problem discussion and formulation

Efficiency is defined according to Coelli, Rao and Battese (2005) as when an organization is producing at its maximum in relation to its input. Because of its specific characteristics, when it comes to estimating efficiency in a non-profit association, a number of complications appear. One of them is to set goals that are possible to follow up.

(Precht, 2006) Since there are no revenues coming from business activities, the difference between costs and revenue can not be used as a measurement of results in the non-profit sector. Another thing that becomes obvious when looking at the activities of non-profit organizations is that efficiency can be measured both in quantity and quality. According to Gustafsson (2006) it takes a verbal report to account for the actual result of the activities pursued in a non-profit association. In the article it is also asserted that specific norms and accounting concepts adjusted to the current circumstances in the non-profit sector needs to be formed.

We have chosen to focus on efficiency as the degree of goal fulfilment with the overarching goal as a benchmark. Thus, we will approach the problem from a qualitative angle, since raising money is not the end result of the activities of a non-profit organization, only the means.

Through case studies we will try to describe how three aid organizations estimate external and internal efficiency, what they do to achieve it and why? To be able to do this we have to find the answers to the following parts of the problem;

- What methods are used when estimating efficiency within the organizations?
- What demands do the aid organizations experience from external interest parties when it comes to being able to estimate and communicate efficiency externally and does it change the ways the organizations work?
- What demands do the aid organizations have on themselves concerning the ability to estimate internal efficiency and for which specific purposes?

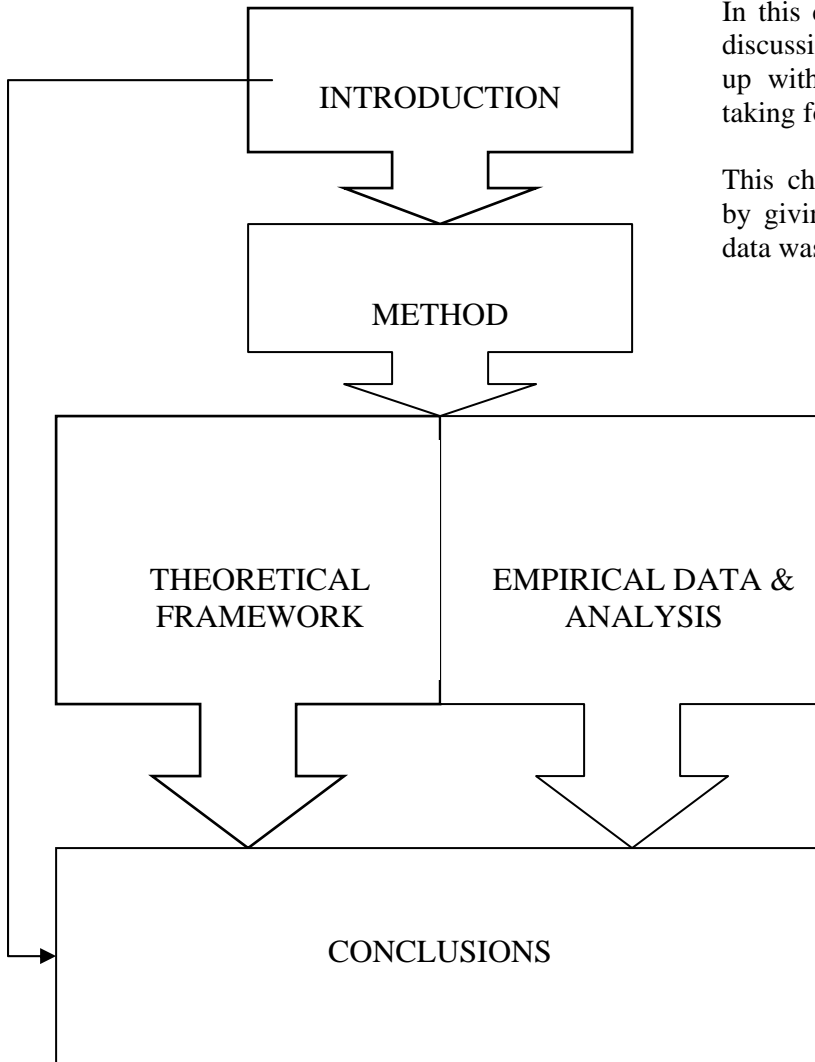
1.3 Purpose

Based on the discussion of the question at issue the purpose of the inquiry emerged, which is to describe how three aid organizations estimate external and internal efficiency, what they do in order to achieve it and for what reasons. We will also look into whether the external efficiency estimation is affecting the actual activities of the organizations or not.

1.4 Delimitations

We have chosen three Swedish non-profit aid organizations to be the focus of our interest. We picked out one, sometimes two people from every organization and let them represent the entire organization.

1.5 Disposition



In this chapter the background and the problem discussion of the essay are presented which end up with the problem formulation and purpose taking form.

This chapter describes the methods of research by giving an account for how the collection of data was set about and how choices were made.

In the theory chapter a few definitions of efficiency are given. Words and concepts referred to in the essay are explained and more or less accepted theories used when analysing the empirical data are described.

In the next chapter empirical data and analysis are integrated. The information obtained from the interviews is presented after identifying some main themes. It is thereafter analysed with support from the theory in the former chapter.

In the last chapter conclusions are drawn on the basis of the analysis in order to give answers to the problem formulation and attain the purpose. Suggestions for further research are also presented.

Source: Own construction.

2 Method

In the method chapter the topical method chosen for each part of the study is presented and discussed. In that way we want to illuminate and describe the different procedures we have chosen and the advantages and disadvantages of these choices.

Our first thought when we started to look into the subject for this essay was to study some kind of non-profit organizations. We wanted to study some kind of problem area in their financial and managerial control and decided to look into efficiency. How you estimate efficiency in a non-profit organization is a complicated matter. To get out the most of the study we made the decision to describe a few cases more in depth. Our intention is to be able to identify some patterns from this empirical data that occurs in all three organizations, though we are fully aware of that we would not be able to draw any general conclusions from the empirical data. After reading method literature we came to the conclusion that the best method to do this would be to do case studies.

2.1 Case study

A case study focuses on selected cases where the examiner tries to explain a problem on the basis of the involved, in this case, organization. The primary reason for choosing a case study is that you are able to look deeper into a specific problem. We have been able to interview five key persons about how they experience the efficiency problem in their specific organization. A qualitative study has the purpose of solving and explaining a problem that has arisen within an organization. Interviews are the main tool to seek information within this method. (Merriam, 2006)

2.2 Selection of organizations

When we decided which of all organizations we were going to choose, our main criteria was that it had to be a non-profit organization. We wanted the organizations to have activities that focused on similar kinds of target groups in order to make it easier to detect common denominators. We noticed that some of the largest ones had as their main goal to better the lives of children. We also wanted to have one smaller and two larger organizations to get variation and see if we noticed any differences in control and structure. We then picked out the ones that we thought were the most well known and contacted them. The organizations we have chosen to study are SOS-Barnbyar, PLAN Sweden and BRIS (Barnens Rätt I Samhället).

SOS-Barnbyar

SOS-Barnbyar is a non-political and non-religious organization and a member of SOS-Kinderdorf International. SOS-Barnbyar takes care of children without parents. By

building up little villages with schools and medical centres for the children to live in SOS- Barnbyar give these children a chance for a normal life and a family. The work of SOS-Barnbyar is mainly financed through private sponsorships. They also get subsidies from the government and cooperate with companies. (www.sosbarnbyar.se 061207)

PLAN Sweden

Plan Sweden is a member of the international aid-organization PLAN International. PLAN International and PLAN Sweden is a non-political and non-religious organization who works for and together with children at a grass-root level. The main goal for PLAN is to give all the children in the world a better future. To do this PLAN improves existing villages to be better for the children to grow up in and is working to strengthen the human rights of all children. The work of PLAN is mainly financed through private sponsorships, but is also sponsored by companies and the government. (www.plansverige.se 061207)

BRIS (Barnens Rätt I Samhället)

BRIS is a non-profit, non-religious and non-political organization and operates in Sweden only. BRIS helps vulnerable children and is a link between children, adults and society. The main goal for BRIS is to strengthen the rights of all children and improve their standard of living. BRIS main tool in supporting children is their telephone line and mail service which is open every day of the week. The work of BRIS is financed through private contributions, sponsorships from companies and governmental subsidies. (www.bris.se 061207)

2.3 Selection of method for collection of data

In our study we have used different types of data to achieve our purpose. We have used data in the form of interviews and in the form of literature and articles. We have utilized databases such as Google, the library of the University of Gothenburg's databases Libris and GUNDA. We used words like *non-profit*, *voluntary*, *efficiency*, *social work*, *aid organizations* and *ethics* in our search.

We wanted to look into how aid organizations estimate efficiency. In order to do that we had to look deeper into the organizations and the best ways of doing that is to interview key persons within the organizations. According to Denscombe (2000) interviews are a suitable method for collecting data based on emotions, experiences and feelings. The main benefit with interviews compared to other forms of collection of data is that you can ask more and deeper questions than those that you have written down before the interview. Interviews are a flexible method in the sense that you can ask resulting questions and lead the information search in the right direction. (Merriam 2006) Silverman (1997) writes "Interviewing provides a way of generating empirical data about the social world by asking people to talk about their lives. In this respect, interviews are

special forms of conversation. While these conversations may vary from highly structured, standardized, quantitatively oriented survey interviews, to semi-formal guided conversations and free-flowing informational exchanges, all interviews are interactional.” (1997, s. 113) Since we had little insight into the subject and therefore did not know exactly what to ask for, we wanted to keep the questions as open as possible, without leaving room for too many time consuming digressions. Therefore we chose to do personal interviews, so that we were able to ask the amount of resulting questions we needed.

2.4 Selection of respondents

Our main criterion when choosing respondents was that it should be persons who had good insight into the goals and activities of the organization. To find out who were the best persons to interview we took a look at the websites of the different organizations for phone numbers and called them up. We explained who we were and what we wanted to do, to the first person who answered and gave that person the chance to put the call through to, in their mind, the right person to be interviewed. In most cases we came to the right person immediately, in some cases we got the e-mail address to a more suitable person and contacted them that way. As a consequence of the organizations choosing the interviewees we got to interview people in different positions and with different competences in the different organizations.

2.5 Implementation of collection of data

We started to contact the respondents by phone in order to get them interested in our study. We asked them if they had the time to give us an interview either by phone or in person and finally agreed on personal meetings. At PLAN we interviewed two people at mainly the same time depending on the fact that the person we were about to interview had forgotten our meeting and asked his co-worker to step in until he came in and then she stayed for the entire interview. At BRIS we interviewed two people on two separate occasions, one shorter interview with Billy Andrén and a longer one with Kerstin Sjöbratt depending on their specific knowledge in our questions. On SOS we interviewed one person. When doing the interviews we used an interview guide (appendix 1), in order not to slide away from the subject of interest. We did not keep strictly too the questions in the guide, but gave room for variations between the interviewees through asking different resulting questions depending on what came out of the main questions. This in order to get a deeper understanding for the experiences of the interviewees. We also recorded the interviews so that we would not risk losing relevant information.

2.6 Method for processing data

From the recordings we transcribed the interviews as close to the original words as possible. We then deleted the parts not relevant to our purpose, but tried not to eliminate

things if we were not entirely sure of whether we needed them or not. When this was done we tried to identify a few pervading themes and common denominators. Merriam (2006) writes: “To develop categories, typologies or themes means that you have to look for regularities and occurrences which reappear in the information.” When doing this a few areas of interest stood out.

2.7 Method problems

2.7.1 Validity

Validity is about to what extent data of research and the methods for collection of data is considered to be exact, right and accurate. (Denscombe, 2000) One validity problem could be that we only have been able to look at three organizations and we have only interviewed one or two people in every organization. We will not be able to draw general conclusions from this limited study. We have met each one of the representatives of the organizations face-to-face, which increases and secures the validity. We have been able to ask them more questions than the original questions and we have been able to make sure that we fully understand their answers and also been able to explain our questions.

We are aware of that our interpretations of what has been said during these interviews are a source of question. We might have interpreted something from these interviews that is not correct, since the interviewees have not had the opportunity to confirm or contradict these interpretations. However, in order not to loose the spontaneity in the answers, we thought it best not to give this opportunity. Also the use of information from the internet, whether the information can be trusted or not, is a source of questions. We have, as far as possible, tried to use only well known databases when searching for information for this study.

2.7.2 Reliability

Reliability is whether the instruments of research are neutral and if they would give the same results in a different study on the same subject. (Denscombe, 2000) Since we have interviewed a few specific persons within the organizations and only heard their version of what they think of internal and external efficiency is it doubtful if this is the “real” truth for the whole organization. We are fully aware of that the conclusions we have come up with are not fully objective because of the limited selection of people. If a different study on the same subject would give the same results depends on whether they interview the same persons we did or not, since the opinions of the interviewees on the subject is not necessarily true for the whole organizations.

We also just called the organizations and let them be the judges of who was the most suitable person to interview. The outturn might have been different if we had decided beforehand what position the interviewees should have. The result of our choice was that we got to interview persons with different responsibility areas in the different organizations; hence the result might have been affected by this decision.

The interviews might also have been affected by the social context. On the subject of social categories Silverman writes; “Particularly as a result of social distances, interviewees may not trust us, they may not understand our questions, or they may purposely mislead us in their responses. Likewise, given a lack of membership in their primary groups, we may not know enough about the phenomenon under study to ask the right questions.”

We are also aware that the method of asking different resulting questions to different interviewees might have affected the result of the interviews. When summarizing the transcribed interviews in different categories there is also a risk we might have interpreted the information the wrong way. According to Thurén (2002) there is always a risk that the results are personalized by the interviewer, colouring them with his or her own emotions and values. The fact that we agree on how we understand the information collected from the interviews is the only assurance we can give of our objectiveness. In some cases we have deliberately tried to read between the lines and read meaning into the material which is not said out loud, but in those cases this has been made clear in the text.

2.8 Choice of theory

Since both aid organizations and municipalities have non-profit purposes we find it relevant to compare the organizations we have studied to municipal activities as well as to profit driven organizations. We therefore want to give the reader an insight into both these ways of relating to the efficiency problem. The institutional perspective and the ethics aspect became relevant as it appeared during searching for information more obviously connected to the subject of the essay. The rest of the theory is definitions of different organizations and phenomena brought up in the essay.

3 Theory

In this chapter the reader is introduced to the theoretical framework. Different definitions on efficiency used in different situations are given and words and concepts are explained. The theories used to analyse the empirical data are also given account for.

3.1 Efficiency in profit driven organizations

The traditional way of describing efficiency is to look at the distinction between interior and exterior efficiency. The interior efficiency describes the relationship between input and output or in other words the relationship between staked resources and result. The exterior efficiency measures if you are successful in your goal fulfilment, are you achieving the true meaning of the activity? The interior efficiency is described as doing things in the right way and the exterior efficiency is about doing the right things. To be able to estimate if an organization is efficient you need to have some sort of measuring instrument. (Brorström, Hagén, Hagsten, Kastberg, Magnusson, Malmberg and Murray 2006)

“There are always risks involved when selecting special measures; you tend to forget about those things that are not being measured”. (Brorström, Hallin and Kastberg 2004) There are two aspects concerning this measuring problem. The first aspect is the importance of catching both the interior and exterior efficiency at the same time though it is important to look into both. The second aspect is the fact that some people think it is better to measure something than not measuring anything at all. This is not true since measuring can lead to a focus on the wrong things and supply us with incorrect images of the activity itself. Another way of looking at efficiency is that it is about the ability to handle conflicting interests or competing values. All organizations have important qualities and instead of optimizing certain qualities they need to strive for optimizing all the good qualities in order to let the organization develop in a favourable way. There are two types of efficiency which are in opposite of each other; adaptive and allocative efficiency.

Adaptive efficiency is about adjusting the activity to new conditions and circumstances. Things that lead to the activity being changed are for example new knowledge and new technique. Resources are being staked on activities which will lead to a long-term favourable development. To be able to find out which solutions are the best for long-term survival you will get high transaction costs in a short-term perspective when looking into different solutions.

Allocative efficiency is about dividing and using all available resources in such a way that you get out the most of the activity. Focus on the organization is the main premise in the allocative approach. Organizational qualities like cooperation and stability are other organizational qualities that are promoting the allocative efficiency. (Brorström and Siverbo 2001) Efficiency is about finding the right adjustment between qualities and

between adaptive and allocative efficiency. An organization with little adaptive ability has problems with adjusting to new technique in the way they need to in order to meet up with the competition.

Efficiency in the generally accepted way according to Brorström et al. (2006) is the relationship between sacrifices and achieved improvements. Both sacrifices and achieved improvements are subjective concepts and the question is how you define what sacrifices are and what achieved improvements are. If the subject is Mister A and he values his time more than other people's time, Mister A's time is a part of the sacrifices, but not other people's time. For Mister A efficiency in this case is to be late and let other people wait. The improvements Mister A appreciates, for example, getting the meeting over with as quickly as possible, are maybe not improvements but deteriorations to other people, who wished to get something more out of the meeting.

According to Brorström et al. (2006) the theory talks about a private-economic efficiency for Mister A compared to a social-economic efficiency where all people in society get the chance to have a point of view of what will be included in the sacrifices and the improvements. If we are going to measure efficiency from Mister A's point of view it is important to measure all the improvements and sacrifices. And if we are going to measure the social-economic efficiency it is important to measure all the improvements and sacrifices in the society. In most cases it is not possible to measure the improvements and sacrifices of all people involved. In these cases the efficiency measures only includes some of the improvements or sacrifices. One example of social-economic efficiency could be the building of a road which can include some but not all sacrifices and improvements within the project. How much land, gravel and working hours which have been used is the easy part to measure, it is harder to measure the noise, pollution and accidents that the using of the road will contribute to. The efficiency of an activity can be measured through a majority of indicators that all together describe an image of how the efficiency has developed. The author Peter Drucker has said that the efficiency consists of both doing the right things and to do these things right. An indicator of whether the organization is doing the right things has to be complemented with an indicator of whether the organization is doing things right.

3.2 Efficiency in the municipal activity

The efficiency in the municipalities has its starting point in the interest of the municipality. What interests are the most important ones in the municipality? A municipality is an organization in the same way a company is. You can say that the interests of the municipality are the same as the goals set up by the municipality as a company. The interest of the municipality would then be to achieve the political goals which have been decided. A possible goal could be, for example, giving as many children as possible a well functioning preschool. The possibility to measure efficiency depends entirely on the meaning of the conception. To measure how many children have a place in preschool is easy, but if you also want to be able to measure the development of the children in preschool compared to other activities you will have a harder task to solve. It

is even harder if you are going to measure whether the activity is worth its costs. Why is it important to measure efficiency in municipal activities? The motive is of course to be able, if possible, to make the activity more efficient but how you are going to do this depends on what kind of efficiency you want to achieve. Is it about giving priority to those activities which give the most, compared to staked money or is it about making the performance more appropriate to the activity? You can say that both these things are to do the right things. It could however be considered more important to make the production more efficient, in other words to do things right. Business ratios are not enough in order to be able to choose the right things to do and to design the activity that has the most effects. It takes evaluations which can estimate the sizes of the effects and put a value on the effects. To be able to estimate if, for example, a library is worth the money you need to evaluate the whole activity. It can be done in many different ways, but they all have one thing in common which is that it is not easy to do such a thing.

There are a lot of methods for doing evaluations, one is that you do it in advance and another is that you do it afterwards. The choice of method depends on what you are going to evaluate and which questions are the most critical. The evaluations have to answer two different questions at issue; what are the effects of the activity and how are you going to evaluate the effects in relation to the expenses? The municipalities are in need of the possibility to compare its efficiency to other municipalities, in order to be able to put pressure on the administrative managers when it comes to the discussions of budget. As tax payers, the members of the society have a great interest in that the services are produced as efficiently as possible and it is of great importance to provide this type of information to the public. The problems with measuring the efficiency must not lead to no one trying to make it happen; on the contrary it means that you should make an even greater effort in your attempts to achieve the purpose. (Brorström et al., 2006)

3.3 Institutional isomorphism

During the interviews we were informed about a trend observed among the larger aid organizations of mimicking profit driven organizations. The theory of institutional isomorphism had already caught our attention and in an attempt to find a possible explanation for this mimicking phenomenon we analyze it through comparing it to the theory.

3.3.1 An institutional perspective

An institutional perspective stresses the significance of those things that are socially created and confirmed and which define the reality. (Scott, 1998)

Institutionalization is equal to the process in which actions are being repeated and given the same contents by oneself as of others. Rules, customs, symbols and normative demands are all things that characterize an institutional surrounding and individual organizations choose to follow them in order to get the support and legitimacy they need. (Abernethy and Chua, 1996)

Structural changes in the organizations are not driven by the needs of being effective. They appear as a result of an adaptation and make the organizations more similar to each other but it does not necessarily make them more efficient. (DiMaggio and Powell, 1991) Organizations are being exposed to institutional pressure and are adjusting in order to avoid penalties or to get increasing legitimacy in what they do. (Scott, 1998)

In the cases where the efficiency is considered to be improving it depends more on the organization being rewarded for its similarities to other organizations than of the fact that the efficiency is improved compared to other more different organizations. (DiMaggio and Powell, 1991) Organizations compete of both resources and institutional legitimacy. (Scott, 1998)

3.3.2 Institutional isomorphism

Institutional isomorphism is best described as a process where organizations tend to adopt the same customs and structures over time as a response to the institutional pressure set out by the public opinion. (DiMaggio and Powell, 1983) Three types of mechanisms when it comes to institutional isomorphism have been identified by DiMaggio and Powell (1991) they are; Isomorphism that is forced on an organization by other organizations, Imitated processes and Normative pressures. Isomorphism can be forced on to an organization either by formal or informal pressures from other organizations in its surroundings. Organizations accept more and more rules that are institutionalized and legitimated by and within the state itself. This results in the organizations being more homogeneous and more like the larger institutions. (DiMaggio and Powell, 1991)

According to DiMaggio and Powell (1991) imitated processes can occur when organizations meet insecurity and because of this insecurity they strive to resemble other organizations in its surroundings. Insecurity encourages organizations to imitate other organizations with more legitimacy than themselves and can be a cheap and practical solution to solve internal organizational problems. The existence of certain structural organizations can probably more be described as imitating processes than a certain proof of that the accepted model improves the efficiency within the organizations. Normative pressures occur when the profession within an organization is exposed to pressures from professional groups to adjust to a set of standards and rules. (Abernethy and Chua, 1996) Professionalism is the collective toil within the members of a profession to define conditions and methods for their work, to control and to establish a certification for their professional occupation. Even professions are exposed to pressures forced on by others and pressures to imitate just like the organizations. (Larson, 1977)

3.4 *Ethics in social work*

When searching for information about social work and aid organizations a lot of links to ethics were discovered. Ethics and morals not entirely unexpectedly seem to be vital parts of the management of organizations striving to help people in need. We here want to present some theory about ethics in an attempt to connect it to our subject of interest.

Many connections have been made between ethics and social work. To cast light on this we have chosen a few quotes which comment the difference between morals and ethics and illustrate the importance of ethics in social work;

“Moral systems are systems of interdiction; they are ideologies, codes to which individuals must relate themselves. Ethics, on the other hand, might be considered in a more positive sense, not as codes of interdiction, not as external norms to which individuals must relate themselves, but as constructed norms of internal consistency. Morality, one could say, is about doing one’s duty to others or doing one’s duty by some moral norm; ethics is about doing one’s duty to oneself.”(Banks p.5-6, 2006)

“Moral issues haunt social work” (Jordan p.1, 1990)

“Social work is among the most value based of all professions” (Reamer p.3, 1999)

“Value commitments and ethical principles are at the core of social work as a profession” (Healy p.101, 2001)

The questions of ethics, morals and values are an inevitable part of social work according to social work practitioners. (Banks, 2006) Social work has always been a difficult occupation to define. It is affected by cultural, economic and policy contexts in different countries all over the world. Social work exists in a number of different sectors where the voluntary work is one major sector. Voluntaries perform a range of tasks like caring, empowering, assessing and managing. The work has a variety of purposes like for example redistribution of resources to those in need and prevention or reduction of social problems. This diversity is increasing and in such a climate of fragmentation, there are people who argue that it is the values of social work that should hold it together. In the literature of social work, values are distinguished from knowledge and ethical/moral issues from legal matters. You can use this distinction as long as you do not presuppose that knowledge can be value free or that legal decisions can be made without an ethical aspect. “Laws do not tell us what we ought to do, just what we can do” (Banks p.11, 2006) Social workers are often working with people who are very vulnerable and who enter into relationships of trust with them. It is therefore important that they take account of the unique circumstances of each person’s life, respect diversity, express care and compassion and act in ways that honour the trust placed in them by the people with whom they work.

The “ethics of duty” is a central concept and is about the duties the social workers commit themselves to when they take on this type of job. This is also connected with accountability. On accountability Brenkert (p.7, 2004) writes;”accountability is bound up with the success or failure of a person or organization to fulfil their responsibilities. It is part of how we know and judge their success or failure. To say “we are going to hold you accountable” is to say that, at the end of the day, your fulfilment (or nonfulfillment) of your responsibilities will be monitored and evaluated.” If they have made a contract or undertaken to do something then they are also expected to be able to explain or justify

their performance or non-performance of that duty. In social work this latter aspect of duty is considered very important, as social workers must be publicly accountable for everything they do. (Banks, 2006) Trust is also an important factor in the work of aid organizations. At the webpage of FRII it says; “Trust between the giver and the organization is the prerequisite for good results. Failing trust for one organization leads to problems even for others.”

There is a tendency to assume that questions around distribution of resources, efficiency and cost are not ethical ones but they are and it is dangerous not to regard them as such. Seeking the cheapest service may not be an unethical decision, if it can be argued that this results in more people getting some level of service, rather than a few people getting good-quality service. (Banks, 2006)

3.5 FRII - Swedish Fundraising Council

FRII-Frivilligorganisationernas Insamlingsråd or the Swedish Fundraising Council works for ethical and professional fundraising. Key words in ethical fundraising are respect, openness, trustworthiness and quality. FRII has produced ethical guidelines, sanctioned by the annual meeting, which all members are to follow. It has also produced a document of ten items which establish the rights of the giver. The purpose is to be open and straight in the fundraising work and to protect the trust of the general public.

On the homepage of FRII, www.frii.se, it says; “The activities of voluntary organizations are built on the commitment of the individual and its trust in the ability of the organizations to accomplish what the individual is not capable of on its own.” FRII works for maintaining and strengthening that trust.

The task of FRII is to work for a favourable climate for voluntary work and for fundraising among the public. FRII is working for things like getting gifts and contributions tax-deductible and bettering the conditions for the fundraising organizations with the suppliers of the business. Further FRII wants to fight the non-serious fundraising going on today.

Another task for FRII is to train the fundraisers in Sweden and to raise the quality in the fundraising work. FRII participates in influencing public opinion within these areas and organize seminars and exchanges of experience.

(www.frii.se, 061229)

3.6 SFI - The Foundation for Collection Review

The assigners of SFI-Stiftelsen För Insamlingskontroll or The Foundation for Collection Review, are the central organizations of the Swedish labour market – LO, SACO, TCO, the Confederation of Swedish Enterprise, or Svenskt Näringsliv, and FAR SRS, the trade

organization for auditors and advisors. Seven-digit accounts starting with 90, so called 90-konton or control giro accounts are granted by SFI. The foundation is led by a board, where every assigner appoints a member and a substitute.

The purposes of SFI, according to its constitution, is to work for that fundraisings for humanitarian, charitable, cultural and other purposes benefiting the public come about under reassuring control, that fundraisings are not burdened by unreasonable costs, that sound marketing methods are used in the fundraising area and that appropriate methods for fundraising control are developed. SFI cooperate internationally with the control organizations of other countries through its membership in ICFO – International Committee on Fundraising Organizations. Examples of the demands for being allowed to hold a control giro account are:

- The purpose of the fundraising is determined to such a degree that it is possible to control.
- The purpose of the fundraising is not party political or in opposition to laws or customs.
- The seat of the organization is located in Sweden.
- The board and the members of the board meet certain requirements of SFI.
- Demands on competence and suitability of those responsible for the fundraising.
- The organization has to have at least one auditor.
- The marketing of the fundraising must be ethically and economically defensible.
- SFI can at any point in time review the economy and administration of the organization and the organization itself will be responsible for the expenses of the reviewing.
- The control giro account must not be used for any other fundraising than that approved of by SFI.
- If no particular grounds exist, a minimum of 75 percent of the funds raised shall go to the purpose of the fundraising.

(www.insamlingskontroll.a.se, 061228)

3.7 Charity Rating

Charity Rating as a company is an attempt by its founder to be able to estimate the efficiency in non-profit organizations. The current lack of useful information makes it

difficult to create an outline of non-profit organizations which contributes to incorrect comparisons. The only review that was available before Charity Rating was founded was the presentation of business ratios put together by the Foundation for Collection Review (SFI). The problem is that the result tends to be blunt since it does not take certain parameters such as each organization's individual quality and delivery into account.

Charity Rating is a recently developed company which offers advice to people and organizations who have an interest in supporting the non-profit sector. Their goal is to increase the quantity and quality of resources available to the non-profit sector. What they do is that they investigate and analyse non-profit organizations in order to identify those organizations achieving good results and then they make that information available to those interested through their webpage. (www.charityrating.se, 061227)

3.8 Sida

Sida works commissioned by the Swedish Parliament and government to reduce poverty worldwide. Its activities include many areas and comprise cooperation with over 120 countries. The countries with which Sida cooperates are responsible for their own development. The task of Sida is to create the right conditions for change and development. Apart from the direct cooperation with individual countries Sida also handles the Swedish subsidies to the development work of the UN and EU.

The efforts of Sida deal with things such as education, health care, helping small businesses, housing, legal security, research, infrastructure and trade agreements. A large subsidy also goes to emergency aid for people struck by war or other catastrophes. The staff at Sida is rarely involved directly with the work. Instead the practical parts are carried out by cooperation partners, with Sida as a financier.

4 Empirical data and analysis

This chapter presents the principal common denominators in the information collected from the interviews which is then compared to theories possible to connect to the subject area. This part of the essay also gives scope for viewpoints and ideas originated from the personal meetings.

The interviewees providing us with the empirical data are Johan Ohlin, Chief of Economics at SOS-barnbyar, Lennart Reinius, Programme Manager at PLAN Sweden, Anna Edgren Programme Developer at PLAN Sweden, Billy Andrén, economic consultant at BRIS west region and Kerstin Sjöbratt, chief of BRIS west region.

4.1 External perspective

Deriving from the information received during the interviews three principal interest party categories were identified; the government, companies donating money and the public.

4.1.1 Pressure from the outside

According to the two international organizations we interviewed the common opinion on non-profit organizations has been that they are charities built on voluntary work and with no structure and no real economic growth plan. This, however, seems to have changed during the last five or six years. Johan Ohlin at SOS-barnbyar says that the organization has consciously been committed to getting rid of the charity label and tried to work more as a regular company. The old board has been replaced with professionals from the business world. The present secretary-general and the staff of the economics department have backgrounds in the business world and on the market side the organization is run more like an ordinary company. This development could be considered a step towards being taken seriously, and thereby being trusted by the public, something Johan Ohlin agrees on. He considers it a trend amongst the larger organizations in the non-profit sector.

Lennart Reinius at PLAN Sweden has also noticed the escalating demands on the organizations which run some kind of humanitarian activities. He feels that a widespread attitude towards the sector has been that very little gets done and that people working in it has little competence. The last few years the pressure to account for the use of the money going in to the organization has grown. He too thinks that a lot of the development in the last few years has been towards the way profit driven organizations operate, partly due to the auditing, which helps the organization in increasing its efficiency by giving a form of management support.

4.1.2 Pleasing the public

This pattern of trying to be more like profit driven companies can be connected to the theory of institutional isomorphism in the way that the organizations are adopting publicly accepted customs and structures in times of insecurity. Demands are put on the organizations by the public, which they do not know how to meet. This situation leads to the organizations taking on the behavior of companies, who already have an accepted structure, even though it might not always be more efficient for them than the system they had before. According to Scott what the organizations accomplish in such cases is increased legitimacy. Besides the fact that the organizations might not know of any other way to adjust to these demands it might also be the least costly and time consuming solution since no review of the organization is done, an already tested method is simply implemented straight off. Johan Ohlin, however, says he has noticed a difference in the revenues, which have increased significantly since the end of the 1990's, something he thinks is connected to the more serious business-like approach and the increased offensiveness in the marketing. But even though the revenues of the organizations have gone up the increased demands for measuring efficiency might not be possible to meet and might therefore not be a positive development for the organizations.

Since the relationship between aid organizations and givers is not based on return on invested capital and the result of the activities are often not very easy to measure, similarly to the ones in municipalities, as is shed light on in the theory chapter, few significant numerical results can be shown. One conclusion drawn from this could be that to a fairly great extent the relationship is based on trust. By talking to people in general, the picture of a society where many have lost some of their trust for organizations in general stands out. Embezzlement scandals like Skandia in 2003, Stadsmissionen in 2003 and Rädga Regnskogen in the year 2000 have made people suspicious and determined not to be fooled again. To be able to account for the results of activities could perhaps be considered another step towards increased trust from the general public. According to a survey made by Charity Rating mentioned in an article in *Privata Affärer* (2006) the need for information is crucial, in order to increase the trust between givers and non-profit organizations. Givers are interested in information about how the money is used and many of them say that they would be willing to donate more money if such information was provided. When accounting for results is close to impossible, all that the organizations can depend upon is people trusting their good intentions and internal control.

4.1.3 The risks of adjusting

Bearing in mind these understood demand from the surroundings of the organizations, one could have expected them to adjust their activities to make them easier to follow up. This however does not seem to have occurred to the interviewees in any of the organizations. They give the impression of having a very strong believe in that they are doing the right kind of activities to reach the goals of the organization. Anna Edgren at PLAN Sweden says; "If you build a school you can say that 50 students have gained

access to an education thanks to our money. That is very simple. It is much more complicated to say; “we have now trained so and so many and now they in turn have started to act in a certain way which has made the government build schools”. These goals are very long-term, but I still think we want to work that way instead of following up the results and being able to say; “Look at what we have done!” and to be able to show statistics on it.”

In the piece 3.1 the question of whether measuring something is necessarily better than not measuring anything at all is discussed. About this Lennart Reinius says; “in order to become better at measuring there is a risk you start working in the wrong way as we see it. And if you start working more and more in the right way, it becomes more difficult to measure on the basis of these normal traditional ways of measuring.” Anna Edgren says the right way according to PLAN Sweden is doing less work which from a Swedish point of view should be handled by the governments in the countries where the projects are set up, like building schools. Instead PLAN Sweden wants to work with human rights in a more comprehensive way. Lennart Reinius thinks it is essential to get out into reality when you are working with these kinds of activities, since estimating the results is very much a question of judgment. He thinks the best advice he can give to the sponsors of PLAN who want to see results is to visit the villages where projects are carried out. When PLAN Sweden applied for subsidies from SIDA they went down to Malawi with one of the handling officers at SIDA to observe a few projects. He thinks you can get a quite good insight into the activities from a fairly short visit, sometimes even without having former experience from these kinds of projects. Just like with the activities of aid organizations the effects of the municipal activity are a question of evaluations. Since non-profit activities can not be measured in economic results, their efficiency will always be objects for judgment.

4.1.4 The main focus

As opposed to adjusting their activities after demands from donators, the interviewees at PLAN think of the target group, that is; people living in the areas where the organizations set up projects, as the most important group of people to ask for feedback both when planning projects and when doing the follow ups. They think asking the target group is the obviously best way of knowing whether they have succeeded or not. Lennart Reinius and Anna Edgren agree upon the fact that this approach however is not always used. They have seen many examples of organizations working according to a so called top-down approach in practice, although their constitution say they should work by starting with the target groups and getting them involved. Another example of putting the target group first is that sponsors at PLAN can not visit “their” children without contacting PLAN first. This is to protect the children from frequent spontaneous visits or people which do not have good intentions, such as pedophiles. It makes some sponsors dissatisfied, but the safety of the children is considered more important than meeting every single demand from the sponsors.

4.1.5 The salary discussion

At all three organizations the issue of being criticized by the public for having too high salaries was addressed. The interviewees all felt that parts of the public thought they should almost work without being paid. Johan Ohlin compares aid organizations with a labor union, which also is a non-profit organization and said that he would rather pay what he thought was a fair fee to someone with a reasonable salary and who does a good job than to pay almost nothing to someone who does not do anything. If you do not pay salaries which are in tune with the market, you can not expect to get the right competence. "There are probably few who, there might be a few who would say "I can be the secretary-general for 10 000 a month", but the question is; if you take that person and someone with a salary adjusted to the conditions of the market and follow the two organizations parallel for five years, who will have the most success?" Johan Ohlin says. He thinks that there are few people who both can afford to have such a low salary and have the right competence. You do not have to have the highest salaries on the market either, but he thinks it is of great importance to attract people with the right competence to the non-profit sector. He points out that if you do not follow these trends, you will vanish in the multitude of aid organizations that compete for the same money and media space. In his opinion you have to adjust to get rid of the charity-label, the widespread misconception that all non-profit organizations consist of old ladies having coffee breaks and that nothing ever happens.

4.1.6 Allocation of scarce resources

In the theory chapter adaptive and allocative efficiency were mentioned. In order for aid organizations to make a serious impression, they have to adapt by modernizing their structure and keeping up with new technology and methods. This however is time and money consuming, something these organizations can not afford when developing every new project. Therefore they might not always be able to come up with the best alternative possible to carry out an activity. Allocative efficiency is something every small organization with scarce resources has to strive towards. Kerstin Sjöbratt speaks of the situation of having to share the responsibility areas. She can not afford to hire someone with expertise in only one area when the whole region office has seven employees. They all have to be good at a few things and share some responsibility areas to make the most out of the resources they have at their disposal. The allocative quality stability is very central for aid organizations, since they have such a social responsibility. An organization like BRIS always has to "play it safe". A short interview with Billy Andrén made it clear that BRIS keeps equity capital that alone will keep them floating for a few years if so should happen that they do not get enough funds to maintain their activities.

4.1.7 Control and conflicting interests

Kerstin Sjöbratt says she feels that except for the salary critique, there is also an ethical control of the organization in the sense that the employees are very conscious about what

they do, so that they do not do anything which can offend anyone. She really thinks twice before doing something special for the staff, although they all work under collective agreements and have no unsocial working hours supplement. This is in accordance with the “ethics of duty”-concept discussed by Banks which says that social workers must be accountable for everything they do and are personally and together with the organization held responsible for every single decision they make. Kerstin Sjöbratt talks about the fact that when a collection moneybox goes missing or gets stolen, people are appalled. When it happened at IKEA where BRIS has a couple of such collection boxes, the staff was extremely ashamed and almost did not dare informing BRIS about it. The pervading pattern is that dishonesty is considered much worse in an aid organization than in the public sector. The salary discussion also shows that the public has a much lower threshold for greediness when it comes to aid organizations. A salary which would be considered normal in any larger profit-driven organization is almost considered dishonest in an aid organization.

The interviewees all point out that people in general are very thorough when it comes to giving away money. No matter how small the amount, people demand to know what it has been used for. For the sponsorships people want to have very specific information and seem to forget the fact that all administration cost money. They all think of this as a large dilemma in the communication outwards, givers want to know exactly where the money has gone, but at the same time the money is to go in full to what it was meant for. Lennart Reinius says “We are satisfying givers, even though we do not think it will lead to a whole lot. It does not help us in our work and the giver may not come to understand a whole lot more either.” Anna Edgren continues; “I also think it is a dilemma that it does not come entirely for free to do these kinds of follow ups and large studies are supposed to be done with consultants and systems are to be set up.”

Hitherto we identify two dilemmas; the first one being the circumstance that the organizations are really only interested in helping the target group. By doing this they have to account for the results of their activities, although they do not see how this could help create value added to the activities. They also do not believe it will really provide the givers with the information they want. The second dilemma or paradox is that givers want to help the target group and they want to get proof of this being done, which requires a huge amount of costly administration. At the same time they want the money donated to go uncurtailed to the purpose it was meant for.

Kerstin Sjöbratt links the problem to the public sector. She says; “It is odd, but you must have noticed it too, when it comes to money that people donate, then it has to be very exact, every single fifty-note must not be used in the wrong way. And that is a good thing, but when it comes to tax money people can read about swindle and that people have embezzled millions, but then they just shrug, that is how it is.” Anna Edgren also speaks of the government and that the control is not the same of money coming from taxes as of donated money. People take for granted that the goals of the activities paid by taxes are achieved and everyone can accept that it is not accounted for in an exact way. According to Brorström it is of great importance to provide the tax payers with information about the efficiency of the municipal activities. Even though they do not think it makes sense,

Kerstin Sjöbratt, Lennart Reinius and Anna Edgren are all of the opinion that the public is demanding much more information when it comes to money they have donated than with tax revenues. It seems like people care less about money they have an obligation to pay, since they can not choose exactly what they are going to be used for anyway. One could argue that it should be even more important to account for the efficiency of the use of money which you are forced to pay, but this seems not to be the case. Since the aid organizations also have much more insecure incomes they are forced to communicate where the funds have gone, in order to please their donators. For the municipality it seems to be more about communicating that something gets done rather than accounting for the exact costs of it.

4.1.8 Problems with efficiency measuring

On standardized measuring Anna Edgren says: "One criticism that you can have against standardized systems, PLAN is quite good at these standardized systems, with the indicators that everyone measures, you miss a lot of things which might have been improved through a project that you implement, and which are not noticed with these standardized indicators, thus you get very narrow in your outlook. I guess it is okay to have such a standardized system, but perhaps it is also important to be a bit broader and to have another follow up system as well." This opinion is in consensus with the theory presented by Brorström et al. about the risks involved when selecting measures mentioned in chapter 3. Choices of measures are always accompanied by the risk of measuring the wrong things and missing out on important information or supplying us with an incorrect image of the things measured.

Brorström et al. also writes about social-economic efficiency and how every aspect of a project must be taken into account in order to decide whether it has been efficient. Anna Edgren says; "I can say that PLAN international traditionally has been quite a lot of what you call a service delivery organization, it builds schools and does such thing which we think the government should do. From a Swedish perspective we think that you should work much more with influencing the governments to take their responsibility, that you should mobilize people into demanding their rights and thereby making the governments build the schools, we do not think that it should be NGO's (non-governmental organizations) who do that." For every project that an aid organization does in the government's place, they have less resources for the projects they can carry out in a more efficient way than the government could. Looking at the project from a social-economic point of view it might be less efficient for an aid organization to build schools than to do something else with their money. Maybe it would be better if the government took care of that part of the social responsibility. In some countries this however is not the reality which is why some aid organizations take on that responsibility instead.

4.1.9 Governmental demands

Apart from the demands from the general public, the organizations also have requirements to live up to in order to get money from the government. The organizations that are branches of an international NGO (non-governmental organization) can apply for money from Sida, Swedish International Development Corporation, the governmental aid authority in Sweden. Sida makes very strict demands for the organizations getting their application for subsidy granted. They have to be able to give an account for the way they have contributed to the strengthening of the civil society in the southern parts of the world, which is the main goal for the activities of Sida. In addition they have to use a certain system when doing the follow up on the results of the activities. The money the organizations get from Sida represents less than 10 percent of the total amount collected in a year, but is important for the independence of the member organizations. The money collected for the sponsorships goes directly to the head office of the central organization. The member organizations, however, have their own projects they want to accomplish. To be able to do that, they need to raise funds of their own. They also need resources for influencing the work of the central organization from the perspective of the member country. Therefore both Johan Ohlin and Anna Edgren at PLAN Sweden think it is worth the extra effort it takes to get money that is not earmarked for other activities.

4.1.10 Company sponsorships

The third kind of party concerned with the efficiency estimation of non-profit organizations is regular profit driven companies interested in giving money to non-profit organizations. This kind of party might be interested more in the trademark of the organization. According to Kerstin Sjöbratt the reputation of BRIS seems to be the main reason the organization does not have to work too hard on getting cooperation-partners in the form of companies. She says BRIS spends a very small part of their resources on marketing compared to many other aid organizations. They do not need to have a very aggressive marketing strategy, since their good reputation makes a lot of companies contact them. They make some direct advertisement, but it is often sponsored. The main measurement being communicated outwards is how many hours the Children's Helpline is open and the number of lines open at the same time, thus the availability. Other than that, the main communication with BRIS's surroundings is accomplished through what Kerstin Sjöbratt calls the "outgoing activities", which consists of going out to schools or companies to give lectures and information about the organization. These are activities that BRIS gets paid for by the municipalities or through sponsorships by companies as part of the cooperation-contracts. Another way of cooperating is by letting companies appear on the website of BRIS. One similar example for SOS-barnbyar given by Johan Ohlin is that a company like AstraZeneca can sponsor a medical clinic in one of the villages and get a signboard on the wall and perhaps a visit in the village with some people from the company.

4.1.11 Long term efficiency through quality

What Kerstin Sjöbratt sees as the main reason for their good reputation is the quality insurance. This is made sure through the strict criteria for applying as a volunteer. You have to have theoretic knowledge about children and experience of working with children to begin with. After applying you go through an interview where a psychologist is present to try to find out what you are like and if you have any personal issues that might be a hindrance when working for BRIS. After beginning the training it can take as long as nine months before you can start answering calls or e-mails by yourself. When at work there are strict guidelines for the volunteers. They have to go through guidance in the middle of every spell of work and are encouraged to take breaks in order to be able to handle every call in the best way possible. It is not efficient in the sense that you answer the most calls for the smallest amount of money, since recruiting, educating and guiding takes a lot of time and money. These measures of insuring quality is however very important in the work of keeping up the reputation and respect. The way Kerstin Sjöbratt sees it, it is a way of taking responsibility for the finances of the organization and the only thing you can do to see to it that companies keep contacting them. The way she looks at it the quality insurance is communicated outward through statistics showing that children keep contacting BRIS.

4.1.12 Following up results

All three organizations are a bit uncomfortable with the words measuring and efficiency. They have difficulties relating to the words in a non-profit context. In their minds the only things you can *measure* are quantitative data, statistics of how many people the organizations has helped and in what way. Things like decrease in the number of people with malaria, number of calls answered or children being educated are therefore registered in these quantitative projects, which are mainly set up by the central organization. In more qualitative work *estimate* is a better choice of word. In some kinds of activities estimating efficiency might even be hoping for too much. In the case of PLAN Sweden, the activities beside the sponsorships are of the kind that among other things involves influencing governments to make them implement children's right. According to Anna Edgren they can never say that they have reached their goals with such activities, only that they can see indications of having contributed to a certain degree of improvement. Therefore she considers trying to estimate efficiency as being quite pointless, if you by efficiency mean degree of goal fulfillment. In the work done with money from SIDA, they are required to work with a certain computer system, with different steps of following up the results of the activities. This way they are forced to have some kind of reporting system from the locations of the activities.

When asking about whether the organizations use anything that resembles business ratios we got different answers. The only ratio all three of them uses is one presented by the business organization SFI (Stiftelsen För Insamlingskontroll), which is the administration- and fund collection expenses in proportion to the total funds collected. This ratio is supposed to be below 25 percent, and this is one of the criteria for being

allowed to have a so called 90-konto, a postal giro number that starts with 90. To have such a number is a sort of quality label in the business and you have to follow the rules of SFI to get one, which is why a serious larger organization would hardly consider not to. Except for a few business ratios occasionally used by SOS-barnbyar, like collected funds per employee, no internal ratios are used.

4.1.13 Charity Rating

The interviewees were also asked about whether they had heard about Charity Rating and what they thought of it. Kerstin Sjöbratt did not know anything about it, which might be explained by the fact that she is head of the region office and therefore might not be initiated in everything going on at the national association's office. PLAN Sweden has not only heard of Charity Rating, but has even been involved in the developing process of the tool and had their say on how they think it could be improved. According to Johan Ohlin FRIL, has had a lot of objections against the idea. They have had discussions with the people responsible for Charity Rating and the original battery of questions to be put to the organizations has been cut down. His opinion on Charity Rating is that it will be difficult to use the same model for all fundraising organizations, because of the huge differences in the work being done and in the way it is being done. Some organizations have as their main goal to collect money to be sent to a central organization. Others operate only in Sweden. Some have a very broad field of work while others are quite narrowed down.

Lennart Reinius thinks of the initiative as the business world trying to go in and assess a form of activities which the business world is not used to handling. Nevertheless, he thinks the business world through a certain type of basic knowledge could learn about the non-profit sector and offer even better support than it is doing today. He continues by pointing out that he looks at Charity Rating here in Sweden as an attempt to invent something which already exists, only from a different angle. People have done research in the university on the subject of measuring results in the non-profit sector and SIDA has done some work as well. Therefore he has difficulties seeing that it would be of any real help, it almost becomes a bit threatening instead. It has been done too quickly and not solidly enough. And suddenly organizations are supposed to be compared and get different grades. "Yes, and you are afraid that it is done by people who do not really know what they are doing. Or they do not have the time to familiarize themselves with it properly." Anna Edgren says. Lennart Reinius gives an example of the same sort of tool in the US, where the organization which was on the top of the list was an American aid organization which ran a project for homeless children in St. Petersburg. He says that on the basis of their conditions they might have been doing a very good job, but in his mind comparing it to the work of a large organization operating in a wide range of areas is impossible.

4.2 *Internal perspective*

4.2.1 Goal fulfillment

All three organizations have clear formulations of their overarching goal, which is unanimous with the goal of the central organizations. They have visions and missions published on the websites, but in reality their main activity is fundraising. Therefore the main focus area is the upper part of the profit and loss account. Johan Ohlin says that SOS-barnbyar Sweden has strict demands coming from the head office when it comes to the growth rate of the fundraising.

4.2.1.1 The main activities

The SOS sponsorships are occasionally followed up from Austria through large investigations containing interviews with children brought up in the villages, after they have moved out. This is to find out what their lives have been like since they moved and how they look at their upbringing. One of the goals is to give the children the opportunity to have a normal upbringing and to have the possibility to contribute to society as adults. Johan Ohlin says that the villages are a quite expensive form of treatment, but that it achieves good results.

At PLAN international they use a method that involves starting of a project with doing a so called baseline, which means they have a standard battery of questions which is put to the local inhabitants. That way they find out about problem areas and possible solutions according to the locals. The project is then planned together with the villagers by turning the problems into goals. To plan a project something called project cycle management is used, which is a system that includes instructions for how to run a project, how to do follow ups and how you know whether it is a good project or not. After planning the project monitoring is done, and then a mid term evaluation. After a few years they do a new baseline, asking the same questions as the first time. Then certain indicators, which are considered the most important factors, are followed up and finally a larger evaluation is done with consultants. This follow up is done for projects like water sanitation, education and other quantitative activities. There is a whole manual for these kind of follow ups, with descriptions of how to do a baseline and with ready made questionnaires and so on. Occasionally qualitative investigations are also done, which consist of group discussions with the villagers.

For the whole of BRIS the Children's Helpline and the BRIS-mail, where you can write about your problems and get an answer from an adult are the two principal activities. The five regions are sharing the responsibility and get money from the federation office in proportion to the hours they take responsibility for having the two channels opened. Statistics are kept on the amount of calls answered in each region. Kerstin Sjöbratt, however, does not think that a larger number of calls answered automatically implies a better efficiency or quality. She says a certain amount of inefficiency has to come with

this kind of activities in order to keep the quality. The goal is to be available for all children, something she says they are not living up to. Often the volunteers experience that the calls keep coming constantly and they have no way of keeping track of how many children who hang up before coming through. Another problem is that a large number of calls getting through never show in the statistics, because the child calling does not say anything. According to Kerstin Sjöbratt this might depend on the child not having the strength to speak once he or she gets through, but a lot of the calls are prank calls. She does not see this phenomenon as a sign of bad quality, it can be the first time the child is calling, and once the call goes through the caller does not dare to say anything. It can also be that the prank caller remembers the friendly reception and calls again if he or she ever ends up in a tough situation.

When asking if the organizations have any bottle-necks the evident answer was money. None of the respondents however said anything about doing things differently if they had more money. Kerstin Sjöbratt on the contrary pointed out that the activities of BRIS would not be possible if the people having contact with the children were hired professionals. The reason for this is that all psychologists, social workers and other authorities have reporting duty in cases of suspicion of crime. According to Kerstin Sjöbratt, BRIS is not working to give treatment to children, but to give them support in the present time. They are therefore not looking to replace the authorities, but to be a complement.

4.2.1.2 Additional activities

Alongside the fundraising goal, which can be thought of as their primary part goal, they have their own set of goals with smaller projects. SOS-barnbyar sometimes takes responsibility for a Children's Village of its own. This, however, only involves getting a budget proposal for the project, which is stipulated after a standard model. After the project has been accepted by the board, money is sent to the head office in Austria, where the practical part of the project is taken care of. The work being done in Sweden is to see to it that the money required is raised, apart from the money going straight to the sponsorships. SOS-barnbyar also gets money from Sida, but does not have to use the same system to follow up that PLAN does. This might be because the results of the activities of SOS have a different character which is more visible and concrete.

PLAN Sweden has a different arrangement, which to a great extent involves "soft" projects, working with influencing governments towards implementing children's rights. According to Anna Edgren the results of these projects are much more difficult to follow up. The program they use for this is called Logical Framework Approach and PLAN is required to use it in order to get funds from SIDA. The program is also created for planning projects and programmes. The analysis of the problems in a certain area is done together with the partner countries in the form of a bottom up-approach. As an example a few primary problems are identified as the reasons children's rights are not followed and turned into goals. Indicators are selected and means of verification of these indicators are

observed. Afterwards a monitoring system is set up to follow up these indicators. This step has just been finished at PLAN Sweden and they do not know how it will work yet.

The work being done specifically at the office of the west region of BRIS is “the outgoing activities”, the results of which are much more difficult to measure. BRIS can say that they have probably contributed to the change of a law concerning the rights of children, but how much money has gone to every single piece of progress in a certain direction, can never be measured or even estimated.

4.2.2 Alternatives to efficiency measuring

4.2.2.1 Ethics and accountability

Another possible means of controlling the organization is through ethical control like the one Kerstin Sjöbratt talks about, which was mentioned earlier. Since the whole organization and sometimes even the whole sector are hurt by the mistake of an individual, the ability to trust the staff is decisive for the one in charge of an aid organization. Therefore ethics and accountability could be considered among the most important foundation stones of these organizations.

4.2.2.2 Estimations and indicators

Questions about *measuring* efficiency were answered reluctantly, the word estimate seemed to fall on much more fertile ground. The same thing was observed with the word efficiency itself. This we interpreted as a token of that efficiency thinking has been replaced by an overriding belief in that the right things are being done, in the sense that a certain goal is best reached by working with a certain approach. One example of this is that PLAN Sweden believes in strengthening the society in the south through working with raising the awareness of human rights. To design the perfect projects to reach this is a whole other matter. On this Anna Edgren says; “It is very difficult to know whether you are doing the right things. Somehow you can estimate whether you are achieving your goals partly or contributing to achieving the goals, but it is also the thing with, perhaps you do not know exactly if maybe you could have done something differently and achieved it more closely, but that is also something you can not know for sure.” Resources are scarce and the “product” can not be standardized. Therefore less energy goes to thinking about whether the same goal could have been reached in a different way. Something which can be seen as a support for this idea is that during two of the interviews the question of whether it was possible to improve future activities by following up the results of projects came up. In both cases the respondent managed to avoid the subject and the question was never answered at all. The noteworthy thing about this fact is that both the respondents had no problem speaking of the importance of following up activities as a means of motivating the staff. This could imply that one of the few means of controlling this kind of organizations, which is used in reality, is

motivation of the people working in it. The internal measuring in that case is a means of motivation. As opposed to the aid organizations, according to Brorström, municipalities mainly measure the efficiency of an activity in order to be able to make it more efficient, if possible.

4.2.2.3 Motivation

When asking for ways of using the follow up of activities internally, Kerstin Sjöbratt says the main thing is that the staff and the volunteers feel acknowledged. The volunteers get this kind of confirmation in a quite direct way; through speaking to the children they get examples of how they are of benefit. For the board and staff not directly involved in the contact with children, the connection to the most essential part of the organization is sometimes weak. But Kerstin Sjöbratt says children occasionally contact BRIS through writing or calling and tell about their experiences and how they have gotten vital support from BRIS. She often brings such letters to the board meetings and read them out loud. And she also sees too it that it is told to the rest of the staff. She says “One child which contacts us and writes; “you have saved my life, you gave me my self-confidence back”, can be enough for a large amount of the work we put in.” She looks at such feedback as some of the most important documents for the organization.

When asking for factors which create efficiency in the organization Kerstin Sjöbratt also talks about motivation in the form of involvement. She sees being involved in making decisions and seeing your part in the context as being extremely essential. She says; “For me it is very decisive, the word involvement, that you feel like you are influencing in the connection, that you are able to influence decisions, but also that you understand your part in the context, that you understand the context, that you understand your commission and why you do it and also your part in the entirety, also regionally and nationally, how it all works together. And this concretely means having a straight dialogue.” She says commitment is also very important, but if strict guidelines are not present, the commitment becomes inefficient because it gets tiring if you do not understand why you do the things you do.

Anna Edgren also considers following up an important way of building up motivation. She says; “it is satisfactory in itself for everyone working in this sector to know if you are achieving something, you think it is relevant to follow up activities and analyze what you accomplish, you have to for your own sake as well, and so it is not merely because of the giver that you have this pressure.”

5 Conclusions

In this last chapter conclusions are drawn on the basis of the analysis in order to give answers to the problem formulation and attain the purpose. We also give some suggestions on further research areas.

5.1 Conclusions

Since we have studied only three organizations we will not be able to draw any general conclusions. Our aim has instead been to look for common denominators and tendencies among the organizations.

There seems to be a widespread tendency of taking for granted that the efficiency measuring of profit driven organizations can be replaced with something similar in the non-profit sector. We too had this preconceived notion when we started the writing of this essay. This however is not the opinion of the interviewees of this study. In our opinion it seems the interviewees are not comfortable with the same set of concepts as students from a business school. One possible exception could be Johan Ohlin who had worked as an economist in profit driven companies before. He seemed more at ease with concepts like efficiency and financial control than the other interviewees but still had no alternative equivalent to the efficiency measuring of companies to offer us. The estimation of efficiency in the aid organizations is often an object of judgment and a question of having contributed to something rather than having created something alone. Therefore standardized measuring systems are badly suited for many kinds of non-profit activities.

There is a trend among aid organizations to move towards working more like regular profit driven companies. We have come to the conclusion that the work of the aid organizations has similarities with municipal activities, which is a result of the fact that they have no profit interest. We, however, do not think this automatically means they should strive to resemble municipalities, since they in turn do not have any well-trying methods of securing efficiency or the proof of it. This trend seems to be a reaction to the image the public has of aid organizations as not being serious enough and not being run by competent people. The organizations feel increased pressure from their surroundings when it comes to accounting for their use of resources. Our interpretation of the situation is that they take after the behaviour of companies in order to try and make it look as if they are satisfying the demands from the outside to a greater extent than they are really capable of and in order to gain legitimacy. This, however, does not mean they have found any reliable business ratios or other structured measuring instruments to make their activities more efficient. The increased revenues experienced as being a result of this development we interpret as an indication of the surrounding of the organizations feeling that their demands are being satisfied to a greater extent, which we take as a sign of that the method is working to a certain degree.

CONCLUSIONS

If any actual efficiency measuring is done at all depends on the characteristics of a specific activity. Projects with results possible to keep statistics on are often connected to estimation of efficiency. The measuring is divided into different parts depending on the different goals set. The organizations work both towards the collection goal set by the central organization and towards goals set locally, which are reached with money collected apart from the funds going directly to the head office. For every part there are demands made from the outside. Either it is the central organization demanding growth in revenues or it is organizations like SIDA demanding the use of specific systems for following up. Concerning the money going to the central organizations there are also the demands for information or publicity from the people or companies donating the money.

The interviewees find it frustrating to be questioned and to some extent opposed to, but understand the reason why they can not be trusted entirely. In our opinion they are aware of the fact that the public can not give them completely free rein since there will always be people who would take advantage of that. The difficulties of accounting for the use of funds makes it hard for people donating money to get the insight into the organizations they need in order to know that things are done in an honest manner.

The organizations prioritise quality in front of efficiency. An example of this at BRIS is that the fact that a larger number of calls are answered does not mean the organization has done a better job. It could just as well mean that the calls have not been long enough to give the best help possible. In the case of BRIS it becomes obvious that building a reputation through working with quality can be a substitute for marketing. We think that a prerequisite for this is that the competition is weak. Our interpretation of the situation is that the interviewees find it almost pointless to use efficiency measuring as a means of following up goal fulfilment. If goal fulfilment is estimated at all it is most often used as a tool for motivating the staff and by that means a way of controlling the organization. In our opinion people working in the organizations seem to have a very strong belief in that they are doing the right kinds of things to reach their over-arching goal. They do not seem to be prepared to adjust to the pressures from the outside at the expense of their principles or at the expense of their target group. Thus, the organizations are driven by motivation and ethics, not by financial control or efficiency thinking.

The organizations have their focus on the target group rather than the interest parties. They consider it much less important to measure activities than to actually make them happen and prefer spending their resources on doing instead of following up. Nevertheless they have to keep their economy stable and have to satisfy the givers even though they see it as a waste of resources in the sense that they can not provide their surrounding with the information it is really asking for anyway. The interviewees familiar with Charity Rating do not believe in the possibility of making far-reaching comparisons between aid organizations in a fair way. This viewpoint does not seem to be shared by the public, since the slip of one organization can have serious consequences for the whole sector. Since the activities of aid organizations are difficult to get an insight into, the public might not be well enough informed about the prerequisites of comparisons between organizations. It might therefore be possible that the public does not see the backside of such a tool, but only consider it a practical time saving aid.

For the future we expect the trend of trying to resemble profit driven organizations to continue and grow stronger. The fact that Charity Rating is only in its first developing stage we think of as an indication of that what we have seen so far is only the beginning. In times of constant stress people seek fast solutions for everything, even donating money. Therefore we think the demand for reviewing instruments supplying ratings will be even greater in the future. We think this in turn means the organizations will have to adjust even further to the donation market.

5.2 Suggestions for further research

Working on this essay has led to the arousal of new questions. Here below a few examples of areas which could be of interest for further research are presented.

- What results does the same study, but of other kinds of non-profit organizations show?
- How are the aid organizations and the trust issue looked upon from a public point of view?
- What result does an investigation of the development of Charity Rating and a comparison with foreign predecessors show?

6 Table of literature

Literature

Ax, *Den nya ekonomistyrningen*, 2005, Liber Ekonomi, Malmö

Banks, *Ethics and values in social work*, 2006, Palgrave MacMillan, New York

Brenkert, *Corporate Integrity & Accountability*, 2004, Sage Publications Inc., California

Brorström, Hagén, Hagsten, Kastberg, Magnusson, Malmberg and Murray, *mått på välfärdens verksamheter - en antologi om produktivitet och effektivitet i kommunala verksamheter*, 2006, Edita Sverige AB, Stockholm

Brorström and Siverbo, *Institutioner och individer*, 2001, Lund: Studentlitteratur, Lund

Coelli, Rao and Battese, *An introduction to Efficiency and Productivity Analysis*, 2005, Springer, New York

Denscombe, *Forskningshandboken – för småskaliga forskningsprojekt inom samhällsvetenskaperna*, 2000, Lund: Studentlitteratur, Lund

DiMaggio & Powell, *The New Institutionalism in Organizational Analysis*, 1991, University of Chicago Press, Chicago

Gustafsson, *Normer och praxis - tre ideella föreningar och deras redovisning*, 2006, BAS Förlag, Göteborg

Healy, *International Social Work: Professional Action in an Interdependent World*, 2001, Oxford University Press, New York and Oxford

Jordan, *Social work in an unjust society*, 1990, Harvester, Hemel Hempstead

Larson, *The Rise of Professionalism, A Sociological Analysis*, 1977, University of California Press, Berkeley

Merriam, *Fallstudien som forskningsmetod*, 2006, Lund: Studentlitteratur, Lund

Reamer, *Social Work Values and Ethics*, 1999, Columbia University Press, New York

Scott, *Organizations, Rational, Natural and Open systems*, 1998, Prentice-Hall International Editions, New Jersey

TABLE OF LITERATURE

Silverman, *Qualitative Research- Theory, Method and Practice*, 1997, Sage Publications Inc., London

Thurén, *Vetenskapsteori för nybörjare*, 2002, Liber, Stockholm

Articles

Abernethy & Chua, *A field study of control system “redesign”: The impact of institutional processes on strategic choice*, Contemporary Accounting Research 13, 1996

Brorström, Hallin and Kastberg, *the Significance of control models* Qualitative Health Research, 2004

DiMaggio & Powell, *The iron cage revisited; Institutional Isomorphism and collective rationality in organizational fields*, American Sociological Review, 48, 1983

Gustafsson, *Den växande ideella sektorn*, Balans nr 3, 2006

Nilsson, *Välgörenhetens effektivitet under lupp*, Privata Affärer.se, 060310

Precht, *En komplex sector*, Balans nr 3, 2006

Homepages

www.bris.se, 061207

www.charityrating.se, 061127

www.frii.se, 061217

www.insamlingskontroll.a.se, 061217

www.plansverige.se, 061207

www.sida.se, 070111

www.sosbarnbyar.se, 061207

Interviews

Johan Ohlin, Chief of Economics at SOS-barnbyar 061128

Lennart Reinius, Programme Manager at PLAN Sweden 061128

TABLE OF LITERATURE

Anna Edgren Programme Developer at PLAN Sweden 061128

Billy Andrén, economic consultant at BRIS west region 061129

Kerstin Sjöbratt, chief of BRIS west region 061206

7 Appendix

Appendix 1 - Interview questions

The questions written in grey where only asked to Kerstin Sjöbratt at BRIS.

Opening: The role of the interviewee in the organization? Description of the activities of the organization? Which documents can we take a look at? The role of the organization in society?

1. **Does the organization have a over-arching goal? Does the organization have any part goals?** (short/long term) (If there is no over-arching goal; what do you think such a goal should be?)
2. **How well do you think the organization succeeds in achieving its goals?**
3. **How do you know how much better the quality of life the people you have as a goal to help are getting thanks to your work?/How do you know how much better the children feel after having contact with BRIS?** (Do you have any possibility to do follow ups on such things? Is any documentation written? How is the degree of success with a project/with a phone call or e-mail measured? Are the project divided in different parts, following up the parts separately?)
4. **Can objectives, policies etc. differ between projects/regions, and if so, why?** (Is it depending on working environment, specific people, different types of needs among the people concerned, cultural differences, degree of complexity of the problems, variation in number of incoming calls or availability?)
5. (Give the interviewee our definition of efficiency in general, address that the classic financial control is rather applicable on profit driven companies and that efficiency is more difficult to measure in an non-profit organization.) **Does SOS/PLAN/BRIS use any efficiency measurements?** (for example goal fulfilment/goal)

6. **Which factors help create efficiency?** (Do enthusiasts, personal chemistry, leadership skills of people in high-responsibility positions etc. play a part?)

7. **What is your definition of efficiency?**

8. **Does the organization have any financial control?** (Do you use a budget and, if so, what does it look like? How do you decide upon a certain allocation of resources (money, time, voluntary labour)? Why have you chosen this particular way? What is the control like when it comes to collection of funds and distribution of the collected funds? How does SOS/PLAN/BRIS make sure that all resources are used in the activities they were intended for?)

9. **What kind of organizational structure does the organization have?** Who decides what? What does the division of responsibility look like?

10. **How are the activities financed?** (collecting boxes, governmental subsidies, proportions?)

11. **Are there any bottle-necks where resources are missing and thereby hindering the rest of the activities?** (For example; if you had better finances, would you have hired more people or with a different competence?)

12. **Are there any demands made on the people working voluntarily?** (If so, who is making them? Are there clear instructions set up for planning projects/conversation structure etc.? What is the internal training like? How is it checked whether possible demands are complied with and that projects are being implemented correctly/that the contacts are handled the right way? Is the possibility to increase the number of calls received discussed or is improvement work on the conversation quality done?)

13. **Do the activities of BRIS reach the best results with volunteers or would it have been better with a more far-reaching mental care and social care?**