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# **FUNDRAISING UMBRELLA ORGANIZATIONS IN THE UNITED STATES**

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## **ABSTRACT**

This research examines the role of fundraising umbrella organizations delivering assistance to their member NGOs by exploring the formers' organizational features and development strategies. The study addresses and describes both the typology of assistance delivered by fundraising umbrella organizations to the member NGOs as well as impact of the delivered assistance on NGO performance.

The study examines the performance of three groups of NGOs acting in the Greater Cincinnati area: (1) member organizations of United Way, (2) member organizations of Greater Community Shares, and (3) independent NGOs. It looks at NGO performance according to provided development services, participation and empowerment, and wider impact.

The study concludes that based on majority of examined evaluation criteria, members of umbrella organizations are demonstrating higher performance than independent NGOs. Based on major findings, the study provides set of recommendations to NGOs in the Greater Cincinnati area, as well as sets argument for the further research.

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# 1. INTRODUCTION

It is doubtless that non-governmental organizations (NGOs) play an essential role worldwide while improving quality of life of various societies. They accomplish tasks and achieve their goals through delivery of vital services in various fields. Moreover, NGOs provide an essential contribution to the overall process of development. According to Thomas Carroll, during the 1980s, NGOs emerged as major actors on the international development scene (Carroll 1992, 1).

According to the basic character of NGOs their effectiveness greatly depends on raised funds. In other words, the ability to successfully undertake the fundraising process determines whether NGOs are able to accomplish their objectives. Therefore, appropriate fundraising policies are increasing chances of NGOs to deliver services to their beneficiaries more effectively.

Growing needs for the non-profit sector have created the demand for assistance that is provided by the fundraising umbrella organizations. Even though the strategies of service delivery by NGOs have been the subject of various previously conducted studies, much has yet to be said about the role and impact of fundraising umbrella organizations on NGO activities.

The overall purpose of this study is to understand the role of the U.S. fundraising umbrella organizations delivering assistance to their member NGOs by exploring the formers' organizational features and development strategies. The research is focused on the delivery of assistance to grassroots organizations acting in the United States of America. Specifically, this research aims to

examine and describe both the typology of assistance delivered by fundraising umbrella organizations to the member NGOs as well as the impact of the delivered assistance on the NGO performance.

The outcome of the research will provide essential information that could be useful for both NGOs and umbrella organizations. The conclusions will help them to develop more effective policies and implementation strategies in order to improve their capacity and performance.

## ***Background***

The American experience in philanthropy and charity provides one of the best examples that clearly illustrates the significance and effectiveness of the role of philanthropy in building civil society. The United States has become “the model for a robust civil society, a realm of independent citizen activity outside of both government and business “ (Boris 1999, 1).

Another notion describing similar character of the philanthropy in the United States from historical perspective was drawn based on findings of Eleanor L. Brilliant in her book *United Way*. The author highlights the fact that the United States historically is distinguished for its experience in philanthropy and charity. According to Brilliant, “charity is considered to be an American phenomenon; evidence of its organized presence has been witnessed since 1886 “ (Brilliant 1990, 27).

The role of charity and development of nonprofit sector has grown over time. It has diffused and become the part of the civic life of many other countries and regions. If nonprofits initially were viewed as inexpensive substitutes of

government programs, their evolution over time converted them into entities providing a valuable contribution to the overall world economy.

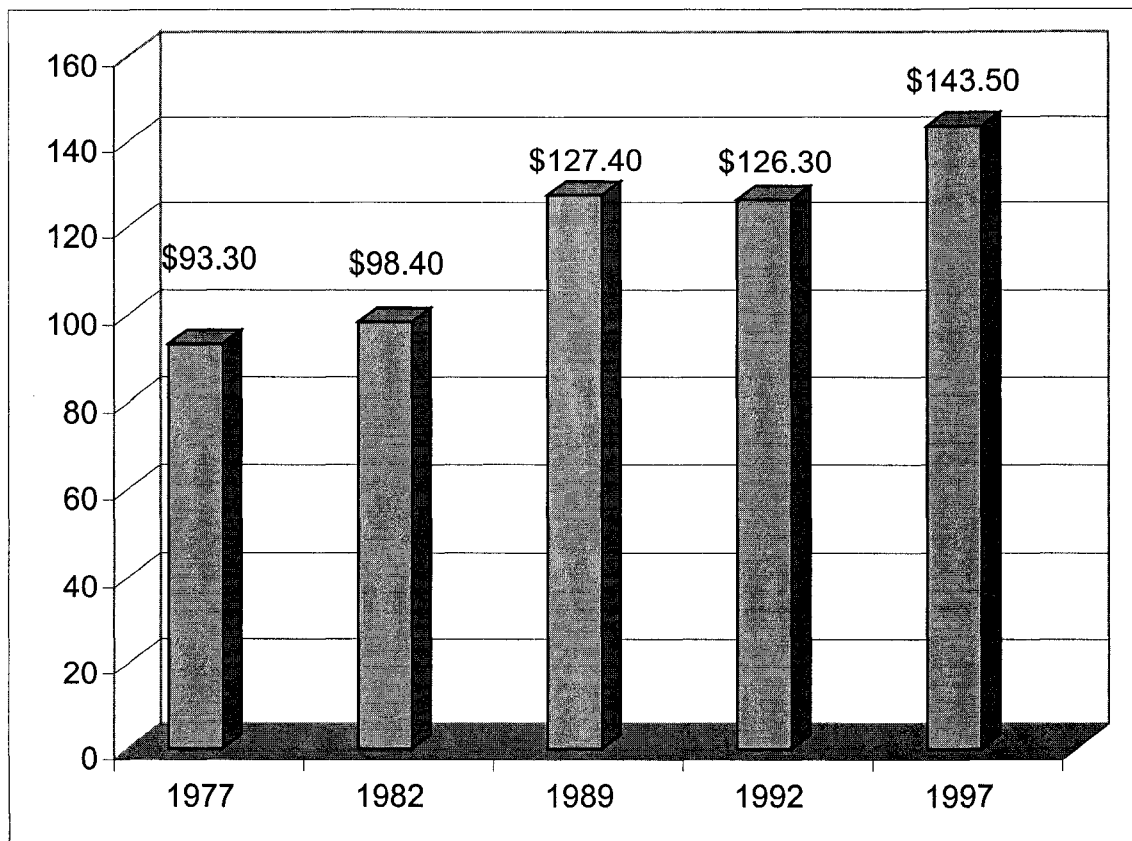
Non-governmental organizations consider their participation in social and economic change to be their major goal. The services delivered by the NGOs aimed at improving living or working conditions of their beneficiaries through socio-economic programs.

Many NGOs succeed in filling gaps by satisfying the needs of those communities whose needs, due to a variety of reasons, are not targeted by the government. In other words, NGOs try to identify and aim to serve those parts of communities which are sometimes isolated from the overall process of development. The volunteerism along with ethical principles and sense of autonomy encourages individuals as well as groups of individuals to be actively involved in the process of development of the civic society.

Unlike the development of non-governmental activities in the international arena, just described, development of the non-profit sector took place much earlier in the United States. As indicated by the official sources of the U.S. Internal Revenue Service (IRS), there was a significant increase in number of NGOs from 1940 to 1990. Namely, the number of NGOs has increased from 12,000 to 1.5 million organizations (Boris 1999, 12).

Along with the change in the number of American NGOs there has also been observed a tremendous increase of philanthropic giving in the United States. As indicated in Figure 1, the charitable giving within a 20-year period has increased up to 54 percent.

**Figure 1. Changes in Philanthropic Giving, 1977–1997 (Inflation-Adjusted \$ in Billions)**



Source: AAFRC Trust for Philanthropy, *Giving USA 1998*

Though rapid development of the non-profit sector took place, not all consequences of such remarkable increase turned out to have a positive impact on the operating capacity of the non-profit sector. Several difficulties have emerged and during recent decades they are creating serious obstacles to NGOs. The problems faced by the NGOs vary by character. The set of difficulties affiliated with the process of funding and management of non-profits has become a serious challenge for many organizations. The field of nonprofit management has quietly undergone a period of self-examination aimed at bringing greater

financial controls and tighter operations to the sector (Ryan and Grossman 1999, 37).

The function and mission of NGOs, as well as the ways they deliver services to their clients often vary. One of the major tasks of most NGOs is to involve their beneficiaries in capacity building. Various types of programs and projects are created for forming the groups and organizations as well as the linkages between them. NGOs are also serving formed groups of beneficiaries to find common interests through creation of more sophisticated public structures with wider impact on the social, economic and sometimes the political life of the communities.

Many NGOs are developing innovative approaches for service delivery, which later are frequently diffused and effectively used by others. NGOs develop innovative implementing techniques and tools as well as policies and models. Some NGOs even succeed in developing innovative institutional mechanisms.

Even though the nonprofit sector provides a useful contribution to the overall process of development, the existence of weaknesses associated with the performance and organizational aspects of the systems of NGOs are doubtless. It turns out that one of the weaknesses is associated with lack of linkages and cooperation between groups of civil society. In characterizing the nonprofit sector, Elizabeth Boris argues that “nonprofit organizations are dispersed thinly and unevenly around the country and are not an organized system” (Boris 1999, 1). However, she points out that “they (nonprofit organizations) are individual

organizations of civil society, vital parts of the networks of cooperation that permit our democratic society to operate effectively“ (Boris 1999, 1).

Creation and active involvement of fundraising organizations (umbrella organizations) has helped civil society to overcome such problems. As already stated, umbrella organizations foster the development of networks and they deliver various types of assistance to their member organizations.

In order to understand the character, principles and deep motivations beyond decisions made by many NGOs, it is important to explore and examine the specifics of their managerial, organizational and financial patterns.

It is remarkable that, regardless of the rapid growth of the nonprofit sector, there are numerous problems faced by many NGOs. The process of fundraising is one of the major barriers in the way of proper operation of NGOs. The difficulties related to the process of fundraising are directly linked to several factors that many NGOs are not able to conquer independently.

In some cases, difficulties associated with the process of fundraising could be explained from a political perspective. In other words, many donor organizations do not target their funds to meet the needs of certain communities. For example, the advocacy of the gay population is not defined as a priority by many donor organizations; consequently, the NGOs delivering services in that area face problems.

The problems that are faced by many NGOs could be grouped under following three categories:

1. Financial – heavy dependence on external funds

2. Grant writing – difficulty in submitting properly designed and well written grant proposals that would meet donors' requirements
3. Operational – weaknesses of managerial capacity of NGOs

As already stated, fundraising umbrella organizations such as United Way of America emerged to address those problems. They raise funds from both the public and private sectors and deliver them to member NGOs. The phenomenon of fundraising umbrella organizations has been widely known and tested in the U.S., however, many aspects of the positive influence of the assistance delivered by umbrella organizations to NGOs have not been subjected to rigorous research.

### ***Problem Statement***

NGOs are vulnerable organizations that face various difficulties while operating independently. The fundraising umbrella organizations render assistance to NGOs in order to help them overcome those obstacles.

The assistance delivered by fundraising umbrella organizations significantly improves the performance of member NGOs, while the absence of such assistance has a negative influence on their performance.

In order to test the above hypothesis, the measuring of success of member organizations was viewed as a necessary step that has been undertaken by this study.

The following list represents the set of key questions identified in order to test the stated hypothesis. They are grouped under three categories and are

aimed at exploring specifics of: (1) independent NGOs, (2) member NGOs, and (3) fundraising umbrella organizations.

### **Independent NGOs**

- What are the mechanisms of fundraising used by NGOs?
- Is it difficult for independent NGOs to raise funds efficiently?
- Do any problems faced by independent NGOs affect their performance?  
Why and how do they affect it?

### **Member NGOs**

- Why do potential member organizations seek the assistance offered by umbrella organizations?
- How do member organizations join umbrella organizations?
- To what extent does an umbrella organization improve performance of member NGOs in terms of accountability, responsiveness, outreach, service delivery, capacity building, and using innovative techniques and methodologies?
- Do member NGOs operate more successfully compared to those NGOs that operate independently?

### **Umbrella Organizations**

- What type of assistance is delivered by the fundraising umbrella organizations to their member organizations?
- What are the mechanisms of fundraising and fund distribution used by umbrella organizations?

- What criteria do umbrella organizations use to accept member organizations?

Some of the stated questions have been answered based on findings obtained after careful review of the related academic literature while the rest have been answered based on results of the survey.

### ***Definition of Terms***

The term “non-governmental organizations” (NGOs) stands for the not-for-profit organizations which deliver services and goods to their beneficiaries by use of (1) donor funds, (2) membership fees, (3) contributions of volunteers, etc. NGOs play an intermediary role between beneficiaries and donors. In many cases they replace government in certain areas of services and/or goods delivery.

The term “fundraising umbrella organizations” is the most central term in this research. It defines the non-governmental entities that deliver assistance to their member NGOs and play intermediary role between donors and NGOs. Selection criteria developed based on the policy of each umbrella organization are used for the selection of member NGOs.

The term “member organizations” points to the NGOs which are selected and assisted by fundraising umbrella organizations, based on their selection criteria.

“Independent NGOs” are those NGOs that raise funds and operate independently, i.e., without use of any help of fundraising umbrella organizations.

## ***Summary***

This part of the thesis has discussed: (1) common characteristics of the non-profit sector briefly illustrating their specific features within organizational, financial and political dimensions, (2) the problems faced by NGOs, (3) the research problem and (4) the role of fundraising umbrella organizations and the reasons for assistance that are rendered to their member organizations.

Moreover, special attention has been paid to the general trends of development of the non-profit sector in the USA by providing statistical data portraying the change in charitable giving.

After a brief review of known difficulties faced by NGOs, the chapter argues that, due to the existence of described set of problems (those having managerial, financial and political dimensions), some NGOs are unable to overcome obstacles they face independently. Therefore, demand for the respective assistance rendered by fundraising umbrella organizations has emerged. The hypothesis provided in this chapter argues that the assistance delivered by fundraising umbrella organizations significantly improves the performance of member NGOs, while the absence of such assistance has negative influence on their performance. The chapter also introduced a set of research questions needed for testing the above hypothesis.

## **2. LITERATURE REVIEW**

It would be hard to understand the role of fundraising process and its key principles unless the exploration of larger concepts takes place. Therefore, the main goal of this chapter is to examine major aspects of fundraising through exploration of (1) the concept of American philanthropy, (2) the motivations and expectations of donors, (3) the typology, functions, management and fundraising policies of NGOs. Moreover, special care is taken to examine activities of intermediary NGOs and describe most of their functional dimensions.

### ***American Philanthropy***

The literal meaning of the word “philanthropy” stands for the love of humanity. In fact, philanthropy stands for the process of using wealth in order to support the change aimed at promoting human welfare. The development of religion oriented charitable giving in 18<sup>th</sup> century has built a solid foundation for contemporary philanthropic activities in the United States.

Nowadays, philanthropy has not changed its original meaning and it stands for the distribution of wealth and time by individuals, groups of individuals or by the fundraising organizations such as not-for-profit so-called non-governmental organizations. The fundraising umbrella organizations are one of those types of philanthropic institutions that raise funds from donors and deliver them to the targeted groups of beneficiaries using services of selected NGOs.

As mentioned earlier in this research, Eleanor Brilliant called philanthropy and organized charity an original American phenomenon, while Robert H.

Bremner, author of the book *American Philanthropy* argues that philanthropy came to America from Europe. Namely, he stated that, “philanthropy is philanthropy wherever and whomever practiced. When we speak of American philanthropy, however, we usually have in mind an imported product rather than indigenous growth. The systems and principles were brought to this country by Europeans, and their subsequent development was influenced by European experience and theory” (Bremner 1988, 6).

Regardless the fact that such contradictions still exist, based on the positive influence of American philanthropy on the American as well as the world economy provides enough evidence to believe that American philanthropy has developed its own successful way of organized charity and has created a model which has been diffused and used by others.

As stated earlier, the phenomenon of philanthropy in the United States has strong roots. It has become the tradition of the American nation over a long period of time. The development of philanthropy in U.S. has helped this country to successfully overcome various problems existing in different layers of social life. Americans are characterized as being magnanimous when it comes to provision of charitable giving. As pointed out by Fink, “Americans will give to build something, to fight something, or to save something?” (Fink 1990, 136).

What factors determine the uniqueness of the basic tenets of American philanthropy? How was philanthropy shaped in this country? In order to answer this question, it is necessary to explore existing patterns of American philanthropy. However, for more deep and proper understanding of this

phenomenon, it is essential to begin with an exploration of the historical development of the American philanthropic tradition.

### **The Role of Religion in Shaping America's Philanthropic Tradition**

Religion is one of the ways that can help us to comprehend how Americans formed their social principles. Moreover, religion helped American society in shaping so-called independent sector. In her book *The Catholic Philanthropic Tradition in America* Mary J. Oates defined religious philanthropy or charity as “the giving of financial resources and voluntary service, under the aegis of the church, to benefit others” (Oates 1995, 2). According to her, not all types of contributions could be categorized as philanthropic. Oates tried to draw the line between the philanthropic and non-philanthropic giving. To be more precise, Oates argues that contributions “to support the local pastor, church, and parish programs which chiefly benefit the congregation itself, do not qualify as charitable giving” (Oates 1995, 2).

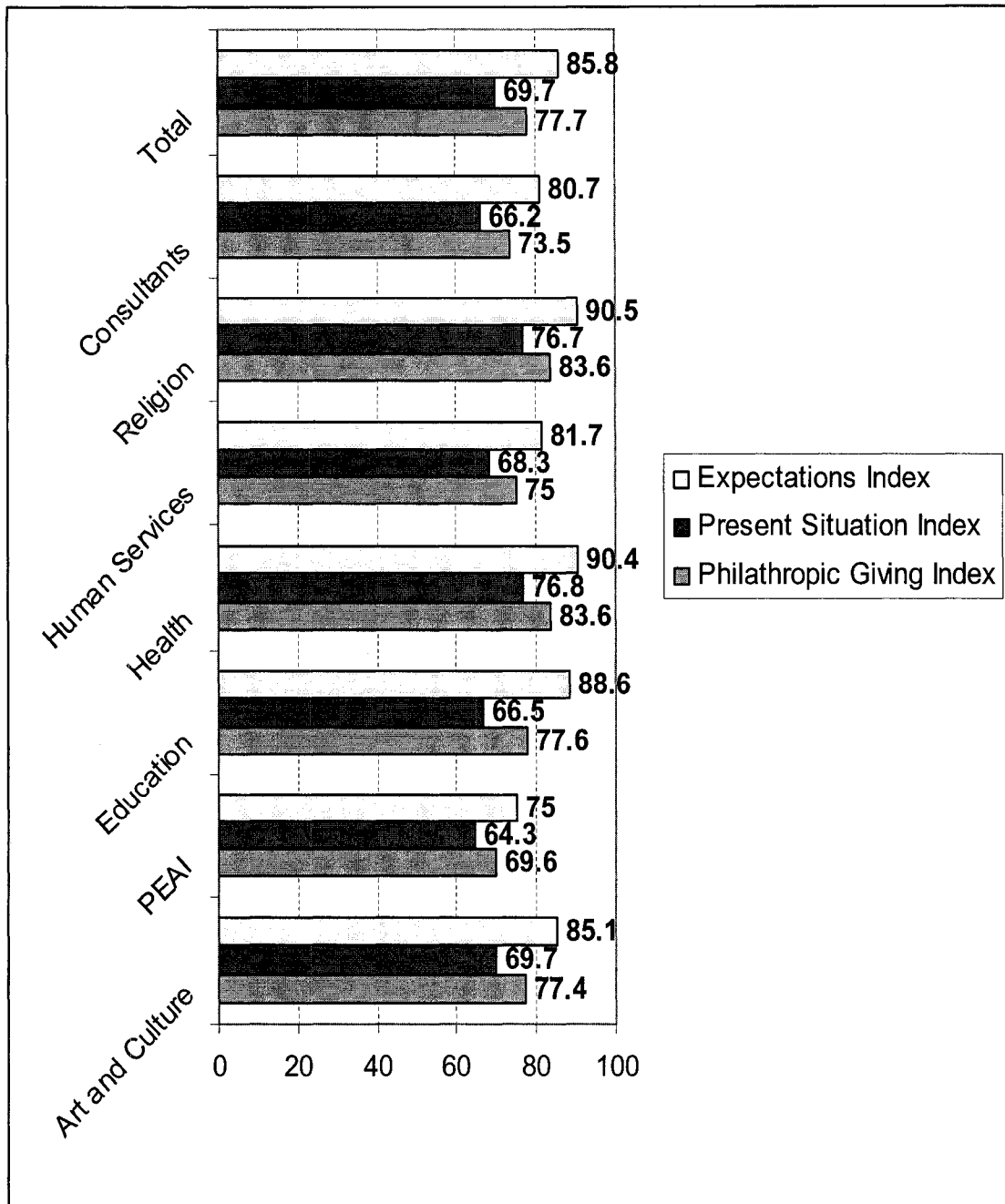
Interestingly, one of the earliest charitable activities (1790s) were supported by the American Catholics. The charitable actions launched by them have clearly demonstrated the level of their awareness with regard to the set of problems that has been faced by the American society. According to Oates, “changing economic, political, and social conditions and a rapidly growing membership provoked sharp debate within the church about the obligation to give, priorities in giving, appropriate organization of religious charity, and the locus of authority over philanthropic resources” (Oates 1995, 7).

Less than one hundred years later, in 1843, the Catholic Church made another important effort by formalizing the division of beneficence. In other words, the Church, along with community, defined areas of their specialization in charity. Social exclusion, widespread poverty, and growing ethnic heterogeneity in the 1840–1890 period shaped the ways American Catholics expressed their charity (Oates 1995, 19).

The level of successfulness of current fundraising of religious charities could be viewed as a logical continuation of a rich historical tradition of American religious philanthropy. According to the outcomes of recent research conducted by the Center of Philanthropy at Indiana University, aimed at formulating and comparing the philanthropic giving indexes by subsector, showed that health and religious fundraisers are more optimistic than their peers on all three indexes. Figure 2 clearly illustrates indicated difference in (1) expectations, (2) present situation and (3) the philanthropic giving indexes.

The outcomes of another, more recent study conducted by Indiana University in collaboration with Association of Fundraising Professionals Survey shows the interdependence between the extent of religiosity and the sense of volunteerism as a response to the September 11 2001 (Terrorist attack on the Pentagon and the World Trade Center). The results of the study highlighted the generosity of those Americans who attend religious services more than once a week. Namely, they were most likely to volunteer after the September 11 crisis

**Figure 2. Philanthropic Giving Indexes by Subsector, December 2002**

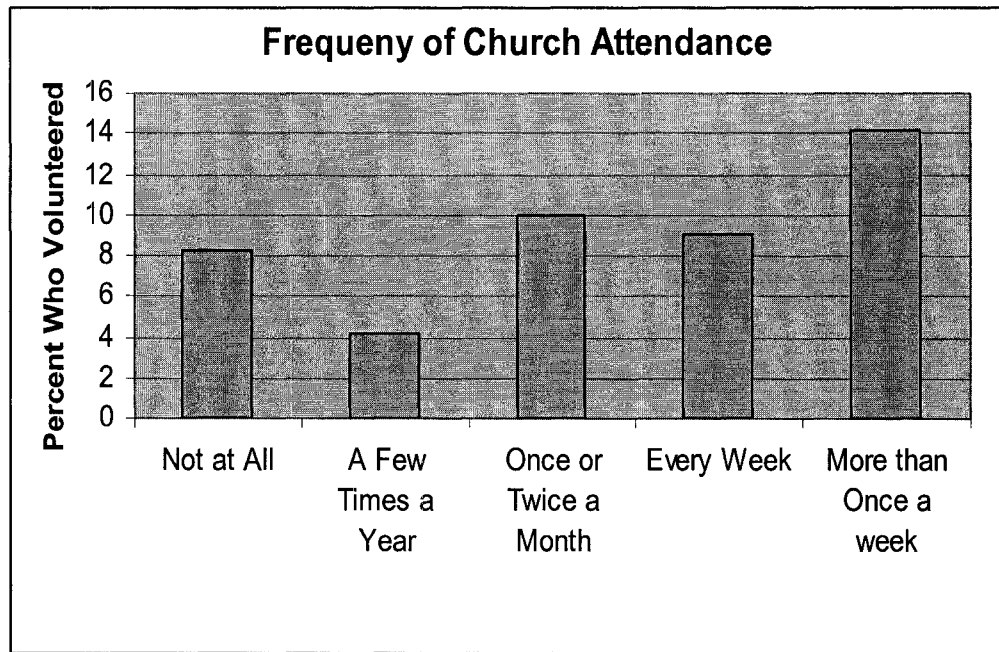


Source: Philanthropic Giving Index, Indiana University 2002

According to the results of the study, out of respondents who attend religious services more than once a week, 14.2 percent volunteered to help victims after the attack, versus 8.8 percent of those who attend weekly, 4.1

percent of those who attend a few times per year, and 8.1 percent of those who do not attend religious services. However, for those who did volunteer, religious attendance did not make a difference in how many hours of service they performed (see Figure 3).

**Figure 3. Volunteering To Help September 11th Tragedy Victims**



Source: AMERICA GIVES Survey of Americans' Generosity after September 11, Indiana University & Association of Fundraising Professionals 2002

As stated initially, the exploration of religious giving is one of the ways that can be used to understand one of the dimensions of the mechanism of American philanthropy. However, in order to better appreciate major principles of philanthropy, an examination of motivations and inspirations beyond charitable giving is essential.

## **Motivations of Giving: Why Do Donors Give?**

According to Kelly Kathleen, there are two dominating opinions about why donors give (Kathleen 1998, 43). Based on outcomes of M. Hunt's work, the main inspirations for donors to give money are determined by their altruistic motives (Hunt 1990, 37). Teresa Odendahl argues that donors who give are motivated by their own interest (Odendahl 1990, 122). As a result of such debates, these two opposing beliefs have divided the philanthropy and fundraising literature (Kathleen 1998, 43).

While describing the non-profit sector, the specifics of the concept of mixed motivations were discussed by Til. As he pointed out, "modern philanthropy is in many ways an arena in which mixed motives prevail" (Til 1990, 34). He characterizes philanthropy as a social exchange. Van Til argues that "philanthropy does involve a complex exchange of money, power, values, and expectations between the donor and the donee" (Til 1990, 34). According to him, donations may be traded for some mix of power, influence, and the commitment of values (Til 1990, 29).

Payton discusses the differences between altruistic and self-motivated giving and argues that "altruism can be a powerful force in human affairs, but it is a less reliable force than egoism most of the time" (Payton 1991, 10). Interestingly, he also states that "fund raising thus uses self-interest to help people go beyond self-interest" (Payton 1991, 11).

According to Kathleen, "altruism and self-interest—or egoism—are not mutually exclusive" (Kathleen 1998, 44). Then she adds, "Giving money,

therefore, reflects neither pure altruism nor pure egoism; it involves mixed motives for giving: to fulfill the donor's interests in self and in a common good, as represented by the mission of the charitable organization receiving the gift" (Kathleen 1998, 45).

According to Jenkins, self-reporting of donors regarding their giving motivations are biased and unreliable. As he has points out, self-reports of donors "are likely to be colored by a desire to present a favorable image" (Jenkins 1989, 300).

Schiff draws the line between the ways of understanding of the donors' motivations. Unlike others, who draw their conclusions based on analysis of self-reported data, which emphasize altruistic reasons, Schiff mostly relies on the self-motivation of donors (Schiff 1989, 131).

According to the results of various studies that have been discussed in this section of the research, one can conclude that giving motivations vary. Based on reviewed outcomes, motivations of donors could be grouped under following three categories: (1) motivations driven by self-interest, (2) motivations to give inspired by donors' altruistic attitudes, and (3) mixed motivations.

However, this conclusion creates the need for a better understanding of the reasons behind donors' motivations. Namely, the questions of how and why American philanthropy works was considered as another important task that needs to be accomplished in order to realize the grounds beyond non-altruistic motives of charity. Therefore, the review of American tax-exempt policy and regulations was viewed as another necessary step.

## **The Charitable Tax-Exempt Organization**

In the United States charitable organizations' contributions are facilitated by American tax system. In 1913 the U.S. federal tax was implemented and shortly after that event, namely in 1917, the American Congress passed the Revenue Act "which established a charitable contributions deduction up to 15 percent of taxable income" (Kathleen 1998, 48). As Kathleen has argued, "between 1917 and 1969, the only substantive changes in the law were to increase incentives for giving" (Kathleen 1998, 48).

According to Hopkins, "as the income tax system evolved, it generously accommodated the philanthropic impulse by means of exemptions and deductions. State income tax systems followed suit, as did other federal, state, and local laws that provided a variety of other exemptions and exceptions for charitable groups" (Hopkins 1990, 205). It is important to understand that although taxpayers may make gifts, only those who itemize their deductions on federal income tax returns are allowed to deduct gifts (Kathleen 1998, 48).

There was another essential development with regard to the U.S. tax regulation, namely, the so-called tax standard deduction that has been adopted by the American government in 1941. According to Clotfelter, the standard deduction "effectively eliminated the charitable deduction for a majority of taxpayers" (Clotfelter 1989, 111).

Currently, in the U.S. there are only three major deductions for individual taxpayers: (1) state income taxes, (2) interest on home mortgages, and (3) charitable contributions. As stated by Kathleen, "the average household income

in 1995 for itemizers who claim charitable deductions—excluding people who made more than \$200,000—was twice as much as the average income for individuals who file simplified tax returns“ (Kathleen 1998, 48).

Kathleen argues that Americans would not stop giving even if there were no tax savings. She justifies her argument by providing the example of those individuals who donate gifts but do not receive that benefit because they do not itemize their deductions (Kathleen 1998, 48). However, she assumes that, in that case, the level of giving would not be the same as if there were no tax saving. Kathleen provides examples of econometric estimates that suggest that “the elimination of the charitable deduction would result in gifts from wealthy taxpayers falling the most“ (Kathleen 1998, 49).

It is important to note that the character of charitable giving varies. Charity could be provided either by individuals or by corporations. While examining patterns of corporate giving, Galaskiewicz states, “it is surprising that surveys have not always found that executives always give high priority to tax matters in making company contributions” (Galaskiewicz 1989, 251).

Attempting to explore the giving motivations of American foundations, Kathleen has argued that, though foundations are exempt from income taxes, “those who create and contribute to them, whether individuals or corporations, benefit from our tax system by deducting their gift” (Kathleen 1998, 49).

Concluding this section of the research, as a result of the overview of tax-exempt policy, one can argue that savings and therefore self-interest is an

important motivation for both types of donors. Therefore, the degree of charitable giving is considerably influenced by the American federal tax policy.

### **The “Third” Sector**

In terms of the number of establishments, non-profit sector was considered by Marlowe as third-largest industry in the U.S after the public and the business sectors. He argues that such industries as agriculture, mining, transportation and construction provide almost as many jobs as non-profit sector alone (Marlowe 1993, 5).

According to Van Til's work, statistics demonstrating the distribution of labor force in the U.S by sector in 1992 showed that about 80 percent is employed by business sector, 13 percent by government entities and 7 percent by non-profit organizations (Til 1992, 122).

While defining the boundaries of the non-profit sector, Douglas stated that non-profit organizations are those types of organizations which could not be categorized either as business or as governmental entities (Douglas 1983, 16). According to Kathleen, though profile and the missions of non-profits could vary, their one common characteristic is that they have qualified for exemption from federal income tax under the Internal Revenue Code (Kathleen 1998, 53).

It is essential to note that, based on the Internal Revenue code, there are 29 different categories of non-profit organizations. Out of those 29, 25 categories are structured in one section 501(c), while remaining four categories are included in sections 501(d), 501(e), 501(f), and 521(a). For this reason, the IRS usually uses 501(c) to describe the non-profit sector. Interestingly, based on 1996 IRS

data, 54 percent out of a total 1.16 million non-profit organizations are categorized as charitable organizations. However, as Kathleen points out, "IRS registration is an imperfect measure of the non-profit sector's dimensions" (Kathleen 1998, 55). Her argument is explained by the presence of small-scale non-profits, those with low annual income (under \$5000) and fees. As Kathleen argues, "the majority of these small organizations do not apply for tax exemption" (Kathleen 1998, 55).

Lohmann has characterized four dimensions of common characteristics of non-profits. These dimensions are: (a) uncoerced participation, (b) shared purposes and resources, (c) mutuality (i.e., a community of shared values and interests), and (d) fairness, or justice (Lohmann 1992, 290). Moreover, while describing goods and services of the non-profit sector, Lohmann has drawn the line between them and public and private goods (Lohmann 1992, 319).

It is beyond question that the nonprofit sector plays a vital role by contributing to the social and economic life of American society. As stated earlier in this research, the role played by the non-profit sector is unique and it cannot be met either by business or by governmental sectors.

## ***Non-governmental Organizations***

### **Fundamental Features of NGOs**

A review of fundamental features of NGOs has been identified as another important task. Examination of common features of NGOs has helped to properly

understand the nature of problems that are faced by NGOs. However, it turns out that defining the major features of NGOs is a complicated task.

The answer to the question about what distinguishes NGOs from the private and governmental sectors has greatly contributed to this part of the research. Namely, it helped to deepen the appreciation of the specifics of NGOs' mission, operation-related details as well as exploration of the motivations and expectations of their internal and external stakeholders. Consequently, all above made possible to productively examine the problems faced by NGOs.

According to the existing literature, there are four major features that best characterize non-profit organizations: (1) they exist to fulfill a charitable purpose, (2) they function without the use of coercion, (3) they operate without distributing profits to shareholders, and (4) they exist without simple and clear lines of ownership and accountability (Frumkin 2000, 44).

The first feature defines that even though the public (clients) is ready to receive benefits from NGOs, NGOs demand nothing from them. The second feature, namely the non-coercive character of the nonprofits, places them closer to the market than to government. It is obvious that business as well as non-governmental organizations cannot force participation or consumption of their services and are dependent on demands and therefore on a competitive market.

The third feature of the nonprofits, non-distribution of profits, clearly differentiates them from business firms. While the non-coercive feature of nonprofits brings them closer to business and separates them from government,

this feature (non-distribution) places nonprofits closer to the public sector and away from the private sector.

According to Hansmann, “nonprofit and voluntary organizations cannot distribute their earnings to shareholders but should use all residual funds for the advancement of the organization’s mission” (Hansmann 1986, 61). This way nonprofits reassure clients and donors that their mission is superior and represents a foundation of their activities overall.

The fourth feature separates non-profits, business and government from each other. Unless businesses meet the expectations of shareholders they face risk of financial ruin. Similarly, government is accountable to a well-identified group of individuals, namely voters, and must follow the will of the electorate (Chisholm 1995, 77). In the nonprofit sector, there are no owners, and, according to Chisholm, the accountability is relatively absent.

According to Frumkin, there are four major groups of stakeholders affiliated with NGOs. He breaks down stakeholders into two key groups that are further divided into sub-groups. Under the first major group are those stakeholders from outside the organization – donors who provide charitable support, clients who use nonprofit services, and the community that benefits indirectly from the service. The second group consists of stakeholders from inside the organization – board and staff. The sources suggest that various stakeholders have various reasons for their interests in non-profit performance and accountability.

## **External Stakeholders**

As stated earlier, most NGOs are greatly dependent on contributions from foundations, corporations, federated funders, and individuals in order to carry out their charitable missions.

The literature suggests a great difference in how institutional and individual donors make decisions about contribution. Specifically, all sources on this issue claim that institutional funders and large individual donors study the financial statements of nonprofits during the grant review process; request and receive detailed supplemental information on the standing of the nonprofit organization; or even demanded special financial controls or management reforms in the organizations that they fund.

Individual giving is different compared to institutional giving. As was mentioned earlier, individual giving is considered a major source of charitable giving in the U.S. In discussing the rationale of donor choice to which NGO to contribute many authors (Gordon and Khumawala 1999; Odendahl 1990; Ostower 1994), raise the issue that many individuals do not consider a charity's financial condition and performance in making their contribution decisions. Odendahl and Ostower both suggest that, based on results of their research, many individual contributors donate to organizations with which they have had personal contact, including universities they have attended, hospitals that have improved their families' health, churches that have guided them spiritually, and arts organizations that have entertained them (Odendahl 1990; Ostrower 1994).

According to these sources, programmatic performance proves to be more important for individual contributors than financial performance.

Despite the fact that some parts of the non-profit sector depend on charitable contributions, nonprofit organizations today become increasingly dependent on revenue derived from fees and commercial activities what exposes nonprofit sector to market processes and pressures. Therefore client satisfaction becomes an increasingly important issue. The literature emphasizes that clients mainly rely on the reputation of the organization based on programmatic performance and give little consideration to financial performance or condition when making a choice in obtaining a service from non-profits or making decision on donation (Frumkin 2000, 74).

Community members are increasingly becoming involved in local non-profit organizations (by serving on an advisory board or volunteering in a particular program). However, anecdotal data suggest that even in well organized communities, very few residents watch over the activities of local nonprofits with a sense of ownership and it is rare for members of the general public to actively oversee the operations of nonprofit organizations operating in their community. Respectively, communities and their members rarely demand a community impact statement.

### **Internal Stakeholders**

Boards play a critical role in: (1) shaping policy, (2) making financial decisions, and (3) formulating strategy. For the board, knowledge about the

financial performance of the organization is particularly important because it must take an active role in ensuring that the organization's resources are used efficiently and wisely and that the mission is fulfilled. While the board is held responsible by the public for the overall performance of the organization, the board holds staff accountable for performance.

Within nonprofit organizations, staff plays a central role in ensuring that the financial and programmatic goals of the organization are accomplished and missions are achieved. In summary, nonprofit organizations thus have many masters with an interest in their performance and accountability, yet none of these parties can be clearly identified as the key stakeholder group. None of the parties is ultimately able to exert complete control over these organizations.

However, Henry Hansmann suggests that the relative strength of parties' claims for a major stake depends on how an organization is funded and its chosen mission (Hansmann 1986, 68). He analyses each case of major financial dependence. Specifically Hansmann claims that when donor(s) represent a major funding source for a non-profit they often hold nonprofit organizations closely accountable.

Nonprofits that are largely driven by the service fees or commercial revenues are in a different position. While these organizations do not have donors asserting claims over them, social entrepreneurs or professional staff may view themselves as the key stakeholders in these more businesslike organizations (Hansmann 1986, 74).

Hansmann also suggests that often, however, the lines of accountability are made more complex by the fact that many nonprofit organizations combine funding from multiple sources making it hard to point to any particular party as the key stakeholder (Hansmann 1986, 79).

### **Problems Related to Fundraising**

Competition between NGOs has noticeably increased due to the quick rise in the number of non-profit organizations. Accordingly, NGOs are looking for contributions. As a logical consequence of the nature of such development, the process of fundraising and therefore the financial stability of non-profit organizations has become harder to achieve (Boris 1999, 11).

It is essential to look at the traditional ways of fundraising used by the NGOs. It helps to better realize the central features of their financial problems. According to Henry Hansmann, non-profits raise funds through two main principal means.

The first mean of fundraising could be considered commercial by its nature (Hansmann 1980, 44). Namely, NGOs raise funds through collecting the fees for the offered services or by creation of commercial ventures.

The commercial form of fundraising used by NGOs was also described in Burton Weisbrod's work *To Profit or Not to Profit*. The author argues that during the past two decades, the commercial form of revenue has become one of the central sources that are mainly used by NGOs to cover their operating expenses (Weisbrod 1999, 57).

The second way, which is used by NGOs to maintain their operations, is through grants and donations. According to Gronbjerg, various donative non-profits raise money through grants or donations to cover their operating cost (Gronbjerg 1993).

Peter Fumpkin argues that, “today, there are few entirely donative or entirely commercial nonprofit organizations” (Fumpkin 1999, 2). Fumpkin states that due to high competition, NGOs are more frequently using the commercial form of fundraising, mostly supported by the payments of their clients.

Charles Clotfelter in his book *Federal Tax Policy and Charitable Giving* looked at the patterns of how individual charitable contributions influenced donations. He pointed out that individual contributions have created donations as “a function of income and the price of giving as measured by the price of contributions” (Clotfelter 1985).

Another important task for this study is to better comprehend the dynamics of fundraising on larger scale that could be achieved through looking at the results of various studies examining the relationship between private donations and other types of revenues of NGOs. The outcomes of various studies demonstrated different results. Namely, the question of whether or not grants provided by the government are forcing out charitable donations has been answered differently (Brooks 2000; Kingma 1989; Okten and Weisbrod 2000; Steinberg 1993). Specifically, depending on geographic location, findings of some studies showed that government has forced out the private donations while outcomes of other studies has shown opposite results.

Another difficulty that is faced by NGOs and creates fundraising related problems has been explained by inflexibility of their missions. To be more precise, the mission of an NGO could not be radically changed in a short period of time and therefore maintenance of financial support could become a difficult task (Fumpkin 1999, 6).

The managerial and administrative ability has been viewed as an alternative focus area needed to change “the dynamics of the contributions game and to help nonprofits find a dimension other than mission” (Fumpkin 1999, 7). Paul Light argues that, as a response to such a tendency, many efforts have been made to develop the handbooks focused on new management policies and tools in order to provide necessary knowledge to the NGOs to improve their operations (Light 2000).

### **Managerial Problems**

It is also important to examine the traditional patterns of vulnerabilities affiliated with the managerial system of the NGOs. Many NGOs face challenging managerial difficulties on regular basis (such as dealing with unqualified volunteers, problems with staff, capricious clients, dictating funders, etc.). A manager of an NGO is expected to be ready to work on a permanent basis to appropriately respond and find most effective ways in order to enable the organization to successfully accomplish its mission.

Unfortunately, various NGOs could not overcome management related problems successfully and, as a result, some organizations are ending even by

declaring bankruptcies. Due to that and other reasons, funders have become extremely selective in awarding grants to NGOs.

The reasons causing such a negative development have been the subject of study of various authors. For example, one of the arguments explaining the cause of such problems was introduced by Mark Hager, Joseph Galaskiewicz, Wolfgang Bielefeld and Joel Pins in *Tales from the Grave: Organizations Accounts of Their Own*. According to authors, “under-financed and duplicative nonprofit organizations have had to contend with the inability of private funders to finance the explosive growth of this sector. One consequence of this development has been the rise in nonprofit bankruptcies and closings” (Hager, Galaskiewicz, Bielfeld, and Pins 1996, 56).

Development of improved and more effective management policies has been identified by many NGOs as a new strategy helping them in adapting to a competitive environment. As is suggested by various authors, improved management has two major outcomes: (1) raised operational effectiveness and (2) reduced costs. The book written by John Antos and James Brimson suggests that, in order to survive in a given environment, NGOs should manage especially well and develop specific operational regulations. They also suggest that the management gap existing between nonprofit and business sectors “can be filled with a direct transfer of managerial technology” (Antos and Brimson 1994, 167). As Peter Frumkin argues, “the push toward efficiency and performance has been fueled by the rapid professionalization of large parts of the nonprofit sector over the past three decades” (Frumkin and Clarck 1999, 439).

Gerald Freund, in his book *Narcissism and Philanthropy*, considers cost efficiency of NGOs being another important aspect that has emerged due to increasingly growing competition. He points out that the foundations and corporations have become increasingly demanding in their dealings with nonprofit organizations and started to increasingly take into account cost efficiency criteria of their operations (Freund 1996, 35).

In some fields, such as international relief, the competition between NGOs has gotten so intense that NGOs focus on cost efficiency as a way to win financial support. NGOs engaged in differentiation around overhead costs and programmatic efficiency, which as Wilson et al. suggest “is a subject of considerable dispute and little practical guidance exists” (Wilson, Hay and Kattelus 1999, 72).

Margarte A. Duronio argued that, for nonprofits, changes taking place during the last three decades in the way contributions are made has meant more fund-raising work and more post-grant work as well as additional requirements during implementation of funded project or activity, which required a greater level of oversight and heightened emphasis on effectiveness and efficiency. Duronio emphasizes that these, on other hand, necessitate the recruitment and training of highly professional managers with appropriate fundraising skills within the sector. Thus, the introduction of quality management systems in the non-profit sector brought about a shift from volunteer labor to well compensated professional staffing, which, in turn, led to growth of salaries of development professionals (Duronio 1997, 53).

According to Judith Miller, cost efficiency of NGOs has become an increasingly important factor for individual contributors as well, who together donate more than foundations and corporations combined (Miller 1997, 19).

The literature on the importance of cost-efficiency is divided into two parts: (1) works that place the value of cost-efficiency higher than operational effectiveness, and (2) vice versa. However, in the 1990s, cost efficiency was increasingly seen by scholars as a critical factor for NGO management over the role of proper marketing, positioning, and fundraising strategy.

Supporters of each attitude have made their arguments. For some authors (for instance Oliver Williamson) efficiency and “economizing” is the factor that will ensure the survival of an NGO in the competitive environment of the increasingly commercial nonprofit sector. More than anyone else, Williamson has voiced a clear objection to the emphasis on strategy in the broader NGO management literature. As he has pointed out, strategizing efforts will rarely prevail if a program is burdened by significant cost excesses in production, distribution, or organization (Williamson 1994, 22)

As stated earlier, another group of authors does not share the opinion of Williamson and others. For instance, Michael Porter, the supporter of the importance of strategy over economizing, suggests that “increased efficiency has often led to operational improvements in business firms, but rarely have these gains translated into sustainable profitability” (Porter 1996, 97). Porter notes that despite the fact that operational effectiveness is necessary to superior performance, it is not sufficient due to ease of imitation of its techniques (Porter

1996, 102). In contrast, the essence of strategy is choosing a unique and valuable position rooted in activities that are much more difficult to match.

For many nonprofits, the idea of economizing and lowering operational costs has become a key management challenge.

### ***Intermediary NGOs***

There are several reasons justifying the need for a review of literature related to the intermediary types of non-governmental organizations. The first reason is determined by the lack of academic literature particularly focusing on examination of the fundraising umbrella organizations. Careful review of the literature relevant to this research revealed many similarities in various dimensions between the fundamental features of umbrella organizations and intermediary NGOs. However, it turns out that there has been very little said even about the intermediary types of NGOs.

The second reason for selecting intermediary types of NGOs was determined by the specifics of the methodology used for this study. The next chapter provides explanations of why it is important to review intermediary types of NGOs.

As stated earlier, the academic literature focuses on the examination of the fundamental features of different types of NGOs, lacks information about intermediary types of non-governmental organizations. According to Thomas Carroll, "there have not been any analytical and comparative studies produced that specifically focus on intermediary-type of organizations" (Carroll 1992, 16).

However, as he has noted, there are few studies covering general institutional development and the context in which intermediary types of NGOs operate.

Since this research has identified Carroll's work being most useful in terms of degree of contribution, it is important to provide more information about the author and his work.

Currently, Carroll works as a faculty member at the George Washington University teaching the economics and urban planning. He has successfully combined scholarly pursuits with the practical concerns of technical and financial assistance on the international level. More precisely, Carroll is focused on planning and evaluation of poverty-oriented projects. As result of intensive work in the field, Carroll has written numerous books covering various important topics. His work includes publications on land reform, cooperatives, rural and regional development. As stated earlier, along with his academic knowledge Carroll has obtained rich practical experience while working for such international financial institutions as the United States Agency for International Development (USAID), World Bank, Inter-American Development Bank (IDB), United Nations Development Program (UNDP) and other institutions around the world (Carroll 1992, ix).

Carroll's work, *Intermediary NGOs: The Supporting Link in Grassroots Development* aims at examining the organizational features and development strategies of intermediary-type NGOs. As a result, he sets forth recommendations and suggestions aimed at informing donor agencies about

approaches and institutional configurations associated with good performance of intermediary NGOs.

The term intermediary has been borrowed by Carroll from Uphoff. The term intermediation, as Uphoff defines it, refers to the role of membership organizations in providing services. Based on this definition, Uphoff assigns the term intermediation for one of four alternative ways of decentralization. Despite the fact that Uphoff discusses other entities involved in decentralization, such as government agencies (central and local), private voluntary organizations, and private enterprises, his overall analysis of strategies for supporting local institutional development is the most relevant and useful for examination of local support organizations.

Carroll considers the work of the Cornell group being most notable in this particular field. He argued that Esman and Uphoff's (1984) study of local organizations in rural development can be counted as pioneering (Carroll 1992, 17). Systematically reviewing public and private groups, including membership-based organizations such as cooperatives, the study analyzes various structural factors of intermediary organizations. Based on the set of cases collected from secondary sources this work isolates variables having to do with size or organization, vertical and horizontal linkages, membership roles, the public-private continuum and applies quantitative estimates of organizational performance (Carroll 1992, 17).

As stated by Carroll, Uphoff's *Local Institutional Development* (1986) is a notable review of these organizations based on categorization according to

various functions: (1) natural resource management, (2) infrastructure, (3) primary health care, (4) agriculture, (5) nonagricultural enterprise. Uphoff discusses a groups of a "local" level - a group, a community, or a locality, also known as grassroots or base-level organizations. Analysis of cases and case summaries make up about one-third of his book, and include support of local development efforts by organizations that fall into intermediary group (Carroll 1992, 18).

According to Carroll, the works of Cornell group produced in 1980s by various scholars (e.g., Uphoff and Peterson) greatly contributed to the knowledge on intermediary organizations (Carroll 1992, 19). The group's systematic data and analysis gave rise to alternative conclusions in this area. For instance, a paper by Stephen Peterson (1982) suggests that vertically integrated interest organizations with the single function are much more conducive to local group formation and effective service delivery than those that assume multiple tasks and promote horizontal integration. Peterson focuses on functions, incentives, and linkages of intermediary organizations.

Another author, David Leonard, stressed the *exclusive* nature of many support organization for the poor in contrast to *inclusive* nature of government service organizations. He developed a set of conclusions about assistance linkages and control linkages. As he pointed out, provision of assistance beyond simply finances to intermediate is the great decentralization lesson of our generation as it to permits the primary groups to be more informal and therefore makes organizations more accessible to control by their poorer members.

## ***The Typology of Intermediary NGOs: GSOs and MSOs***

It is essential to provide a description of the typology that Carroll introduced in his work. As far as umbrella organizations represent non-governmental organizations, it has been considered an essential task for this research because the typology of intermediary NGOs defined by Carroll aids in understanding the specific features of fundraising umbrella organizations.

According to Carroll, there are two basic types of intermediary NGOs: (1) GSOs – Grassroots Support Organizations, and (2) MSOs – Membership Support Organizations. As Carroll points out, GSOs and MSOs may be defined as “developmental NGOs involved directly in grassroots work” (Carroll 1992, 9).

Carroll provides more precise description of GSOs and MSOs by stating:

GSO. “A GSO is a civic developmental entity that provides services allied support to local groups of disadvantaged rural or urban households and individuals. In its capacity as an intermediary institution, a GSO forges links between the beneficiaries and the often remote levels of government, donor, and financial institutions. It may also provide services indirectly to other organizations that support the poor or perform coordinating or networking functions” (Carroll 1992, 11).

MSO. “An MSO has similar attributes. It also provides service and linkages to local groups. However, an MSO represents and is accountable to its base memberships, at least in principle. For example, a primary or base-level membership organization is a local cooperative or labor union. A regional association of such base groups is a secondary, or second-level, group. This is sometimes capped by a third-level national federation. It is these second- and third-level membership organizations that referred to as MSOs” (Carroll 1992, 11).

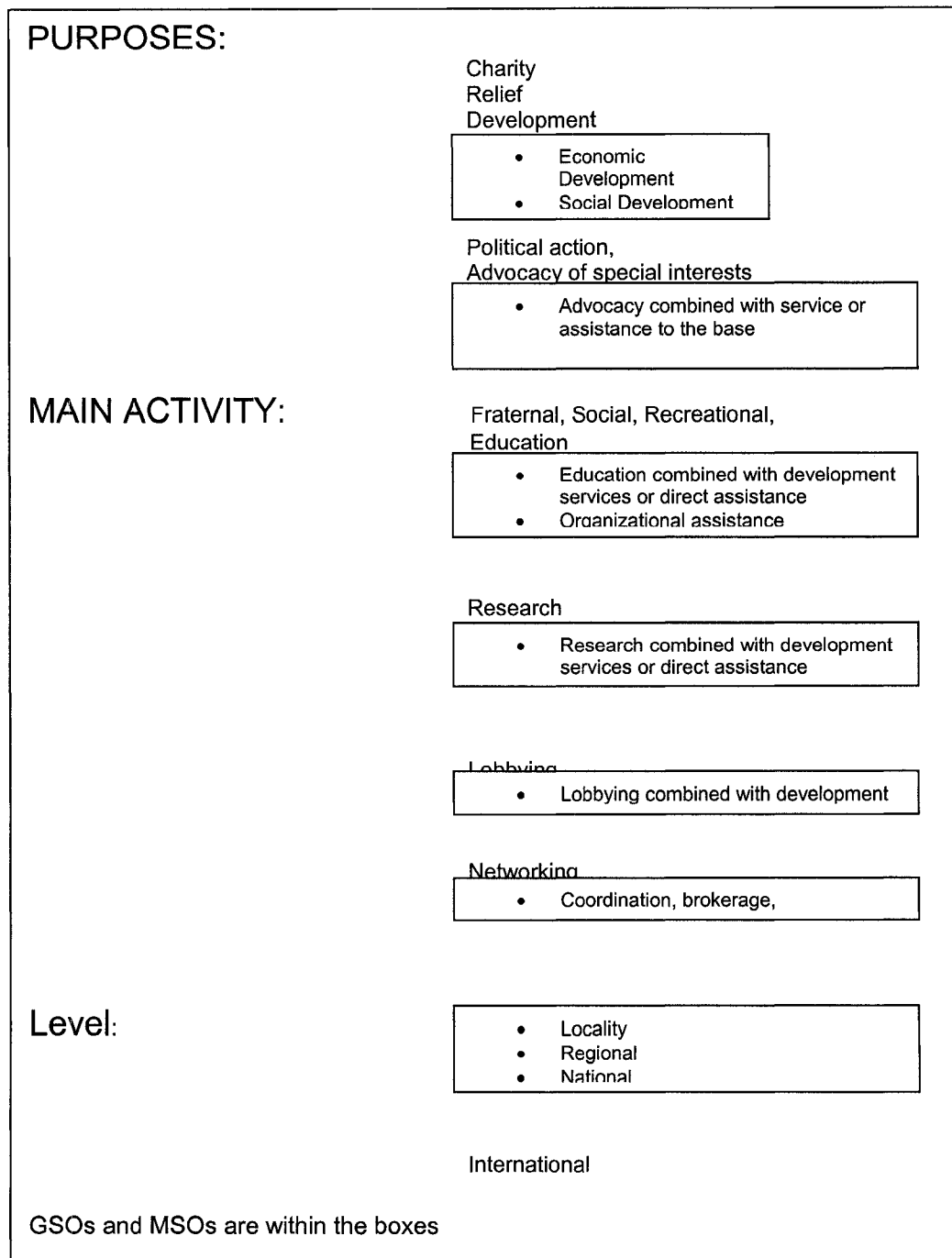
Carroll also highlights the specifics affiliated with NGOs by drawing the line between GSOs and MSOs in developed and developing countries. Namely, he points out that “unlike international NGOs based in developed countries,

GSOs and MSOs are national in that they operate within the institutional framework of developing countries" (Carroll 1992, 11).

Figure 4 illustrates the principles of how GSOs and MSOs could be identified within the spectrum of NGOs. According to Carroll, "GSOs and MSOs are subsets of the broad spectrum of NGOs. The term NGO covers hundreds of types of organizations within civil society, ranging from political action committees to sport clubs" (Carroll 1992, 9). As shown in Figure 4, "only those NGOs with specific developmental purposes and main activities and that operate on a certain level are classed as GSOs or MSOs" (Carroll 1992, 11).

Above provided characteristics of intermediary NGOs are extremely valuable for the purpose of this study. It offers major similarities between GSOs- in their capacity as an intermediary institutions and fundraising umbrella organizations. Namely, similar to umbrella organizations that provide services and linkages to local groups, as per Carroll, GSOs provide services allied support to local groups of disadvantaged rural or urban households and individuals. Moreover, both GSOs and umbrella organizations represent intermediary institutions that forge links between beneficiaries, government, donor and financial institutions. Finally, they may both provide services indirectly to other organizations that support the poor or perform coordinating or networking functions.

**Figure 4. Identification of GSOs and MSOs within the spectrum of NGOs**



Source: Thomas F. Carroll, 1992 *Intermediary NGOs: The Supporting Link in Grassroots Development.*

## **Summary**

This part of the research represents results of review of the relevant literature. The chapter has introduced the views of contemporary scholars studying different dimensions of the non-profit sector on the national and international level.

The chapter begins with the discussion of phenomenon of philanthropy. After a brief review of philanthropy as a global phenomenon, the chapter discusses American philanthropic traditions. It examines the ways of how philanthropy has been shaped in this country. In the first section, the role of religion is identified as one of the major force in building the U.S. philanthropic tradition. Evidence and analysis with regard to the historical role and importance of the religious charity has been introduced taking place from 17<sup>th</sup> century and continued to the present. More specifically, the role of Catholic Church in building American charity has been viewed as one of the best examples demonstrating the importance of a religious influence on American philanthropic tradition.

Further, the discussion has examined the motivations of charitable giving. It also has drawn a line between characteristic features of individual and corporate giving. The outcomes of various studies showed different motivations of different kinds of donors contributing to the social development of this country. Major types of motivations have been identified and explained. It turned out that tax benefit has been identified as one of the major motivations stimulating most types of donors to provide their donations to charitable organizations. In other words, the literature has indicated that there is a historically developed legal

environment that helps American society in supporting and strengthening the so-called third sector.

The review of the literature related to the examination of specifics of non-governmental organizations has also been identified as one of the central foci of this research. Discussion of NGOs began with explorations of the fundamental features that distinguish them from the governmental and private sectors.

The description and examination of all known types of stakeholders of NGOs also took place. That discussion was essential for a better understanding of major organizational characteristics of NGOs along with their concrete role in society.

Some questions posed in the introduction have been answered by review of the academic literature. The views of various scholars on problems faced by the NGOs within two major dimensions-financial and managerial-was provided. It made possible a better understanding of dilemmas faced by many NGOs that operate independently. Also, it provided details on how essential these two dimensions are for effective operation of NGOs.

The review of intermediary types of NGOs has been viewed as one of the most central issues for this research. While facing the reality revealing the fact that there is very little said about the fundraising umbrella organizations, the information collected and examined by various authors about the intermediary types of NGOs has been considered as exceptionally important. The presence of existing similarities has made possible to better comprehend the fundamental features and the role of umbrella organizations. Carroll's book *Intermediary*

*NGOs: The Supporting Link in Grassroots Development* has greatly contributed to this research while clearly demonstrating valuable results of analysis of intermediary types of NGOs.

### **3. RESEARCH METHODOLOGY**

The hypothesis of this research is that the assistance delivered by umbrella organizations significantly improves the performance of member NGOs, while the absence of such assistance negatively reflects on their performance. The research tests stated hypothesis through evaluation of the performance of two different types of non-governmental organizations among those located in and delivering services to their beneficiaries in the Greater Cincinnati area. Specifically, these two types are NGOs that are umbrella organization members and independent NGOs.

The survey of NGOs has been used as a tool for data collection. Namely, the survey included three major steps: (1) selecting of organizations; (2) obtaining and classifying the data from selected organizations based on evaluation criteria developed by Carroll; and (3) scoring the given criteria of performance based on rating developed under this study. The following sections of this chapter will provide details on each of stated steps.

#### ***Selecting the Organizations***

The selection of organizations has been conducted based on the following common features of NGOs: (1) geographic concentration of their activities in Greater Cincinnati area; (2) being a member of the United Way of Greater Cincinnati, a member of Greater Cincinnati Community Shares, or being an independent NGO; (3) being grassroots organizations as defined by Carroll and described in literature review section on intermediary NGOs.

For purpose of compiling the data on umbrella organization member NGOs and independent NGOs the convenience selection method has been chosen. As a first step, the lists of United Way of Greater Cincinnati members, the Greater Cincinnati Community Share members, and independent NGOs acting in Greater Cincinnati area has been compiled. Using random selection method, six organizations from each sub-group (eighteen total) were pre-identified for further studying purpose and were contacted with information requests.

Selection of not more than eighteen organizations – six out of each category, was based on two major obstacles: (1) the cost associated with conducting the survey, and (2) time limitation for data collection and analysis. Inclusion of more organizations has been significantly impeded by above stated reasons.

After the initial requests made to eighteen organizations only four from United Way members, four organizations from Community Share members, and three independent NGOs agreed to provide requested input for this research. For convenience of comparing the data an equal number of NGOs from each of these three sub-groups were targeted for survey. Therefore, three organizations from each sub-group were requested to provide data. As a result, choice of nine NGOs was derived from the commitment of these organizations for input provision (See Figure 5).

**Figure 5. The List of selected Organizations**

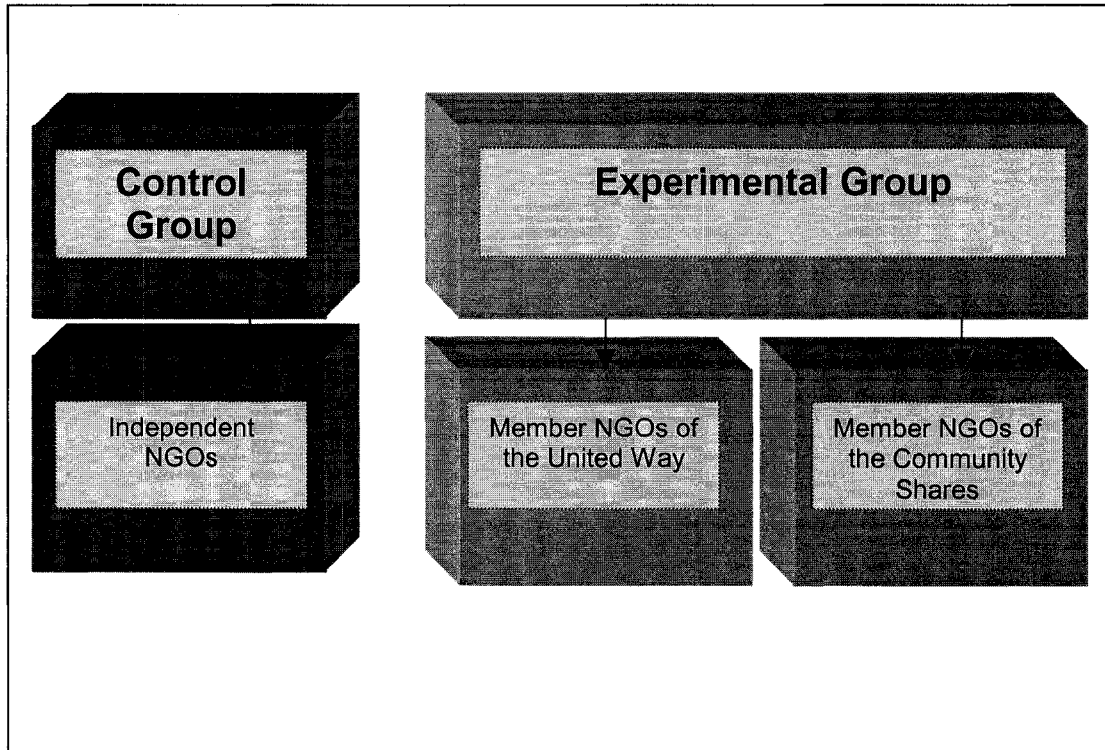
	<b>Members of United Way</b>	<b>Members of Community Shares</b>	<b>Independent NGOs</b>
1.	4C	Stonewall Cincinnati	Inclusion Network
2.	Community Services West	Northern Kentucky Housing and Homeless Coalition	Community Land Cooperative of Cincinnati
3.	Cincinnati Union Bethel	Prison Reform Advocacy Center	Beech Acres

It is essential to highlight the limitations associated with stated sampling model. As it is known convenience sampling makes no pretense of identifying a representative sub-set of a population. In our case, despite the common features for selection of NGOs, the sample group is not representative based on scope of their activities, features, and clientele. It is understood that this limitation has an impact on outcomes of this research and a more in-depth study is recommended for the future. However, it is believed that, based on the purpose of this study, such limitations would not have a significant effect on final outcomes within the framework of this research.

For purpose of testing the hypothesis, the selected NGOs have been clustered under two major groups: (1) a control group including independent NGOs, and (2) an experimental group (including UW member and CS member organizations (see Figure 6). Application of this procedure aided development

and use of suitable analytical tool for observation and revealing the differences and similarities of performance of different categories of selected NGOs.

**Figure 6. Forming the Control and Experimental Groups for Survey**



### ***Evaluation Criteria***

The evaluation criteria that are introduced and used in this research were developed by Thomas Carroll while examining the common organizational features and development strategies of intermediary type NGOs in Latin America. The analyses and application of these criteria are described in his book *Intermediary NGOs: The Supporting Link in Grassroots Development*.

Carroll studies 30 intermediary organizations selected by the Inter-American Foundation on the basis of being considered the most successful ones based on their performance. The common features of these organizations were: (1) being predominantly rural oriented; (2) trying to achieve tangible benefits by

supplying services that are needed and requested by beneficiaries; (3) being committed to some notion of a self-sustained development process in productive and organizational terms; (4) carrying on classical intermediary type functions; (5) providing advise and assistance and (6) mediating between the base groups and the government bureaucracy and international donor community.

While explaining the objectives of proposed evaluation criteria, Carroll pointed out that three sets of introduced criteria were designed, both for comparative purposes and to discover patterns (Carroll 1992, 32).

The three criteria for evaluation of NGO performance suggested by Carroll and used in this research are: (1) development services, (2) participation and empowerment, and (3) wider impact.

The first criterion was designed to measure performance of the organizations by looking at delivery of development services. It represents the more proximate or short-term dimension of the performance.

The second criterion, which focuses on examination of the degree of participation and empowerment, represents a more indirect and complex dimension of performance. It is measured through examination of several important features of organizations. Namely, application of this criterion helps to measure performance of organization by looking at: (1) the degree of beneficiary participation in project identification and design, (2) degree of beneficiary's accessibility to records and information and (3) the way and level of beneficiary contributions (such as labor and materials) to projects.

The third criterion, which looks at the level of wider impact, as Carroll stated, grew out of the recent interest of the donor community and scholarly critics in trying to ascertain how the recognized micro effect on NGOs could be expanded or scaled up, and even linked to the macro level (Carroll 1992, 32). Each proposed criterion is comprised of specific sub-criteria, which are discussed below. Further, the adaptation of Carroll's evaluation criteria for the purpose of this study, along with the grading system developed under this research are introduced and explained.

### **Development Services**

1. Service Delivery – identifies evidence of presence of services that have enabled the beneficiaries to improve quality of their life. As stated by Carroll, “providing useful services and resources to the poor is the key to strong performance. The services should be appropriate and of high quality so that they meet the beneficiaries’ current needs. They should be provided in such a way that they build a foundation for other accomplishments” (Carroll 1992, 32). Another important aspect that requires attention is the existence of the evidence with regard to the improvement of living conditions of the beneficiaries resulted by services delivered by the non-governmental organizations.
2. Poverty Reach – As Carroll states, “a complete evaluation of effectiveness in service delivery must include a consideration of the socioeconomic status of the population that is being assisted” (Carroll 1992, 33). He emphasizes the importance of this criterion and provides criticism towards

others by stating that looking at the extent of poverty reach is “seldom done in evaluations, partly because it is difficult to ascertain the status of a given group” (Carroll 1992, 33). To formulate this segment of evaluation criteria more briefly one can conclude that poverty reach is quantifiable mean of measurement aimed at identifying the number of beneficiaries receiving services from NGOs.

### **Participation and Empowerment**

1. Responsiveness/Accountability – As Carroll suggests, “participation is both a means and an end. It is easier to observe it as a process than an outcome: one can evaluate the relationship between those who are providing the assistance and those who are receiving it” (Carroll 1992, 33). In order to assess participation Carroll poses following questions: (1) to what extent have NGOs helped beneficiaries become more adept at articulating their needs in an operational way? (2) How actively and how widely do local groups participate in decision-making process in matters affecting their welfare? (3) Have they enhanced the sustained involvement of beneficiaries in the development process, especially after the initial assistance by the outside organization has ceased (Carroll 1992, 33). In other words, this particular criterion has helped in finding out to what extent the involved NGOs have helped beneficiaries to become more skillful at addressing their needs in an operational way. According to Carroll, participation could also be viewed as accountability.

2. Reinforcing Base Capacity – While describing this segment of evaluation criteria Carroll argues that, “the heart of participation is growth in the capacity of a group to create new systems and mechanisms to accomplish goals” (Carroll 1992, 33). This criterion provides opportunity to identify how the NGOs involved have reinforced the capacity of beneficiaries to manage their own resources and operate enterprises.

### **Wider Impact**

1. Innovation – this criterion helps to provide answers to the following questions: To what extent have NGOs designed and tested new technical and institutional approaches or systems for solving specific problems? Have such systems or processes become widely shared and diffused? Carroll argues that “the notion that intermediary NGOs should have broader impact is relatively recent within the donor and scholarly community” (Carroll 1992, 34). The abilities to innovate and to transfer ideas, methods, and techniques along with ability to influence the policy process are key indicators for this criterion.
2. Policy - this criterion is used to identify whether or not NGOs exert an influence beyond a limited number of directly assisted beneficiaries or communities. In other words, this criterion defines whether performance of NGOs had shifted from the micro effects of their projects to the level of macro-policy.

**Figure 7. How Evaluation Criteria are to be Applied**

Evaluation Criteria	Control Group	Experimental Group	
	Independent NGOs Acting in Greater Cincinnati Area	Member NGOs of United Way of Greater Cincinnati	Member NGOs of Greater Cincinnati Community Shares
<b>1. Development Services</b>			
1.1 Service Delivery			
1.2 Poverty Reach			
<b>2. Participation and Empowerment</b>			
2.1 Accountability			
2.2 Reinforcing Base Capacity			
<b>3. Wider Impact</b>			
3.1 Innovation			
3.2 Policy			

**Adaptation of Evaluation Criteria**

NGOs targeted by Carroll's and this study are intermediary NGOs. However, while Carroll included in his study both-GSOs and MSOs, this research is targeting only GSOs by their character, scope, and functions. In other words, this study targets civic developmental entities that provide services to local groups of disadvantaged individuals, and in their capacity are an intermediary

institutions that forge links between the beneficiaries, government, donor and financial institutions.

In addition, there are other minor matters that necessitate adaptation of Carroll's evaluation criteria for the purpose of this research. The first, Latin American NGOs to which Carroll applied the criteria were predominantly rural, while ones targeted by this research are urban ones. Second, GSOs and MSOs were studied by Carroll in developing countries (of Latin America), while the present sample embraces only GSOs in the US. Along with stated differences, it is essential to highlight important similarity: similar to Carroll's' sample, none of the sample US NGOs are international ones.

While fully relying on evaluation criteria developed by Carroll, this research designed and used different rating of performance. Specifically, while Carroll used distribution of scores from Low (1) to High (3), this research used broader scale of evaluation for purpose of zooming in on the differences in performance between different groups of NGOs based on their membership in umbrella organizations. The developed scale runs from "0" being lowest to "5" being highest:

- 0 – Absence of performance under respective criterion;
- 1 – Poor performance;
- 2 – Moderate performance;
- 3 – Medium performance;
- 4 – Good performance;
- 5 – Excellent performance.

Also, while Carroll rated only institutions, this research rated both— institutions and sub-groups of NGOs (of control and experimental group).

## ***Summary***

This chapter of the paper explained the methodology used in this research. The rationale of survey selection as a research tool has been provided, along with an explanation of three major steps followed during the survey process.

Further, the section on the selection of organizations reviewed the process of selection of the sample group. Specifically, this section describes in detail the rationale behind focusing on nine specific organizations. Limitations associated with the sampling model are described, along with a discussion of how the limitations would not have a significant effect on final outcomes of this research.

Following the sampling group selection, the evaluation criteria have been discussed in separate section. As far as the criteria borrowed from Carroll's methodology, the major differences in application of the criteria in Carroll's Latin American research to this research have been discussed. Further, the chapter engages in detailed discussion of the three major criteria and their sub-criteria of evaluation introduced by Carroll and utilized in the survey results provided in this study.

Finally, the methodology chapter ends with description of performance rating designed and applied in this study. In addition, it highlights its difference with the performance rating used by Carroll.

## 4. RESEARCH FINDINGS

### *United Way*

Religious leaders were the founders of United Way. They established the organization in 1887 in Denver, Colorado. The first United Way was the Society of Charity Organizations and its formation was aimed at planning and coordinating local services through single fund-raising campaigns for 22 agencies.

In 1888 United Way successfully raised \$21,000. It was the first fundraising campaign of the organization. In 1894, charitable institutions became exempt from the first federal act that imposed a tax on all corporations organized for profit.

Nowadays, the United Way system includes approximately 1,400 community-based United Way organizations. Each of them is an independent organization, separately incorporated and governed by the local volunteers. It is essential to note that as a result of such historical development during last two centuries, United Way has raised over \$5 billion in 2000 and 2001 to address most significant issues of different communities.

According to the mission statement of the United Way of America, the mission of the organization is to improve people's lives by mobilizing the caring power of communities.

As community leaders, United Ways try to address the local issues and mobilize resources through their fund-raising efforts.

Communities that are brought together as a result of the efforts of the United Ways try to target important issues. Focus areas vary from community to community. Priorities and focus areas are defined by the needs and demands identified within each community. However, due to the presence of general similarities within social and economic dimensions of community lives common focus areas of local United Ways include such activities as: (1) helping children and youth; (2) strengthening and supporting families; (3) promoting self-sufficiency; (4) building vital and safe neighborhoods and (5) supporting vulnerable and aging populations.

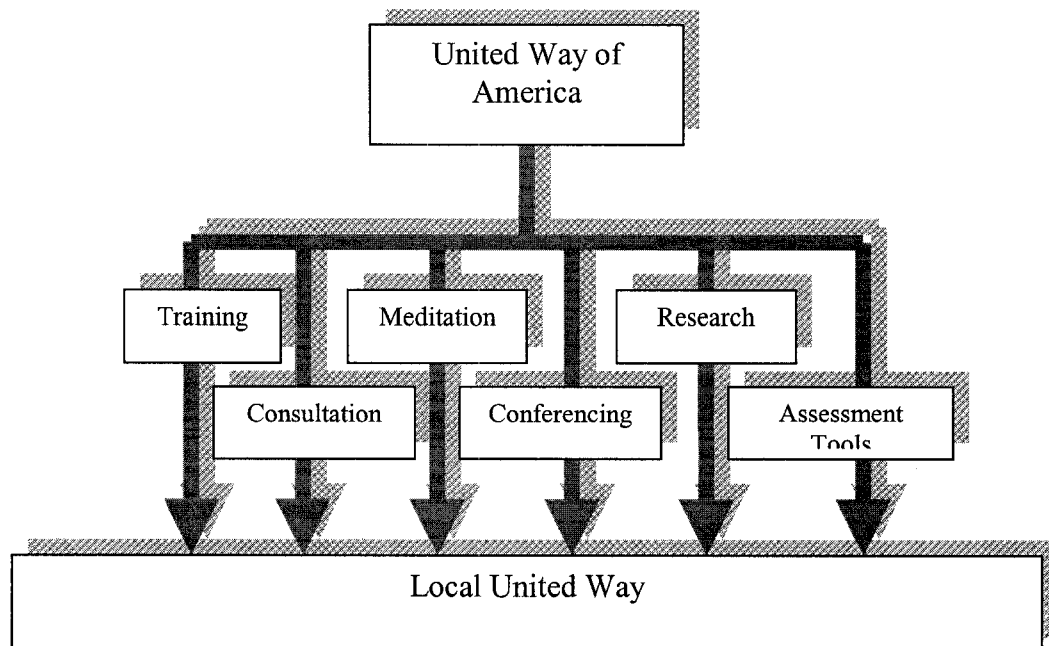
It is important to note that local United Ways developed their own criteria for selecting their member organizations. Namely, United Ways invests funds only in those organizations that are a non-profit, tax-exempt charity and are governed by a board of volunteers. In addition, selected organizations are required to provide services at a reasonable cost. Another important requirement is that all member organizations should maintain a non-discrimination policy.

Another essential aspect that also needs to be underlined is a role and the character of support provided by United Way of America (UWA) to local United Ways. Figure 8 demonstrates the set of support that UWA offers to local United Ways. As indicated in Figure 8, UWA provides such services as training, consultation, mediation, conferencing, national research, and assessment tools.

As stated earlier, the legal status of potential member organizations is another important issue for selection of members of United Ways. UWA and member United Ways consider it as the most central criterion that is used for

selecting the agencies that are seeking support. To be more precise, United Ways require funded agencies to have a tax-exempt status recognized by the Internal Revenue Service of United States (such as 501(a), 501(c)(3), 501(4) or 501(c)(7)). The UWA and member United Way organizations are 501(c)(3) organizations.

**Figure 8. Assistance Delivered by the United Way of America to Local United Way Organizations**

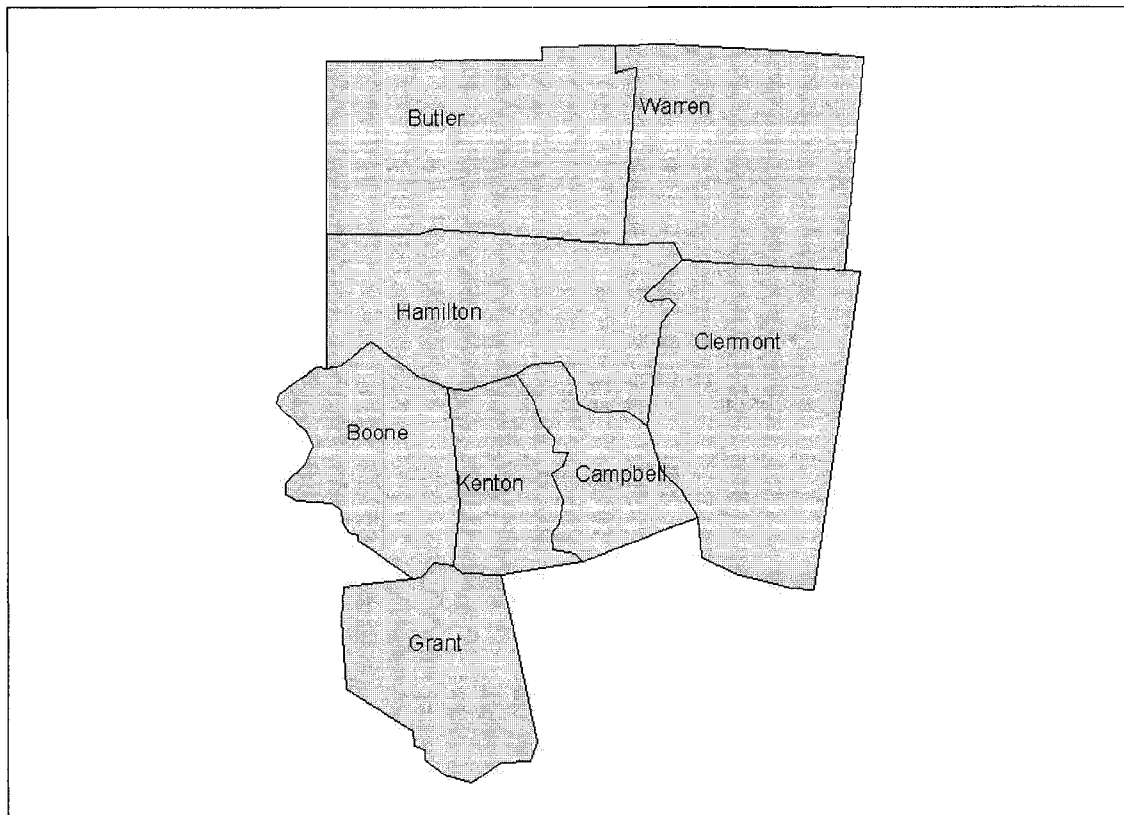


Source: United Way of America Fact Sheets, 2002

United Way of Greater Cincinnati (UWGC) was founded in 1915. Similar to other local United Way organizations, UWGC views itself as a community catalyst mobilizing the caring power of individuals and organizations to assist

people and measurably improve their lives. UWGC works regionally to provide services in eight counties of Southwestern Ohio and Northern Kentucky. Figure 9 provides the map showing the served communities.

**Figure 9. Map Showing the Communities Served by the United Way of Greater Cincinnati**



As already stated, three member organizations of UWGC were selected and included in this study. These organizations are: (1) Comprehensive Community Child Care (4C), (2) Cincinnati Union Bethel and (3) Community Services West. Accordingly, performance of these organizations was measured using Carroll's evaluation criteria.

Following sections of this chapter briefly describes missions and activities of selected members of the UWGC.

## **Comprehensive Community Child Care-4C**

The mission of 4C is to improve the quality, availability, affordability, and accessibility of childcare. Services addressing stated issues are provided to the beneficiaries of 4C located in following five counties of Ohio: Butler, Clermont, Clinton, Hamilton and Warren. The three other counties that are also receiving similar services from 4C are: Boone, Campbell and Kenton, all located in Northern Kentucky.

The agency targets and therefore creates programs for following types of beneficiaries: (1) parents, (2) childcare providers and (3) employers. The first category of beneficiaries receives education on selecting quality childcare. The agency tries to assist parents in finding childcare through operating the only area childcare resource and referral service.

To the second type of beneficiaries (childcare providers), 4C provides training and technical assistance on a regular basis. It also offers assistance to individuals who want to start a center-based program and recruits them if they are interested in becoming family childcare providers.

To the third type of beneficiaries (employers, participating companies), the agency provides their employees enhanced resource and referral service. Employees of participating companies also receive on-site parenting workshops. 4C also consults employers aimed at raising their awareness with regard to the such issues as sick child care and parental leave.

## **Cincinnati Union Bethel**

Cincinnati Union Bethel (CUB) is one of the oldest social service agencies. It was founded in 1830. The agency's first initiatives were developed for the purpose of targeting boatmen and their families traveling the Ohio River.

Due to the fact that CUB moved from riverboat to its first settlement house, therefore the current mission of the agency has become more complex. Presently, major focus areas of CUB are: (1) education, (2) social service and (3) housing.

CUB added more services to meet the growing needs of Cincinnati families. As a result, the agency focuses on such issues as: (1) family development, (2) counseling, (3) delivering emergency assistance and child development. In addition, CUB also supports education, mentoring, youth programs, and community organizing.

## **Community Services West**

The mission of Community Services West (CSW) is focused on the needs of older adults in western Hamilton County through provision of community-based services such as: (1) transportation; (2) home-delivered meals; (3) outreach, and (4) protective services. CWS has developed the basic criteria for eligibility by defining the age limitation of its beneficiaries. To be more precise, according to CWS's eligibility criteria only those 60 years old and older and/or those who are physically or mentally disabled and reside in western Hamilton County are eligible for services.

The service area includes the City of Cheviot as well as the following townships and their communities: Colerain, Crosby, Delhi, Green, Harrison and Miami.

### ***Community Shares***

Community Shares is the second umbrella organization that was studied in this research. Community Shares of USA is a collaborative fundraising and charity organization. It is a federation of over 1,000 organizations that are focused on social justice, women's and environmental issues. According to the mission statement, the organizations of Community Shares USA are dedicated to solving community-based and social justice problems. Community Shares USA was created by social justice fundraising federations. The main purpose of founding Community Shares was to provide employees of national corporations the means to support locally-based service and social justice organizations.

Similar to United Ways, each member federation of Community Shares includes local and regional charities. These federations were created by their member charities aimed at increasing awareness and financial support through workplace fundraising campaigns.

Community Shares USA has developed its membership standards. Each Community Shares USA member federation is expected to: "(1) make a significant and positive impact on its community by working to fund tax-exempt organizations that enable people to achieve fuller participation in the life of society by eliminating social, economic, cultural and/or political barriers, (2) be recognized by the IRS as a 501(c)(3) be a tax exempt organization, (4) be an

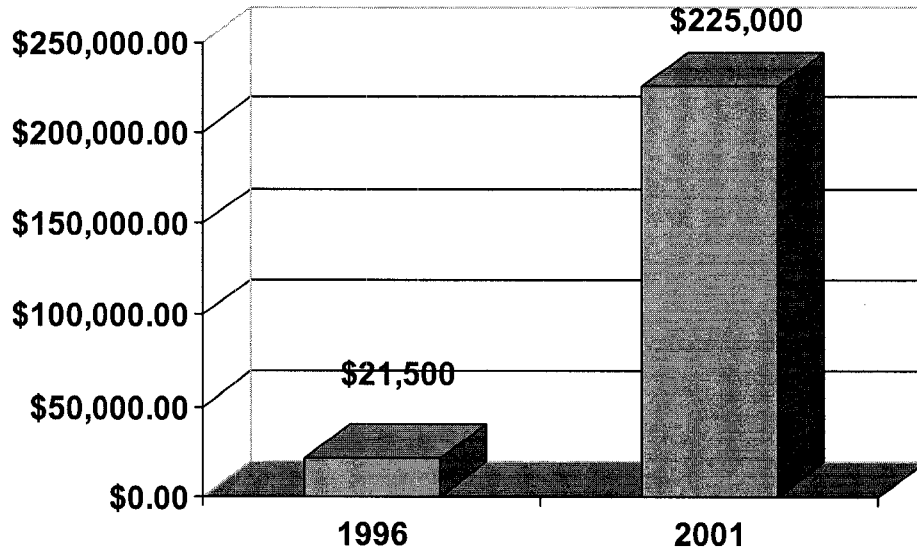
affirmative action employer, and not discriminate on the basis of sex, race, class, creed, age, disability or sexual orientation for the purpose of service, employment, membership or leadership, (5) be in compliance with all Federal, State and local nonprofit regulations, laws and ordinances applicable to the applying Federation's operations, (6) have a demonstrated base of support within the community that it serves and (7) not be controlled by any third party or organization” ([www.choicegiving.org/help/membership.asp#standards](http://www.choicegiving.org/help/membership.asp#standards)).

Greater Cincinnati Community Shares is a federation of 25 nonprofit organizations. Member organizations of GCCS cooperate to promote “social equality, economic opportunity, and environmental well-being” ([www.cintishares.com/overview.html](http://www.cintishares.com/overview.html)).

As stated earlier, GCCS establishes partnerships with different workplaces aimed at conducting annual fundraising campaigns. Through these partnerships GCCS provides information to employees in order to raise their awareness about its member organizations. As an outcome of such action, GCCS provides an opportunity to employees to give member organizations payroll deduction or gifts ([www.cintishares.com/overview.html](http://www.cintishares.com/overview.html)). Figure 10 indicates amounts of funds raised from 1996 to 2001.

Greater Cincinnati Community Shares operates as a cooperative. The governing board of Community Shares consists of representatives from each of its member organizations. In this way, they believe that decisions are based upon what is best for the member organizations and the people they serve.

**Figure 10. Funds Raised by GCCS in 1996 and 2001**



Source: Greater Cincinnati Community Shares Annual Report, 2001

The member organizations of GCCS address such issues as homelessness, affordable housing, chemical dependency treatment, health care, mental health care, job training, nonviolence, environmental safety, and democratic decision-making.

The following is a set of benefits that are offered to the Community Shares' member organizations:

- Increased income for the organization;
- Increased publicity for the organizations and their issues of concern;
- Increased networking and collaboration;

- Increased organizational effectiveness;
- Increased access to volunteers; and
- Access to a comprehensive health insurance plan.

In addition, Community Shares encourages donors to give to the specific organizations of their choice. “Donations collected from workplace campaigns are distributed to the organizations based entirely upon donors’ designations” ([www.cintishares.com/overview.html](http://www.cintishares.com/overview.html)). If donors give to Community Shares as a whole, those funds are divided equally among all of the organizations.

Similar to UWGC, GCCS also has developed its selection criteria aimed at evaluating potential member organizations. The following is a set of requirements of membership: “(1) members should have 501(c)(3) tax-exempt status and have delivered services two years or more, (2) members should have a local office and governing board that is responsive to the local people served, (3) members are committed to social, economic and environmental justice, work for social change, and provide services for people in need, (4) member organizations work together in the spirit of cooperation, giving generously of their time to ensure the success of Community Shares, (5) members pay a one-time joining fee of \$100 and annual dues of \$250 to \$500, and (6) members submit detailed documentation on an annual basis to substantiate their fiscal responsibility and program success” ([www.cintishares.com/overview.html](http://www.cintishares.com/overview.html)).

## **Stonewall Cincinnati**

According to the information provided by the leadership of Stonewall Cincinnati, Cincinnati is one of the cities in the U.S. that is denying gay, lesbian and bisexual citizens the right to petition their government for protection from discrimination.

This fact played an essential role in the creation of Stonewall Cincinnati (SC). SC is an NGO working on behalf of all gay, lesbian, bisexual and transgender people and its purpose is to end existing discrimination and violence, and to promote cultural inclusion through education, advocacy and outreach.

According to the vision statement of the organization, the formation of SC was aimed at achieving positive social change for all people by working to build a community where diversity is recognized, embraced and celebrated (<http://www.cintishares.com/overview.html>).

Basic activities of SC includes: (1) working to educate the community, civic leaders and elected officials about the need to repeal the discriminatory Article XII of the Cincinnati City Charter. By having a visible presence as out and involved gay, lesbian, bisexual and transgender people, SC educates the community to destroy existing myths and prototypes related to the life and rights of gays, lesbians, bisexual and transgender population living and working in Greater Cincinnati area.

## **Prison Reform Advocacy Center**

The Prison Reform Advocacy Center (PRAC) is an NGO committed to progressive prison reform. The organization was established in 1997 and it aimed at addressing the legal needs of Ohio's growing prison population. Initially the organization's name was the Prisoner Rights Advocacy Center. However, the organization decided to change its mission aiming to have a larger scale effect on the systemic reform of the U.S. prisons. Regardless of the defined major focus area of the organization being to target Ohio's prisons, PRAC considers itself a regional and national expert on various prison issues and prisoners' rights (<http://www.prisonreform.com>).

PRAC does not do criminal defense work. It is intended to assist prisoners secure their civil rights. While defining their benefits and beneficiaries, PRAC leadership believes that everyone can benefit when the prison grievance system is improved and works well.

## **Northern Kentucky Housing and Homeless Coalition**

The Northern Kentucky Housing and Homeless Coalition (NKHHC) advocates for the homeless and low-income citizens of Northern Kentucky. In addition, NKHHC offers a forum to its member agencies to discuss and coordinate efforts to advocate for and provide services to the most vulnerable members of our community.

More specifically, NKHHC provides safe, decent, affordable housing options and individually specialized and self-directed supportive services for homeless families to allow them to stabilize and become self-sufficient.

## ***Independent NGOs***

### **Inclusion Network**

The Inclusion Network was formed based on results of discussions with individuals and organizations, identifying the need for an organization that would be focused on: (1) raising awareness of inclusion; (2) recognizing exemplary inclusive efforts; (3) providing technical assistance and (4) linking individuals with and without disabilities.

The Inclusion Network is a non-profit organization whose staff and volunteers collaborate to promote inclusion of people with disabilities in the Greater Cincinnati community. Following activities are carried out by the agency through which its goals are achieved and respectively mission is accomplished:

- An annual award event is held. It is aimed at recognizing businesses, and organizations that demonstrate best inclusive practices in the Greater Cincinnati Area.
- Information and linking services are provided. This action targets two types of beneficiaries (a) individuals, groups of individuals or organizations who are interested in learning more about inclusion and (b) individuals, groups of individuals or organizations who seeks resources in the community.
- Inclusion Network hosts a speakers bureau. It consists of staff members as well as volunteers and they talk with interested communities about inclusion.

- Inclusion Network provides support service by offering consultation and technical assistance to anyone who is interested in learning more about inclusive practices.
- The Inclusion Network publishes a quarterly newsletter through which it provides information about the network and inclusion in Greater Cincinnati area.
- Inclusion Network designs and implements short-term projects that are prepared based on community need as identified with a Network volunteer.

### **Community Land Cooperative of Cincinnati**

Community Land Cooperative of Cincinnati (CLCC) was formed as a response to massive displacement of the people that resulted from the urban renewal process that took place about 70 years ago. CLCC was established in 1980, by the West End Alliance of Churches and Ministries and by local residents to resist this threat.

CLCC removes land and housing from the real estate market and then leases the housing to residents at affordable prices. CLCC builds capacity for numbers of families to buy their own houses on land held for the common good. To be more precise, CLCC obtains land and housing through gifts or purchase. CLCC holds land forever and gives the community long-term control over the land's future use and development. Repaired or rehabilitated houses are leased to low and moderate income families from the neighborhood.

In other words, CLCC is an alternative, grassroots approach to ownership of land and housing. It is a nonprofit, tax-exempt corporation with an open membership and a democratically elected board.

## **Beech Acres**

Beech Acres was established by the German General Protestant Orphan Home in 1849. The purpose of the organization was to deal with problems created by the cholera epidemic, which took the lives of many people and as a result left children without parents. The German Protestant churches united their efforts to provide homes for orphans. The name of the organization was changed in 1950 to Beech Acres. During the period of 1970-80 there were very few orphans, and due to that type of tendency in 1989 residential care ended.

According to current mission of Beech Acres, the organization engages its network of resources to strengthen the ability of families to raise children to live productive lives. Beech Acres provides services that allow families to have webs of support to raise children who achieve their unique potential.

Beech Acres: (1) provides beneficiaries with the opportunity to obtain professional advice from child development experts through parent source information line; (2) offers parenting education classes; (3) holds a once-a-year conference on practical parenting; (4) helps to find support groups for single parents, stepfamilies, and divorced or divorcing parents and their children; (5) provides mediation services to help families work out problems of divorce, stepfamily conflicts, or conflicts between parents and teens and (6) provides help

through a variety of programs to families of children whose problems may include mental health issues, serious behavior problems, or drug and alcohol addiction.

The purpose of the following section is to present outcomes of this study by describing the results of examination of listed organizations after Carroll's criteria were applied to all organizations.

### ***Development Services***

As stated earlier, this criterion consists of two sub-criteria. The first sub-criterion was designed to examine services delivered by organizations to their beneficiaries. It helps to evaluate performance of NGOs by looking at: (1) number of served beneficiaries; (2) services delivered--whether they appropriately respond to the needs of beneficiaries and as a result improve their quality of life; (3) experiential learning and/or professional skills obtained by the beneficiaries, and (4) delivered services that are not covered by the mandate of projects implemented by the organizations.

As stated earlier, 4C is focusing on improvement of the quality, availability, affordability, and accessibility of childcare. About 2,000 beneficiaries are served by the organization annually. The services offered by the organization, significantly improve living levels of its targeted groups through high quality service delivery in all five counties. It is also notable that services are delivered in a timely and cost-effective manner.

The organization does not make much efforts in transferring skills to its beneficiaries. That was explained by the absence of appropriate policy. However, while examining the quality of service delivery offered to the second type of

beneficiaries, there was evidence of transferring skills to them. Namely, 4C is making efforts while delivering appropriate training and technical assistance to the childcare providers that later are recruited and used as a family childcare providers.

The study of the organization showed insignificant evidence of activities that are out of the organization's mandate area. Potentially, there are various options that would enable 4C to improve quality of service delivery in this regard. For example, the organization could expand its service boundaries geographically by filling gaps through serving similar groups of population in neighboring counties.

4C is not targeting homeless and low-income groups while serving female population is one of the organization's priority areas. 4C is offering its services to the population equally without giving privileges to the specific income range.

Similar to the 4C, this survey showed that CUB delivered services in a quality manner. However, there was certain evidence of service delay. CUB serves about 1,400 beneficiaries. The proof of clients' satisfaction has been evidenced and obtained through the review of received letters of gratitude and appreciation received from the beneficiaries. The feedback of beneficiaries and evaluation reports verified that services offered were the type and quality that meet their needs.

There have been weaknesses revealed while examining service delivery of CUB within the dimension of experiential learning. Namely, examination of this aspect showed that the organization was not much concerned with transfer of

skill to its beneficiaries. Only programmatic component that enables organization to make some efforts in this regard was its youth program.

In addition, while studying the sex distribution of the served beneficiaries, it turned out that mainly male population is served, rather than female. The organization did pay special attention to providing services to the lower-income groups of beneficiaries.

CSW serves about 2,500 beneficiaries annually. According to outcomes of internal evaluation reports, the services and goods delivered by the CSW are of a type and quality that met the needs of its beneficiaries. According to the results of examination, services are delivered to the beneficiaries in timely manner.

Minor cases of experiential learning are evidenced during the review of dimension of service delivery. There was not any evidence of the additional services that are offered and were out of project mandate area. Both, females and males are targeted equally; however, according to records of the organization more females have been reached by CSW projects. In addition, the organization tried to target homeless and low-income groups of population.

While fighting discrimination of rights of the gay, lesbian and bisexual citizens, SC showed one of the best qualities of service delivery amongst the surveyed organizations. About 1,700 beneficiaries are served by the organization. The organization's records revealed various examples of positive feedback of served groups expressing their gratitude with regard to the quality of services provided by SC. However, examination of outcomes of SC's projects revealed certain weaknesses associated with learning and transfer of

professional skills. This can be explained by SC involving professional lawyers to address problems of its beneficiaries rather than to provide direct training to the clients. As a consequence, only served beneficiaries are directly or indirectly involved in the learning process. SC does not target issues that are out of the mandate area of its projects. While there was not found much evidence indicating the special interest to focus on homeless and low-income population, outcomes of several projects showed evidence of such cases. Even though SC is targeting male and female population equally, review of project outcomes showed that 60 percent of beneficiaries were female and 40 percent male.

Services and goods delivered by the NKHHC were identified as excellent. Efforts of the organization aimed at improving living standards of the population within certain geographical area are highly valuable for its beneficiaries. Even though the number of beneficiaries is not large (16 to 20 families annually), the quality and the professionalism of organization's services and goods delivery is highly appreciated by its beneficiaries. As for transfer of professional skills and experiential learning, there was not evidenced any proof of such activities. The mission of the NKHHC supports reach to the homeless and low-income population, while the organization does not make special efforts to target the female population. Rather, NKHHC has a household oriented approach.

PRAC delivers services to the 2,700 beneficiaries, out of which 80 percent belong to the low-income population and 25 percent are female (for instance, the organization developed a special program aimed at targeting women's needs in prisons). Projects offered by PRAC meet the needs of the beneficiaries and are

delivered to them in a timely and satisfactory manner. Wide variety of learning opportunities are offered by the organization addressing important issues that are targeting beneficiaries' ongoing needs.

IN is serving almost 20,000 beneficiaries annually. Services provided by the organization to the beneficiaries meet the needs of beneficiaries. However, due to the lack of funds, training is not fully funded and some targeted beneficiaries do not receive enough goods (for example listening devices). In addition, even though experiential learning is the part of the policy of the IN, the lack of funds does not provide enough opportunity to the organization to fully cover costs related to the appropriate training. About 50 percent of the organization's beneficiaries belong to the low-income group of population. Of the total beneficiaries served by the IN, 60 percent are female.

While providing housing to the residents at affordable prices, CLCC serves 1,700 beneficiaries annually. Services offered to the clients are fully compliant with formers' needs. Organizations' records indicate that about 44 percent of total beneficiaries are females, and 40 percent of the total number is low-income population. Due to the lack of funds, CLCC focused on providing services to only those covered by the projects.

While having more than a 150 year-old history, BA provides valuable services to 300 families (about 1,000 individuals) in the Greater Cincinnati area. As a result of their work, the share of the female beneficiaries is 70 percent, and share of served poor population is 30 percent. Similar to CLLC, BA does not support activities outside of its mandate area. However, significant number of

projects contain elements of experiential learning (such as trainings for trainers) that is often only partially implemented due to the lack of funds.

The analysis of service delivery of surveyed organizations evidenced that members of UW and CS have performed more efficiently than independent NGOs based on two sub-criteria included in analysis (See Table 1). More specifically, member organizations are ahead of independent NGOs based on criteria of delivered services and/or goods. 4C, SC, and NKHHC have earned highest points of evaluation, while none of independent organizations did so. The lowest point given in this sub-criteria (equal to 3 points) has been earned by IN, which is an independent NGO.

**Table 1. Results of Evaluation under Development Services**

Service Delivery	Members of UWGC			Members of GCCS			Independent NGOs		
	4C	CUB	CSW	SC	NKHHC	PRAC	IN	CLCC	BA
Services and/or goods delivered	5	4	4	5	5	4	3	4	4
Subtotal	13			14			11		
Experiential Learning, professional skills	2	1	1	2	0	4	2	1	2
Subtotal	4			6			5		
Additional services that are not covered by projects	1	0	0	0	0	1	0	0	0
Subtotal	1			1			0		
Total	18			21			16		
<b>Poverty Reach</b>									
Reach of homeless and low income served groups	4	3	4	1	4	4	2	2	1
Subtotal	11			9			5		
Reach of females	2	1	2	3	1	1	3	2	3
Subtotal	5			5			8		
Total	16			14			13		

The evaluation has evidenced that while none of independent NGOs have been providing additional services not covered by the project, one UW member organization and one CS member organization have been providing such services. This suggests that member NGOs may have been providing a wider scope of services to beneficiaries.

However, there has been found no inconsistency between the experiential learning and professional skills component of evaluation of experimental and control group. While highest points have been provided to CS group, the second highest is independent NGOs followed by UW group. Rather, inconsistency has been found within the Community Shares group, where PRAC the earned highest rating of all nine organizations, and NKHHC the lowest amongst the nine.

Overall, service delivery is relatively more successfully addressed in the experimental group, rather than in the control group, although the difference is small.

The second sub-criterion reveals degree of poverty reach. As Carroll suggested, this sub-criterion helps to identify and measure poverty reach by looking at degree of homeless and females within served groups.

According to the results of the survey, it turned out that neither UWGC member organizations nor members of GCCS are specifically targeting poor people. The highest rating has been given to two UWGC member organizations-4C and CSW, and two GCCS member organizations–NKHHC and PRAC.

Overall, both sub-groups of the experimental group earned higher scores than the control group.

However, it has been evidenced that female reach is greater by non-members than by member organizations. There is a high percentage of served females among beneficiaries of IN and BA, as well SC. SC has been exception in this regards in the experimental group.

Overall, while no high inconsistency has been found in total scoring of development services sub-criteria, UWGC group has been evaluated at highest level, GCCS group next, and followed by group of independent NGOs. This suggests that members of umbrella organizations may be more efficient in service delivery and poverty reach than independent NGOs.

### ***Participation and Empowerment***

This sub-criterion includes two major points – participation and reinforcing base capacity. These two together include seven measures and it has been found that rating of independent and control group according to these measures has not been consistent. Specifically, while according to contribution provided by beneficiaries the independent NGOs earned the lowest rating, their rating has been highest in degree of independence and autonomy of organization.

In the case of 4C, research revealed evidence of contributions made by its beneficiaries in terms of donating their time to the organization. Beneficiaries of the organization were offered the opportunity to participate in the decision-making process. However, the access to the organization's internal records is limited for the beneficiaries. 4C builds sustainable mechanisms through building

the capacity of volunteers that continue to work with beneficiaries after the project period is over. However, the creation of groups of beneficiaries has not been fully supported by the organization.

CUB is a transparent and participatory organization with relatively high degree of beneficiaries' contribution to its projects. About 20 percent of beneficiaries volunteer to donate their time and knowledge to the projects. However, the organization pays less attention to the capacity building of its beneficiaries. For example, there was not found any evidence of having a sanctions or rewards system in order to stimulate reinforcement of the system of groups.

CSW showed low interest in providing a transparent and participatory system to its beneficiaries. Moreover, the help of beneficiaries has been accepted only in minor cases (with only persons of specific range of age - after age of 60, and with more critical physical conditions of the organization's beneficiaries). Nevertheless, linkages to the resources after completion of project period has been built, as well as the small number of groups of beneficiaries were created.

The examination of the share of contribution of the beneficiaries of SC has revealed a high degree of their involvement in the projects. However, access to the organization's records and participation in decision-making turned out to be limited for the beneficiaries of the SC. SC showed an average degree of interest with regard to the linkages provided between beneficiaries and public or private

resources. However, promotion of group creation turned out to be one of the priorities of the organization.

After the completion of project period, SC provides significant efforts to support creation of groups, which however is not reinforced by the reward/sanction system.

NKHHC provided the opportunity to its beneficiaries to participate in decision-making process. However, the degree of access to the records remains low. Also, the study showed that the organization did not support linkages to public and private resources after the termination of projects. Creation of groups was also considered by organization as a lower priority.

Since PRAC is delivering professional assistance to its beneficiaries, the contribution of its beneficiaries to the projects as well as participation in decision-making was less supported by the organization. Although, PRAC developed a wide spectrum of beneficiaries' groups during the project implementation period, very small number of groups was supported after project period was over.

IN turned out to have the most transparent and accountable beneficiary system among independent NGOs. Namely, the organization enables its beneficiaries to access its records and to participate in decision-making. IN has formed a system of rewards to its beneficiaries and promoted creation of groups. However, little attention has been paid by the organization with respect to the contributions from its beneficiaries due to the lack of needed professional skills of beneficiaries.

Examination of the performance of CLCC revealed that the degree of participation and accessibility to the records is low. The contribution by the beneficiaries is also minor. The organization promotes creation of groups and tries to support them to become sustainable. However, lack of funds did not made it possible for all groups to sustain over a long time.

Examination of BA also revealed a very low level of contribution provided by the beneficiaries as well as their access to records of the organization. However, BA encourages participation of beneficiaries in the decision-making processes. The organization also made few efforts to create groups of beneficiaries and to reinforce them by any type of system.

Overall, members of GCCS and independent NGOs earned equal points in measure of participation (see Table 2). The lowest scores have been given to GCCS group due to the participation of beneficiaries in decision-making. It needs to be noted that the UWGC group has earned the highest scores amongst three groups according to all three indicators. Highest scores are provided to CUB (UWGC member) in all indicators of participation, and lowest by PRAC (GCCS member) and CLCC (independent NGO).

According to survey results, “reinforcing base capacity” has been more effectively addressed by the organizations in the control group. This mainly is resulted by significantly high scores earned by the control group NGOs in “degree of independence and autonomy of organization” and relatively high scoring of “rewards and/or sanctions aimed at reinforcing the system of groups”.

**Table 2. Evaluation of NGOs under Participation and Empowerment**

Participation	Members of UWGC			Members of GCCS			Independent NGOs		
	4C	CUB	CSW	SC	NKHHC	PRAC	IN	CLCC	BA
Contribution provided by beneficiaries	2	3	2	4	1	1	2	1	1
Subtotal	7			6			4		
Participation of beneficiaries in decision-making process	2	4	2	2	1	1	3	2	1
Subtotal	8			4			6		
Providing access to the records	3	4	2	1	3	2	2	1	3
Subtotal	9			6			6		
<b>Total</b>	<b>21</b>			<b>16</b>			<b>16</b>		
<b>Reinforcing Base Capacity</b>									
Promoting the creation of groups of beneficiaries	3	2	4	2	1	1	3	1	1
Subtotal	9			4			5		
Rewards and/or sanctions aimed at reinforcing the system of groups	1	0	0	1	0	1	3	1	0
Subtotal	1			3			4		
Degree of independence and autonomy of the organization	3	2	1	3	2	2	5	5	5
Subtotal	6			7			15		
linkages to public and/or private resources after the termination of projects	1	1	2	3	2	1	2	2	1
Subtotal	4			6			5		
<b>Total</b>	<b>20</b>			<b>20</b>			<b>29</b>		

The results of measuring of other two indicators of reinforcing base capacity have been relatively consistent amongst experimental and control group as independent NGOs are rated as second amongst three in criteria of beneficiary group creation and linkages to resources after termination of projects.

The survey evidences that “promoting the creation of groups of beneficiaries” is most efficiently addressed by UWGC members. This group is followed by independent NGOs, lastly by GCCS members. While rating of UWGC group was highest in creation of beneficiary groups, it was lowest according to the other three indicators of reinforcing of base capacity. Specifically, it had the lowest rating in introducing sanctions for encouraging reinforcement of those groups, in linking to private or public resources after the termination of projects, as well as in degree of independence and autonomy of organization.

Contrary to participation criteria where the highest rating was for a UWGC member organization, CUB, the highest rated institution here is an independent NGO, IN, and lowest are UB (UWGC member) and NKHHC (GCCS member).

Overall, it is difficult to state if and how membership in an umbrella organization affects activities of member organizations in terms of participation and empowerment sub-criteria as there has not been found any consistency between rating of the seven indicators proposed for measuring these sub-criteria. While according to “participation” control group has been third in rating, it has been first by “reinforcing base capacity”. Therefore, we can state that status of membership in umbrella organizations does not determine efficiency of NGOs in participation and empowerment.

### ***Wider Impact***

As stated earlier, this criterion consists of two major sub-criteria. The first sub-criteria was developed to measures innovative activities by looking at: (1)

development of new or improved techniques that have potential for diffusion; and (2) development of new or more effective institutional approaches. The second sub-criteria examines the degree of the policy reach by the organization by looking at: (1) effect on regional economy; (2) creation of new federative, state or local associative structures; (3) impact on public sector institutions; and (4) impact on legislative sector.

In terms of innovative activities, 4C did not show much effort aimed at developing improved techniques that could have potential for diffusion. As for the policy reach component, activities and projects of 4C significantly contribute to improving the regional socio-economic picture. The delivery of childcare provides opportunities to the parents to be employed. 4C has low degree of impact on the legislative sector as well as on public sector institutions and public policy.

Evaluation of the performance of CUB revealed low degree of willingness of the organization towards development of innovative and institutional approaches. However, as for policy reach, CUB, similar to 4C, contributes to improvement of regional socio-economic life through assisting various types of households. The organization has not created any federative structure and has very low impact on public sector institutions and public policy.

CSW also made very limited efforts in developing new or improved techniques that have potential for diffusion. CSW has low extent of impact on the regional economy. This is determined by the category of beneficiaries, as well as low number of beneficiaries. However, the organization has influenced public

sector institutions by advocating interests of its beneficiaries in shaping specific local policies.

As a member of GCCS, and due to the specific mission in the region, SC tries to develop appropriate innovative techniques to achieve its goals effectively. The organization has a remarkable impact on public sector institutions and on legislative sector through advocacy campaigns by educating community, civic leaders and elected officials. SC provides speakers to the university classes, church groups and employee groups.

Due to its mission and successful implementation of projects, NKHHC has showed significant effect on regional socio-economic life by providing housing to poor families. However, fewer efforts were made by the organization to develop alternative and innovative techniques that could have potential for diffusion. NKHHC organizes forums to discuss and coordinate efforts to advocate for and provide services to the most vulnerable members of the community. These forums have impact on public leaders and institution in favor of the beneficiaries of the organization.

PRAC has made various efforts aimed at developing and using existing innovative techniques while advocating interests of its beneficiaries. As for effect on the regional economy, the organization turned out to not have any direct, measurable impact. Unlike impact on regional economy, PRAC has significant impact on both public sector institutions and the legislative sector.

Examination of the performance of IN has revealed the low interest of the organization to develop or use innovative techniques. Overall, the organization

had a low performance in various dimensions, such as impact on public institutions, creation of new federative, state or local associative structures. More effective efforts of the organization have been aimed at having an impact on public sector institutions and legislative sector.

CLCC's efforts with respect to the development of effective institutional approaches as well as policy affecting the regional economy turned out to have effective outcomes. While the organization was less successful in having an impact on public sector institutions. CLCC's grassroots approach to ownership of land and housing has resulted in small scale techniques that are considered innovative within the regional scale. Specifically, an example of such activities is projects aiming at obtaining land and housing through gifts or purchase.

Evaluation of BA's performance within the dimension of wider impact revealed minor tendencies towards development or use of innovative approaches. The organization has shown no interest toward creation of new federative, state or local associative structures. It is notable that BA activities did not have any impact on legislative sector or policy making so far.

The results of survey in terms of wider impact revealed significant difference between performance of member and independent NGOs, especially from the policy reach standpoint (see Table 3). Meanwhile, in terms of innovative activities the experimental and control group have performed relatively similarly when looked at group ratings. Specifically, GCCS group earned the highest rating in "techniques with potential for diffusion" and in "development of new or more effective institutional approaches".

**Table 3. Results of Evaluation under Wider Impact**

Innovative Activities	Members of UWGC			Members of GCCS			Independent NGOs		
	4C	CUB	CSW	SC	NKHHC	PRAC	IN	CLCC	BA
Development of new or improved techniques that have potential for diffusion	1	1	2	2	1	3	1	2	1
Subtotal	3			6			4		
Development of new or more effective institutional approaches	1	2	1	3	2	1	1	3	0
Subtotal	4			6			4		
Total	7			12			8		
<b>Policy Reach</b>									
Effect on regional economy	3	3	2	1	4	0	1	3	1
Subtotal	8			5			5		
Creation of new federative, state or local associative structures	1	0	1	1	3	1	0	1	0
Subtotal	2			5			1		
Impact on public sector institutions	2	1	3	4	2	4	0	1	1
Subtotal	6			10			2		
Impact on legislative sector	1	1	1	4	2	4	1	2	0
Subtotal	3			10			3		
Total	19			30			11		

While in terms of innovative activities the highest rating is provided to GCCS group, the group of independent NGOs and UWGC group earned almost equal points in respect to this sub-criteria.

Meanwhile, a significant difference has been evidenced in policy reach by member and non-member institutions.

The lowest variance by groups has been evidenced in affecting the regional economy, where GCCS and the independent group scored equally. Relatively small variance between the control and experimental groups also belongs to “creation of new federative, state or local associative structures” in which independent NGOs and UWGC group scored about equally. However, GCCS group earned higher scores than UWGC and much higher than independent NGOs group.

On the front of institutional ratings, it is important to point out that two from the three institutions surveyed in the control group did not earn any scores for creation of associative structures. Clearly, members of umbrella organizations have been more productive on this front.

The analysis of research results evidence that impact on public sector institutions has been much greater on the part of NGOs that are members of umbrella organizations, than from independent NGOs. Specifically, UWGC group earned higher scores than the control group and the GCCS group—much higher scores. On the institutional side, the highest rating belongs to GCCS members SC and PRAC, while the lowest belong to IN, which did not earn any points. From these results, it can be expected that membership in umbrella organizations has an influence on the impact that NGOs have on activities of public sector institutions.

**Table 4. Final Ranking of Organizations<sup>1</sup>**

	UWGC	GCCS	IND. NGOs
<b><i>Service Delivery</i></b>	<b>2</b>	<b>1</b>	<b>3</b>
Services and/or goods delivered	2	1	3
Experiential Learning, professional skills	3	1	2
Additional services that are not covered by projects	1	1	3
<b><i>Poverty Reach</i></b>	<b>1</b>	<b>2</b>	<b>3</b>
Reach of homeless and low income served groups	1	2	3
Reach of females	2	2	1
<b><i>Participation</i></b>	<b>1</b>	<b>2</b>	<b>2</b>
Contribution provided by beneficiaries	1	2	3
Participation of beneficiaries in decision-making process	1	3	2
Providing access to records	1	2	2
<b><i>Reinforcing Base Capacity</i></b>	<b>2</b>	<b>2</b>	<b>1</b>
Promoting the creation of groups of beneficiaries	1	3	2
Rewards and/or sanctions aimed at reinforcing the system of groups	3	2	1
Degree of independence and autonomy of the organization	3	2	1
linkages to public and/or private resources after the termination of projects	3	1	2
<b><i>Innovative Activities</i></b>	<b>3</b>	<b>1</b>	<b>2</b>
Development of new or improved techniques that have potential for diffusion	3	1	2
Development of new or more effective institutional approaches	2	1	3

<sup>1</sup> 1 indicates ranking by best score, based on Tables 1, 2, and 3.

**Table 4 continued**

<i>Policy Reach</i>	<b>2</b>	<b>1</b>	<b>3</b>
Effect on regional economy	2	1	3
Creation of new federative, state or local associative structures	2	1	3
Impact on public sector institutions	2	1	3
Impact on legislative sector	2	1	2

The evaluation of the last indicator of wider impact--an impact on the legislative sector--shows that GCCS group has substantially greater impact on the legislative sector than UWGC group and control group. The latter two groups have been rated equally.

Table 4 represents final ranking of surveyed NGOs based on evaluation of their performance. It displays that performance of UWGC and GCCS member organizations is generally higher than of the independent NGOs. As Table 4 suggests the highest difference in performance levels of member and non-member NGOs has been revealed with regard to the service delivery and poverty reach of the development services criterion, and the policy reach of the wider impact criterion.

On the other hand, reinforcing of base capacity proved to be approached by surveyed non-member NGOs in more efficient way than by surveyed UWGC and GCCS members. In terms of participation non-member NGOs and GCCS members have been ranked equally.

Based on evaluations of nine institutions grouped in two major groups-- experimental group with member NGOs and control group of non-member NGOs--we can summarize that membership in umbrella organizations seems to mostly have a positive impact on performance of NGOs according to the selected criteria.

### ***Summary***

This chapter is divided into two major parts. The first part of this chapter is devoted to introducing the description of missions, functions and activities of all selected organizations. Moreover, it has described the specifics of both umbrella organizations presented in this research. In this respect, their selection criteria, description of the assistance and benefits that are offered to their member organizations is also presented.

The second part of the chapter presents actual findings of research by introducing the results of examination of all features of selected organization by applying Thomas Carroll's evaluation criteria. The section gathers findings about the performance of member and non-member organizations along various types of dimensions.

Finally, the last section of the chapter presents the final ranking table that illustrates final results of the study.

## 5. CONCLUSIONS

### *Conclusions Based on the Findings*

This research has examined the performance of: (1) member organizations of United Way of Greater Cincinnati; (2) member organizations of Greater Cincinnati Community Shares; and (3) independent organizations delivering services to the communities in the Greater Cincinnati Area.

Various patterns of performance of selected organizations have been analyzed by applying the evaluation criteria developed by Thomas Carroll. It is important to mention that specific circumstances have influenced the sampling methodology used for this research. As stated earlier, convenience sampling was chosen for the selection of organizations and specific limitations associated with it have been applied to the outcomes of the study. However, it is believed that the outcomes have not been influenced substantially.

Having analyzed the collected data on nine selected organizations by using evaluation criteria, certain general conclusions can now be made. More precisely, there are three major sets of conclusions that are drawn based on the findings.

The first set of conclusions has been derived based on findings resulting from the examination of development services of selected NGOs. As has been demonstrated above, the majority of members of fundraising umbrella organizations have effectively responded to the problems faced by their beneficiaries. As a result, services and goods delivered by member

organizations have improved the quality of life of their beneficiaries. In other words, services and products provided by these NGOs are successfully meeting the needs of their beneficiaries. Potential to enhance the standard of living of beneficiaries was also demonstrated.

As was revealed by the final results of the study, services delivered by the members of umbrella organizations were distributed in a more effective manner than to those delivered by independent organizations. This is attributed to the availability of funds and presence of appropriate managerial capacity in member NGOs, which resulted from extensive assistance rendered by the umbrella organizations.

Very few organizations were rated with a high score for transferring skills and experiential learning. However, as suggested by the general picture, members of fundraising umbrella organizations performed relatively better than independent NGOs. Consequently, one can conclude that the assistance delivered by the umbrella organization as well as the presence of solid managerial and programmatic requirements developed by them can have a significant impact on the organizational features within the dimension of development services. The study showed that the NGOs acting independently are facing managerial and programmatic weaknesses and it is harder for them to deal with these difficulties without outside assistance.

The next part of the first section of conclusions is drawn based on findings derived from examination of second dimension of development services – specifically, from examination of the extent of reach to poor and female

beneficiaries. The outcomes of the study clearly demonstrated that in general the degree of reach to the low income and female population was higher among member NGOs of umbrella organizations rather than among independent NGOs.

While finalizing the first set of findings of the study, one can conclude that as a result of received assistance, members of fundraising umbrella organizations acting in the Greater Cincinnati area have demonstrated better performance in terms of quality and degree of appropriateness of delivered services, as well as more professionally designed serving capacity. These facts clearly demonstrate the managerial as well as programmatic advantage of member NGOs over independent NGOs. This may be understandable; however, usefulness of the services delivered by the independent NGOs should not be underestimated.

The second set of conclusions is drawn based on findings revealing the quality of the performance of selected groups of NGOs in terms of participation and empowerment. The study revealed that members of umbrella organizations have performed better in providing participatory opportunities to their beneficiaries, while independent NGOs have showed advantage over member organizations in building and reinforcing the base capacity. These findings help to conclude that regardless of the existence of difficulties faced by the independent NGOs, they more successfully promote creation of groups of beneficiaries while member organizations lack the capacity or do not prioritize activities aimed at creating the groups of beneficiaries. Nevertheless, findings revealed that members of umbrella organizations have developed more

opportunities for their beneficiaries for increased involvement and participation than independent NGOs.

The third set of conclusions derived from the examination of the impact of selected organizations on regional policy, economy, and legislative institutions. This set of conclusions is also based on findings identifying the innovative methods and/or techniques that are developed by the NGOs. The study revealed that, in this regard, member NGOs have demonstrated better performance.

It needs to be stated that according to majority of examined evaluation criteria, members of umbrella organizations are demonstrating higher performance than independent NGOs. In other words, survey results supported the hypothesis suggested by this study.

However, it is highly important to note that study also showed that performance of the member organizations is not higher with respect to all three major criteria. Moreover, there has been inconsistency demonstrated among performance levels within each group according to various sub-criteria of the major evaluation criteria. Therefore, the conclusion that member NGOs have higher performance than independent NGOs cannot be applied to every performance evaluation criterion. Accordingly, this statement derived from findings of the study is rather general and not applicable in measuring all aspects of NGO performance.

### ***Conclusions Based on the Literature***

The literature review revealed two basic ways of fundraising that are used by NGOs. NGOs raise funds by means of commercial activities as well as

through grants and donations. However, there is very little said about the role of fundraising umbrella organizations with regard to the alternative fundraising source for the NGOs. Therefore, this research points out the need to build on additional knowledge with regard to the role of membership on fundraising capacity as well as overall performance of NGOs.

The reviewed literature suggests, that there are several problems that create difficulties for successful fundraising. The first problem is the lack of managerial and administrative capacity of NGOs. The second problem is that the non-profit sector is rapidly growing followed by increased competition. The third problem is linked to the inflexibility of NGO's mission. And last, funders have become extremely selective in awarding grants to the NGOs. While reviewed literature does not expand on the role of the fundraising umbrella organizations in assisting member NGOs to overcome listed difficulties, by pointing out the positive impact of membership of fund-raising umbrella organizations on the performance of NGO, this research provides additional knowledge on the alternative way for handling growing problems on NGO community.

As existing literature suggests, there are several reasons explaining why the NGOs would seek the assistance offered by the umbrella organizations: (1) the lack of grant-writing skills; (2) the lack of managerial and administrative capacity; and (3) inability of organizations to compete. This study expands knowledge on typology and impact of assistance delivered by fundraising umbrella organizations on performance of its member NGOs. It suggests

knowledge on specific areas of NGO activity or performance where membership of umbrella organizations may be beneficial.

In overall, the findings of this study do not contradict with the existing knowledge, or intend to change it. They rather provide additional knowledge on the interrelationship between assistance offered by the fund-raising umbrella organizations and performance of the member NGOs.

### ***Recommendations for Further Research***

It is essential to mention that the process of data collection was the major problem for this study. First, the research was limited in time and capacity. Therefore, the number of NGOs in the sampling group was limited and was based on convenience sampling. As a result, the study did not focus on including various population of NGOs, nor differentiate them according to any criteria such as mission, scope, beneficiaries. Accordingly, this paper suggests the need for the more in-depth research that would produce more accurate and reliable results. It is recommended that the research take into consideration such factors as detailed history of the NGOs, scope of its activities, cost-effectiveness, size, etc., and propose a comparison framework taking in consideration such factors. Ideally future research would also study this issue in various geographic areas.

In support of the above recommendation, it needs to be noted that academic and scholarly literature on benefits of umbrella organization membership is relatively limited in the US as well as in any other country. Therefore, in-depth research on the issue will be a substantial contribution on knowledge of umbrella organizations and benefits to their members.

## ***Recommendations for the NGOs in the Greater Cincinnati Area***

Specific recommendations can be drawn from the analysis of the data and major findings of the research for the surveyed NGOs in the Greater Cincinnati area, as well as for fundraising umbrella organizations.

The major recommendation provided to the NGOs in category of non-members is to consider membership of one of the fundraising umbrella organizations in the Greater Cincinnati area in the future as it promises potential strengthening of institutional performance and improving efficiency of serving beneficiaries. On the other hand, the improvement and strengthening of performance in all sub-areas of development services, participation and empowerment, and wider impact is recommended to be recognized and addressed by IN, CLCC, and BA.

While members of UWGC and GCCS proved to have higher performance than independent NGOs, certain identified areas of their common weaknesses offer room for general and specific recommendations. In the majority of the applied sub-criteria, almost each of UWGC and GCCS member organizations has been evaluated as having absence of performance (score 0), poor performance (score 1), moderate performance (score 2), or medium performance (score 3), which calls for recommendation for revision of their institutional development strategy in regards to improvement in specific areas of performance.

In addition to each umbrella organization's member institutions developing individual approaches and strategies for strengthened capacity and improved

performance, there is a greater role umbrella organizations can play in this process. Once all surveyed GCCS member NGOs showed similar strength (such as policy reach, service delivery, and poverty reach) and common areas of weaknesses (such as rewards and sanctions aimed at reinforcing the system of groups, additional services not covered by projects, etc.) it is recommended that GCCS looks at their member institutions in order to develop a specific strategy to better assist them in strengthening of common weaknesses in their performance.

Similarly, as far as UWGC member organizations tend to develop common strengths and weaknesses in performance, it is recommended that UWGC review and design a strategy in order to assist in strengthening of capacity and performance of their members on the weaker sides of their performance.

## ***Summary***

This chapter presented the summary of major findings and offered conclusions and recommendations of the research.

The major conclusions presented the positive effects of umbrella organization membership on NGO performance. In summary, this section indicated that while findings basically support the research hypothesis, there are important limitations to generalization of this conclusion in measuring and comparing all aspects of member and independent NGO performance.

This section points out that the findings of this study do not contradict with the existing knowledge, or intend to change it. They rather provide additional

knowledge on the interrelationship between assistance offered by the fund-raising umbrella organizations and performance of the member NGOs.

For further improvement of knowledge on raised issues, the recommendations have been provided for further in-depth research along with specific points to be taken in consideration during research planning.

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