

Pros and Cons of Performance Management in Voluntary Community and Faith Sector*

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Introduction/ Background

The voluntary community and faith sector (VCFS) in the UK is a major provider of welfare and specialist services. As a result of changes in government policy during the 1980s, based on the principle of a "mixed economy of care", voluntary sector organisations have become increasingly important in the provision of health, social and housing services (Cunningham, 2001).

The creation of this "mixed economy of care" has led to the majority of major charities being funded by money from the state (Whelen, 1999, p. 17). Gradually this has led to a change in the relationship between the public and voluntary sectors. In particular, VCFS's funding pattern 'receiving grants for the general purposes' has become 'contracting out to achieve specific identifiable service provision'. This culture has forced voluntary, community and faith sector to look at Performance Management for their survival. Few years back very few organisations used to understand the concept of performance management standard or implement any particular model. "The result of this change has been that public bodies regulate the voluntary sector by establishing precise, measurable and binding performance criteria and output controls in exchange for funding (Tonkiss et al, 1999, p. 268).

Over the last few years there has been a shift towards using various tools to measure their success, assessing their positions, evaluations, public involvement and engaging users into decision-making etc. More and more people want to know where their tax money is being invested. This push is also coming strongly from the funding bodies as well as government they would like, to see the best value for money effectiveness of the organisation and how efficient the organisations they are investing into.

This push is creating problems for lot of small VCSF organisations. Although they are providing valuable services but they are struggling to prove their contribution, as they are providing softer side of the outcome (e.g. motivation, encouragement, hand holding services etc.), which are often not easy to measure.

While VCSF is seen to be reducing the gap between mainstream services to the vulnerable people, this article tried to explore what are the issues around performance management measurement in VCFS and whether it will make VCSF more accountable or will lead to lose of the valuable existing services.

* Views expressed are not necessarily shared by Shantona

2. Issues: difficulties of measuring VCFS's contribution

There are lot of differences between the public sector, VCFS and private sector. In certain circumstances performance is possible to measure however in some circumstances it becomes difficult to measure. According to Bruijn (2007) Performance Measurement is possible in some cases and in some circumstances it can be problematic, which is shown in Table 1.

2.1 VCFS and its multiple values

As VCFS brings multiple values, therefore it is difficult to measure. For example, if any organisation manages to help someone in getting a job (outcome) than, that person's whole family life changes. On the other hand change of views of a person can also bring impact on all of the family members indirectly (not directly measurable). Where as in industry products have single values, therefore measuring them is much easier.

Table 1

Type 1 Products: Performance measurement possible	Type 2 Products: Performance measurement problematic
Products are of single value	Products are of multiple value
An organisation is product oriented	An organisation is process oriented
Autonomous production	Co-production: products are generated together with others
Causalities are known	Causalities are unknown
Quality definable in performance indicators	Quality not definable in performance indicators
Uniform products	Varieties of products
Environment is stable	Environment is dynamic

Sources from Bruijn(2007)

2.2 Process oriented VCFS

VCFS is highly process oriented, which require many stakeholders (such as funders, policy maker, users group and staff, etc.) involvement in consultations and negotiations and outcome of these negotiations are difficult to predict.

If the organisation is product oriented (such as an industry), then it may be possible to measure the success. However, when dealing with people it is difficult to measure people's perception or their values, as these are all feeling, which cannot be touched or visible, so how does one measure these?

2.3 Uncontrollable situation can be seen as poor performance and it can create blind spot

Some circumstances cannot be controlled despite how hard staff try to improve the performance, as these are inter-related and depend on other people, who they do not have control over.

Although in VCFS workers undoubtedly give huge emphasis and effort to change their user's lives but their effort and commitment may not be visible but surely effective however due to lack of appropriate measurement those are not counted as outcome, as they are not achieving the final outcome. As a result, those commitment and effort will not be recognised and it will be seen as poor performance. For example, in of the project the organisation had a target to recruit and train 15 people IT. The development worker in charge recruited 17 people for that course but on the day only 6 people turned up, therefore she had no choice but to cancel the course, as this will not be cost effective until she gets minimum of 12 people for the course. In this case, the project was in risk of being classed as poor performance, despite worker's huge effort.

2.4 Lack of appropriate resources prevent performance management within VCFS

Human Resource (HR) is another issue, which could delay the process of performance; this view also was reflected and also perceived by number of scientist. For example, Sveiby (1997), Ehin, 2000; Sullivan, 2000; Edvinsson and Malone, 1997; Stewart, 1997, mentioned that knowledge and competence are regarded as intangible assets which are contributing to organisational success in one-way or another.

With the changes of the culture from 'grant maintained' to 'contract culture' put VCFS in financial uncertainty as staff costs already represent the joint highest item of expenditure within the sector. "One of the main consequences of the changing relationship with funders has been that many voluntary organisations live with financial uncertainty because of reappraisals by the statutory sector of funding priorities or strategies for delivering services; eleventh hour budgetary decisions; and short-term financial settlements (Russell et al., 1996, pp. 405-6)." In this circumstance very little allowance is made for increases in core staffing costs resulting from increased demands on voluntary organisations in terms of service provision or there was no recognition of core costs from the organisation. The result is that charities meet these overheads from their other resources (Russell et al., 1996, p. 406; Whelan, 1999, p. 19).

2.5 Performance Management can create loss of quality and innovations within VCFS

The voluntary sector always brings extra value to the work they do, as when they choose to work for VCFS, they know there will be no job security, they get their reward from the job satisfaction and watching people's lives they are changing. Pushing the sector towards the incentive culture can change the way they are operating.

“Thinking the cash cows means that an organisation minimises it’s through-put, nearly always at the expense of innovation. Anyone wishing innovate will have to explore the unknown and accept the risk that the results may be either what was expected or less than expected (Bruijn, 2007).”

The push for achieving targets can reduce the quality of the project, such as if any project outcome was a job, then people need to have time to develop their skills to better do their jobs but under pressure job outcome will be achieved but it may be low skill jobs.

2.6 Loss of innovative VCFS sector

New ‘contracting out’ systems bringing in new consultancy firms, who are professional bid writers, who may be familiar with and good at tendering process but do not have contact with the grass root level people or have no experience about how to deliver effective and appropriate services. Due to complicated process of tendering systems, lot of the local organisations, who were the main contact point for the local people, have been wiped out due to shortage of funding.

It is quite understandable that contracting to a bigger organisation may be easier to administer and require less monitoring involvement for Funding body like LSC and connexions but a lot of innovative project, which were providing good quality work will not exist anymore. Although this has not been picked up by the public service organisations yet, but in the long run the quality of work will be reflected in the failures, which will be visible.

2.7 Performance managed process can push organisations away from practicality

As competitions for resources are increasing, which are pushing organisations towards rushing to fit in with the criteria given by the funder and funding for survival rather than sticking with organisations’ aims and objectives the organisations are moving away from consultation with people associated with them. When any organisations outcome are decided before hand without the consultation with the community or people who are going to be benefiting from the outcome, people may not respond to the activities and the organisation will fail to achieve its targets.

3. Current situation and issues

3.1 Mismatch of expectation from VCFS

VCFS are expected to provide the frontline services, where the mainstream services fails to do so, therefore one way expectation to provide the softer outcome but funders will only fund for hard outcomes. Due to that a lot of the time projects, which need to develop partnerships with other organisation, does not take place and instead creates competition with some of the mainstream organisations such as colleges and other relevant organisations. There should be partnership between mainstream services with VCFS as each organisation has its own strength, which, can create varieties to enable vulnerable people to change their lives but due to competition to bring the resources within each organisations partnership do not take place and instead they themselves become competitor.

3.2 Less understanding amongst policy makers about VCFS contribution

People who develop the policies do not always understand the importance of requirements for softer outcomes, as often varieties of activities requires reaching to any outcomes.

The key objective of recent policy in Local Area Agreement (LAA) for children and young people's block was: to improve attendance, reduce exclusions and improve standards in schools. **Mandatory Outcomes were:** raise standards in English, Maths and Science in secondary education so that by 2008, in all schools located in the districts in receipt of NRF, at least 50% of pupils achieve level 5 or above in English, Maths and Science.

The LAA process put in place better operation systems in school and lot of the resources were invested in schools such as parents support worker, school attendance team to ensure school can support and promote to students with improvements in individual learning plans in secondary schools focusing on pupils entering the 14-19 phase as well as raising standards in the above mentioned subjects.

Recent report shows that "2006 Key Stage 3 results have shown positive improvement....a significant positive move in the direction of travel from previous years.

Schools satisfaction for support at key stage 3 increased by 9% points in the Audit Commission School Survey offering evidence of future positive progress (LAA interim

Report 2006/7)". With reference to another target it has reported, "A slight increase" in the Percentage of Year 11 leavers Not engaged in Education, Employment or Training (NEET)". Within this report also identified the complexity and interaction of the factors that influence performance. Questions remain that if the strategies are working to improve students' grades, then why this increase of NEET group, why school is failing to engage the student, from becoming the NEET group.

As VCFS often provides the softer sides of the outcome, therefore it is not so easy to show the final outcome.

3.3 Not enough time-scale given to see the changes

Often new project gets huge funding support from Government to bring changes. At the beginning the creation of the project seems a good idea but after a while there is always pressure on the project to achieve all the outcome, Due to the pressure a lot of such projects have to compromise the quality of the outcome and before it starts to bring effective changes, assumption is made that the project has not been successful.

Often the time scale given by the funders is not realistic; as to see the changes requires time, as progression needs long time to come up with outcome. Within this period it may not be possible to bring the desired change but some of the achievements made by the organisation, which may not measurable, will be overlooked.

The NESS Cost Effectiveness evaluation (Meadows, forthcoming, 2005) indicates that it takes around 3 years for a programme to approach full capacity in service delivery, while it had been anticipated at

the onset of the Sure Start initiative that programme set-up would be considerably quicker than this. The Programme Variability study also indicates some limited link between SSLPs, implementation and outcomes for children and families. Ratings of implementation proficiency have discriminated between the most and least effective programmes. In order to understand more clearly how different aspects of SSLPs are related to outcomes will require a closer scrutiny of SSLPs using case study methods guided by the evidence from this study.

One clear picture is visible that to identify overall performance of sure Start requires time, another question was raising here about expenditure. As this initiative received generous contribution from Government, the Voluntary Sector was not always lucky in that term.

4. Performance Measurement: does it make VCFS more accountable?

In the past, voluntary sector always had the reputation of being laid back. Performance Management will be helping to contribution VCFS makes to achieve ultimate goal and define the sectors contribution in softer side of the indicator. Although performance management indicators have pushed to VCFS to lose its culture but this is not bad at all, in terms of accountabilities. Although it has been proved that VCFS bringing such competition would lead to greater choice for those in need of support, this will give recognitions for their reputations for innovation, their non-profit status and providing services at reduced cost (Wistow et al., 1992; Whelan, 1999, p. 15: Taylor and Bassi, 1998, p. 120). Moreover, the "best value" regime still involves competition for contracts and strict performance requirements from voluntary organisations that wish to provide social and welfare services (Passey et al., 2000, pp. 21-3).

For the services, which are providing more complex service, it will be more beneficial for them if they can put these systems in place. Such as:

- i) Performance measurement systems can increase the early detection of underperformance or failure,
- ii) Which can also help organisation to plan better from the level of learning
- iii) How do they spend public fund
- iv) Performance measurement also can separate worse projects to better performing projects
- v) Does society receive value for money
- vi) The organisation, who perform well, "Performance measurement might play an important role in making this transparent and acquiring legitimacy (Bruijn, 2007)"
- vii) It also gives the public some power to question the services, empower them to involve in consultation as well as increase some transparencies
- viii) "Not only it demonstrates how the organisation does, also how well it does and how much progress it makes over time achieving its goals and most importantly, it helps to manage organisational change (Yeo, 2003)."
- ix) Performance management can also help employees and employers to measure and clarify the role and expectations of their job roles.

5. Conclusion

The way changes have been taking place within the sector; definitely it is creating difficulties and uncertainty for the VCFS but not everything is bringing a negative impact. Some positive changes started to become apparent such as the contribution VCFS is making and its image about lay back to active participation in policy and decision making process in local area agreement to central Government consultation. Hopefully this will create better opportunities for funding bodies to see the real picture of operations in VCFS. However there are still huge risks of losing the valuable contribution the sector is making by putting huge burden of culture change in the name of accountabilities.

In the past, due to grant maintained culture, some community and voluntary organisation were getting funding support, year after year without trying to improve the way it operated, not measuring how they could bring any long-term changes for their users group. On the other hand, they were getting comfortable in their position. This culture shock was the wake-up call for them. The group who were asked to develop integrated approach to benefit the communities, never were active but now the same group of people are visible in terms of changes in their approach, and taking the step out to develop the partnership and joint approach.

To achieve the hard outcomes requires a variety of activities; some may not bring the ultimate target but recognitions systems needs to be there to identify individual organisational contributions. Overall, performance management can only benefit the organisation as long as Performance Measurement is not treated as a separate isolated system, instead it should be integrated at the individual, process and organisational level. There should much more greater understanding about measuring softer outcome.

As stated by Hernandez (2002), "if performance measurement is simply viewed as a data-collection and reporting exercise, it will serve little purpose to a community. It is only through the analysis of data that performance measurement can become a tool for continuous service improvement". However, this paper argues that to achieve this, there needs to be understanding of the relationship between strategy, people, and organizational form/design and performance systems in order for performance management to be achieved particularly within the public sector. (Facts or fiction) It is true that performance measurement requires identifying and making organisations accountable. Without the target, there will be no standard to measure the effectiveness but it does not mean that all the innovation and flexibilities will not be there.

There is a need for more partnerships between various experts in different service providers, who provides different parts of the targets and they are expert in those, to make sure that the quality of the services are excellent.

Time should not be a barrier, as individuals may have different kind of needs and individual will benefit from the same activities differently, some may learn quickly, some may need various stages of support to achieve the final targets. Therefore, there should be more allowance to measure performance to see the hard outcome.

Performance management will be possible if the indicators of achievements are carefully divided. And partnership currently developed within the cities, which can develop understanding and better relations needs to have between funding bodies and delivery organisations.

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