Accounting for Social Services Outcomes: Extending the Balanced Scorecard to NGOs in New Zealand

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Abstract

The application of accounting has already been extended to include aspects of customer services, employee satisfaction and innovation. These applications have however continued to focus on efficiencies and sustainability at the business activity end of the spectrum. The long term impact of business and other social activities continues to be unaddressed from an accountability perspective. This paper aims to contribute to closing this gap in the literature by introducing a framework for measuring outcomes and linking them back to the investments, events, projects or interventions that preceded them. The proposed framework is an adaptation of the balanced scorecard model first introduced by Kaplan and Norton. The paper uses a case study of a social services initiative aimed at reducing domestic violence in at risk communities in New Zealand. Although this model has been developed from an accounting perspective, it draws on the specific practices, theories and intervention logic found in the social services and social development literature. The proposed framework is suggested here as a mechanism for better capturing the performance parameters that will support greater sustainability for Non-Government Organisations (NGOs) in the Social Services sector. The modified model also provides a means for internalising an outcomes measurement approach that will allow for determining the effectiveness of government and philanthropic funded social services programmes delivered by NGOs and Crown entities.
Introduction

The New Zealand government has for some time called for information to inform the effectiveness of many social services programmes and initiatives that have been funded by the government and or the philanthropic sector. The growing demand for social services, coupled with the limited resources made available through the government and philanthropic sector has escalated the need to ensure that the limited resources available are being channelled to where they have the greatest impact. Recent initiatives including investing in services for outcomes (ISO) and the establishment of the Social Policy Evaluation and Research Unit (SuPERU) are examples of the drive towards answering the fundamental question regarding the effectiveness of social services interventions. The deliberate shift in focus from measuring results and outputs towards the more elusive measurement of outcomes echoes efforts in a similar direction taken in other countries including the US. Although specific legislation has not to date been enacted to support this issue in New Zealand, the United States passed into law the Government Performance and Results Act (1993). This act shifted the focus from accounting for expenditure to what was being accomplished. This is however not to suggest the issue has been dormant in New Zealand. The report from the steering group on the review of state sector reforms (Logan, 1991) suggest that reported outputs were not clearly aligned or linked to the desired outcomes. Schick in 1996 confirmed this finding and added that the current system was based on a design that focus on the short term production of outputs and accounting for what has been produced rather than the long term outcomes that are at the core of major policy objectives (Schick, 1996).

Although the problem has been identified and debated for the past twenty to thirty years, little progress has been made in re-engineering the system to align with this greater purpose.

This paper advances the debate from a performance management perspective through the modified application of the balanced scorecard first introduced by Kapan and Norton in 1991 (Kaplan & Norton, 1992). The initial version of the balanced scorecard was aimed at addressing the significant gaps in performance measurement and management left by a measurement system that was almost exclusively based on financial indicators. The initial model has since been further developed and applied to a wide range of sectors including for profit and not for profit organisations. Although attempts have been made to demonstrate the useful application of the balance scorecard to not-for-profit organisations, this paper suggest
that the developments to date in this area remain insufficient (Niven, 2011). The paper discusses the modification and application of the balance Scorecard to the Social Services sector as a means of better understanding performance and linking these to the achievement of outcomes.

The First section of the paper outlines the characteristics of the social services sector in New Zealand. In particular the discussions focus social service delivery to those members of New Zealand society most at risk. The discussions are aimed at highlighting those areas in the social services system that do not appear to be achieving the positive impact intended by policy.

The second section of the paper is an outline of the social services sector using the existing lenses of the balance scorecard including employment learning and development, internal processes, customers and finance. This first section also includes a brief outline of the balance scorecard model recognising the possibility that those interested in the content of this paper may not be from an accounting background.

The third section of the paper discusses the factors which remain outside the existing scope of the balance scorecard and how these may be internalised into the model. These suggested changes are made in the context of the social services sector although it may be applied to a wider context where the relationship between the participants and stakeholders is similar to that described here.

The fourth section discusses the specific application of the modified balance scorecard to the measurement of outcomes – being the ultimate objective of most social services policies and non-government organisations (NGOs). The paper specifically draws on evidence from papers and discussions with the Ministry of Social Development and members of an advisory group representing private providers of social services.

**Section One: The Social Services in New Zealand**

The New Zealand is a welfare state. A welfare state describes as a system where the government assumes the primary responsibility for the social welfare of its citizens. Although the early part of New Zealand was more egalitarian than Great Britain, it was nevertheless a
British colony and so the welfare template that characterised British Society would continue to feature. The underlying philosophy of individual responsibility continue although the government of the time played a significant role in the development of infrastructure (rail especially) and the creation of a pool of money that would be later used to finance the cost of its welfare programmes (Carpinter, 2012). This philosophy has continued through to the present day although the demands on the system and the complexity and diversity of the social issues being addressed continue to stretch the limited resources available.

The social services sector refers to those participants engaged in the provision, funding and monitoring of social wellbeing. Social wellbeing is a diverse notion and include the mixed and complex needs of the individuals, families and communities that comprise current New Zealand society. The needs of this diverse target audience is as diverse as the mix of providers responsible for funding and delivering these services and products. The evolution of the sector has resulted in the establishment of divisions focus on the specific needs of its target audience. These divisions are often manifest in the various government portfolios and ministries currently in existence. The larger ministries including the Ministry of Health, Ministry of Social Development, Ministry of Justice and the Ministry of Education represent those more established arms of the social services sector. Smaller ministries have been established in response to more specific needs that have not been suitably addressed by these larger ministries. Included in this group are the Ministry for Pacific Peoples, Ministry of Maori Development, Ministry for Women, Ministry of Business Innovation and Employment and more recently the Ministry for Vulnerable Children. The second tier of government organisations in the sector are a number of statutory agents including the accident compensation Commission, Housing New Zealand, and the various health boards (State Services Commission, 2016).

The increasing demand for social, and in particular those needs that are not able to be directly catered for through the public system, have given rise to the creation of private social services providers. Private social services providers were seen as more responsive to the needs of individual and community. They tended to be better connected to the communities they were serving as they were often locally based and created by the communities they serve. These providers were often poorly funded and continue to rely on charitable donations and volunteers. Table 1 below provides a summary of the characteristics of the NGO providers in New Zealand.
Many of these providers were largely unregulated and operated based on a sense of community common sense rather than professional acumen. Such was the perceived success of these private sector providers that government ministries and its associated crown entities shifted away from being providers of services to being funders and regulatory monitors of the services provided.

The rise in the number of social services resulted in a shift in the service delivery landscape. Delivery of primary health services and welfare support is now largely provided by private providers and funded through government contracts. This new service delivery arrangement has created a number of challenges in the last ten to twenty years. Among these challenges is the need to manage a high number of small contracts with providers. Furthermore, the contractual arrangements have focus on service and financial accountability rather than outcomes. Although the call for the measurement of outcomes has been long standing, the lack of process has been largely the result of an easy and cost efficient solution. Suggested solutions including randomised control trials and quasi-experimental designs are often beyond the financial and skill capacity of many non-government providers.

Providing information regarding the effectiveness of social services programmes is important for both funders and the providers (Ministry of Social Development, 2016). Some NGO providers regard performance reporting as a contractual obligation carried out for the purposes of compliance, rather than as a tool for managing their organisation. Contractual reporting and the data collection associated with it is carried out with a view to continued future funding. NGO will routinely collect throughput data to demonstrate how they have used the funding (Logan, 1991). While this is important, the information that is collected tends to focus on outputs and activity volumes rather an impact on outcomes. Since the data collected does not necessarily align with the measurement of effectiveness, providers may not use it to manage their operations towards continual improvement and growth.

The continued stagnation in the shift towards the measurement of outcomes is attributable to the misalignment in the responsibilities of Ministers and that of their departments. The Public Finance Act ("Public Finance Act," 1989) suggest that Ministers are responsible for outcomes while their Ministries are responsible for outputs. The latter being the easier to measure has largely been adopted across all government ministries and entrenched into their contractual arrangements with NGO providers (State Services Commission, 1998).
Table 1: Social Services Providers in New Zealand

<table>
<thead>
<tr>
<th></th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service Coverage</strong></td>
<td>Most common in areas where the unit cost per individual is low. E.g. Health, Some social services.</td>
<td>Wide coverage of services reflecting the general population</td>
</tr>
<tr>
<td></td>
<td>Influences by the specific demands of the local community</td>
<td>May be unaware of the specific needs of local communities</td>
</tr>
<tr>
<td><strong>Customer Base</strong></td>
<td>Larger providers tend to offer nationwide services</td>
<td>Statutory providers based around a centralized mandate of care</td>
</tr>
<tr>
<td></td>
<td>Smaller providers tend to focus on local community</td>
<td>Negligible</td>
</tr>
<tr>
<td></td>
<td>Some service providers are ethnic based</td>
<td>Negligible</td>
</tr>
<tr>
<td></td>
<td>Some providers are based around a specific aspect of care or age group</td>
<td>Some established providers and networks particularly in the area of health, education and care of the elderly.</td>
</tr>
<tr>
<td></td>
<td>Greater connectedness and understanding of target audience</td>
<td>Awareness tend to be at the national level based on population data.</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>Most providers tend to be small</td>
<td>Tend to be large crown entities</td>
</tr>
<tr>
<td></td>
<td>Some large providers particularly in the health sector</td>
<td></td>
</tr>
<tr>
<td><strong>Skill Level</strong></td>
<td>Although there are some qualified professional the sector remains relatively unskilled and voluntary</td>
<td>Tend to be more skilled as employment often requires professional certification</td>
</tr>
<tr>
<td></td>
<td>Staff development not generally a high priority</td>
<td>Staff development may not be emphasized although resource often not a barrier</td>
</tr>
<tr>
<td><strong>Compliance and Infrastructure</strong></td>
<td>Struggle for smaller providers</td>
<td>Well developed and supported</td>
</tr>
<tr>
<td></td>
<td>Limited reporting capacity with little or no skill in determining effectiveness towards nationwide outcome targets</td>
<td>Outcome Measurement continue to be challenging for both central and local government</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>Generally underfunded and under capitalized</td>
<td>Well supported through the government budget process</td>
</tr>
<tr>
<td></td>
<td>Maybe funded through central and local government</td>
<td>Mainly funded through central government</td>
</tr>
<tr>
<td><strong>Geography and Location</strong></td>
<td>Smaller providers regionally based within the communities they service</td>
<td>Usually based in more populated city centres</td>
</tr>
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</table>
In 1998 the state services commission released occasional Paper No.3. This paper highlighted further developments in the social services sector (State Services Commission, 1998). In particular, funding for privately provided social services was now being channelled through multiple government ministries. Furthermore, the provision of social services at the Ministry level was now involving several ministries. This in turn highlighted the need for Ministries to work more collaboratively and to share data across portfolios. Following the Schick and Logan report, Strategic Results Areas (SRA) were established to advance the shift towards outcomes measurement (Logan, 1991; Schick, 1996). However, Paper No.3 identified the need for SRAs to work together in the drive towards establishing an outcomes focus. To date this initiative is still being worked through.

In summary, the social services sector has still some way to go in developing a measurement framework that captures the complex needs of the target audience, and the current mix of public and private providers and participants.

Section Two: The Balanced Scorecard and the Social Services Sector.

The balanced scorecard is a model and tool that has been around for the past thirty years. Such is its relatively long history that many outside the business community have certainly heard of it and can possibly even identify that it is a measurement tool that goes beyond the pure financial measures. This seemingly profound insight can however be gleaned from the title that gives away that it is a scorecard and the notion that it is balanced suggest that it considered more than one measurement factor. Without intentionally meaning to offend those well informed disciples of the balanced scorecard, the possibility that many students both business and non-business are unaware of the balance scorecard beyond what may be gained from the name is at low risk of being challenged.

The balance scorecard is a performance management tool developed in the early 1990s by Robert Kaplan and David Norton to address the limitations associated with the financially dominated measures of the day (Kaplan & Norton, 1992). Kaplan and Norton correctly identified that the performance of modern businesses could not be measured through the single lens of financial measures of profit. They introduced a measurement model that included four domains (perspectives) including customer perspective, internal business perspective, innovation and learning perspective and financial perspective. The model is
based on causal relationships between these domains. Organisations that perform well in relation to their strategic objectives are those that manage to maintain and score highly across each of these domains. The causal link between these domains suggest that a weakness in any one of them is likely to compromise the achievement of a high score in the other three.

The balanced Scorecard in its original form is shown in figure 1 below.

Figure 1: The Balanced Scorecard

The customer quadrant outlines the importance of customers to the organisation. Here the focus is on defining who are the target customers, what are their expectations and what is the organizations value proposition in serving them. The Internal process quadrant focuses on identifying what the organisation must do to drive value for the target customers while the Employee learning and growth quadrant is focus on how the organisation can align its staff to deliver against its strategy. This domain also captures the need for continual innovation in order to keep up with changes in the operating environment. The final quadrant is financial and focusses in what the financial stakeholders expect or demand. These for quadrants are aligned with traditional market structures with participants who are profit motivated.

Niven (2011) progressed the application of the balance scorecard to government departments and not for profit agencies. His work is shown here as figure 2. Niven suggests that the narration across the four quadrants be modified to reflect the service delivery focus of not for
profit organisation. In particular he suggests that the customer perspective is based on how the organisation is able to create positive impact for the customer. The internal process perspective combines the drive to create an impact for customers while meeting budgetary constraints. Identification of the appropriate business processes are a key driver of organisation success within this quadrant. Although the Employment leaning and growth section is unchanged from that in the original model, the financial quadrant shifts its focus from identifying what the organisation’s financial stakeholder expect to how does the organisation effectively manage and allocate resources to maximise impact.

The key shift suggested by Niven is a greater focus on impact rather than satisfaction and financial reward to the organisations financial stakeholders. This is consistent with the move to measure impact through outcomes rather than accountability for resource allocation.

Figure 2: The balance score card for Government and NGOs.

Not for profit organisation are driven by a mission that is directly linked to their target customer base. This is in contrast to profit driven organisation that ultimately need to create wealth for their financial stakeholders. In this respect, stakeholders (shareholders) maintain a distant relation to the organisation and play little role in the operational management of the
business. This is in contrast to not for profit organisations whose stakeholders share a greater interest and involvement in the operations of the organisation. Privately funded social services providers more monitored closely by their philanthropic funders while publicly funded NGOs undertake onerous compliance responsibility. Furthermore, contracts are often laced with terms and conditions that are aimed at financial accountability but inadvertently compromise both the quality and volume of services delivered. Some social services contracts are shaped by generic national data sets and social services regulations at the cost of reflecting a local flavour. This has been particularly apparent with service contracts with Maori and Pacific populations in New Zealand. Contract for social services delivery have been informed by national datasets for the general population and underpinned by a western cultural paradigm. The unsuitability of these services to minority populations including Maori and Pacific is evidenced by their over representation in statistics for poor health status, unemployment, low educational achievement, domestic violence and imprisonment.

Section Three: Developing the Balance Scorecard for the Social Services Sector

This section discusses the shortfalls in the balance scorecard in relation to the social services sector. The discusses are based on two threads of inquiry. The first is in regard the peculiar make-up of the social services sector in New Zealand and how a modification of the balance scorecard can be made to embrace these issues. The second part of the discussion is about the need to incorporate outcomes into the measurement framework.

The development of the balance scorecard was motivated by a realisation that financially dominated measures did not capture the scope of business performance. Furthermore, the ongoing success of businesses would be better understood through a wider lens that captured the need for innovation, strategic planning, continual process improvement and customer focus. By the same notion this paper calls for an adaptation of the balance scorecard to reflect the dynamics of an activity that does not fit the existing frame. It is appropriate at this stage to outline the specific characteristics of the social services sector in New Zealand. These characteristics are discussed in the context of the existing four quadrants of the balance scorecard.
Customer Perspective

The Social services sector presents a number of challenges in relation to the customer perspectives. Niven (2011) outlines that in the case of many not for profit organisations, the traditional role of the customer is shared by different parties. Those designing the service, requesting the service, using the service and paying for the service are often three different parties. In the traditional sense if each component is identified with the customer then the provider of the service is able to address the issues of design appropriateness, service usefulness, service quality and value for money simultaneously as they are from a single person or entity. By contrast, the delivery of a counselling programme to a perpetrator in a domestic violence case splits the traditional customer role in three separate parts. The demand for the service may come from the courts who make a referral to a social services provider for counselling. The programme is delivered by an NGO who is connected to the local community and to the referring agency. The design and content of the counselling programme may be co-constructed by the NGO provider, industry regulators and funding agency. The creation of a counselling programme is potentially problematic as local NGO provider will be motivated by their local understanding of the issue while the national funder will be influenced by the national data and the influence of regulatory boards and government priorities and processes.

The user of the service is often a reluctant participant who only attends the programme as a matter of legal obligation rather than personal conviction. The party paying for the programme will often be a government organisation who identifies with the participant at the national level. Funders of the counselling programme will often be unaware of the individuals participating in the programme beyond their satisfying a target profile group. Quality assurance is maintained through an accreditation process that is carried out independently of the contract for service and will often not reflect the specific needs of the client participant. As a consequence, participants may not recognise the value of the counselling programme and although present may not engage with the content of the programme.

Internal Process Perspective

The internal process perspective for many NGO providers is a mix of local knowledge and industry policies and procedures. NGO providers who contract with the central and local government for delivery of social services are first required to be accredited by the Ministry
of Social Development. The accreditation process involves applicant demonstrating that they have policies and procedures in place to address common challenges in the sector in accordance with legislation and established protocols. These protocols are based on nationwide experiences and often do not reflect the specific character of the local communities. Specific differences in culture and regional preference, are not internalised in the accreditation process. The accreditation process also established governance, management and financial reporting capacity.

NGO providers will often be aware of those aspects of service delivery that are suited to the specific needs of their client audience. However, the service specifications in the service contract with the funding agency currently overlook these specific nuances and therefore do not include them in the funding calculation. Provider development funding has been made available in both the health and social services sector. This funding was aimed at developing the operating and compliance capacity of organisations that were created in response to a community need and who were now largely contracting with government agencies for the provision of services. The funding was however aimed at introducing a business accountability framework rather than enhancing the competitive advantage that these organisations had in relation to their connectedness with the community.

The internal process quadrant from the original balance scorecard model focused on identifying and enhancing those business processes that would drive value for the customers. In the social services sector, participants in a programme are not motivated by efficiency as they are not paying for the service. Satisfaction is therefore likely to be aligned with service reliability and structure, timeliness, ability of the service to accommodate participant’s specific needs and the perceived benefits of the programme towards their own personal circumstances. These goals are often compromised by the need to manage service delivery within a restrictive budget. NGOs will frequently provide services at their own cost which they see are complementary and aligned with the needs of the participant but fall outside the scope of the social service contract with the funding agency.

**Employment Learning, Innovation and Growth Perspective**

The employment learning, innovation and growth perspective is focused on how the organisation aligns its intangible assets to improve its ability to support its strategy. The intangible assets referred to here, include the intellectual property of the organisation
including the knowledge, skill and experience of its staff. Despite this, ongoing staff development is unaffordable to many small NGOs or is simply not a priority. In the long term NGOs that are locked into this cycle of deferring staff development are unlikely to be in a position to proactively respond to changes in their operating environment.

NGOs in New Zealand are usually not capital rich. Their real value is reflected in the staff that they employ. Furthermore, NGOs share a connectedness to the local community that is unmatched by central government agencies. This connectedness provides them with an additional level of intellectual property and an ability to better engage with those accessing the service. Given the separation between the payer and user of the service, it is important to ensure service providers are those that have a strong ability to engage with the target audience.

The current relationship between stakeholders in the social services sector is often not conducive to innovation and the adoption of innovative strategies. The legal challenges associated with the provision of social services have given rise to a complex matrix of rules, regulations, professional codes of conduct, professional practice guidelines and policies. The tangle of legislation governing the rights of the individual, protection of minors, and the collective rights and obligations of the community have also called for the standardisation of certain operating procedures. The complexity of the social services regulatory framework is only surpassed by the complexity of the social services needs of the population. While innovation will lead to the development of services that are more responsive to the needs of the target audience, an onerous regulatory framework is likely to compromise such efforts.

Growth is important for profit and not for profit organisations alike. For NGOs operating in the social services sector, growth allows the cost of compliance to be spread over a wider revenue base. As a result, a greater proportion of contract revenues may be directed at the actual provision of social services. Larger NGOs will typically have a greater capacity to deliver services and thereby reach a greater percentage of the target population.

In the last twenty years many NGO providers have combined or come together as collectives. The formation of these provider collective has allowed for greater efficiencies from a financial perspective. The practice has been encouraged by the funding agencies who find it more efficient to contract with a single large provider compared with a series of smaller providers. The sometimes forced integration and amalgamation of smaller NGO providers
while providing the benefits of scale, run the risk of losing the unique characteristic that made them accessible in the first instance.

The current push towards greater focus on outcomes rather than outputs is likely to influence who will be funded and who will not be funded to provide social service in the future. NGOs who are able to proactively make the transition to outcomes reporting are likely to have a comparative advantage compared to those who do not. Nevertheless, the current situation is that NGOs, particularly the smaller providers lack the skill and financial capacity to undergo this transition. At the funder level, the framework for identifying and collecting relevant data to determine measurement of outcomes remains under developed. The lack of progress in relation to the transition towards outcomes measurement is shared by NGO providers and agency funders alike. The lack of progress is not the result of a lack of strategic commitment but rather that the challenge is difficult and complex. Unfortunately, the end result is a set of contractual performance indicators that continue to be dominated by financial and output parameters.

**Financial Perspective**

The financial perspective, as Niven suggests, is based on management and allocation of resources towards maximising impact. Unpacking this seemingly common sense approach reveals a number of fundamental challenges in relation to the social services sector. Current contracts between NGO providers and government funding agencies include very specific service parameters and are often underpinned by a pre-existing service delivery model. These models will outline the required level of service, timeframe for delivery, full time equivalent staff and number of participants taking part in the programme or service. The templated nature of the contract leads to a disconnect between the management and allocation of resources to the maximisation of impact. While data is collected on participation and completion, the impact of the social service intervention is ignored.

The format of the current contractual arrangements, shift the focus of the NGO provider from quality of service delivery to contractual compliance and financial accountability as detailed in the contract for service. The financial perspective from a balance scorecard perspective is therefore not determined with clarity. Services continue to be funded based on a predetermined intervention logic (a priori) rather than evidence that the service is making a significant positive impact on the target population.
The current frustration shared by the government and its funding agencies is the lack of evidence that supports the effectiveness of the services being provided. The solution to the outcomes measurement challenge is not an easy one. Had it been, the solution would have been long identified and implemented. Whatever the solution may be, the complexity of the issues together with the numerous stakeholders involved suggests that it should be simple, easy to implement and be of little cost.

**A modified version of the balance scorecard**

The previous discussions suggest a number of misalignments between the balance scorecard that Niven (2011) suggested for the not for profit sector and NGOs operating the social services sector in New Zealand. Model ignores the separation between those accessing the service and those paying for it. Furthermore, it ignores the significant reliance that NGO providers have on ongoing government funding on their ability to continue operating. The third issue that is ignored is the intangible asset component associated with the staff and the connectedness that NGO providers share with their local community. The fourth component to be addressed involves incorporating outcome objectives into the balanced scorecard model.

Figure 3 below suggests a modified version of the balance scorecard that introducing a fifth component to capture those issues discussed earlier. As with the original balance scorecard model, strategy continues to feature at the centre, emphasising the need to reflect each of the surrounding parts in the organization’s strategy (Kaplan & Norton, 1996).

The modified version of the balanced scorecard keeps the existing four sections and adds a fifth section for relationships and engagement. This additional section captures the importance of maintaining the relationship between the funder and provider and providers with their community. The section brings together the need to demonstrate compliance and effectiveness with funding agencies together with conveying value and positive impact for participants. Under this section, measurable objectives including, levels of client engagement, customer feedback in relation to service quality and value, impact on service on the client and possibly their families will forge greater connectedness and engagement with the client base and local community. Measurable objectives to in relation to maintaining good relationships with funders may be achieved with performance measures that track the ongoing engagement. This needs to extend beyond financial and contractual compliance to flexibility in service delivery and responsiveness to the changing needs of clients. This may be extended
to included outcome measures and how this has been achieved through the service delivery process. A performance indicator to measure relationship and engagement may include the contractual arrangement between the NGO provider and the government agency funder. A contract for service that has been largely dictated by the funder will receive a low score suggesting a possible disconnect with the specific manner by which the service may be delivered by the NGO provider. On the other hand, a contract that is entirely focused on outcomes will receive a high score under this performance indicator.

The determination of outcomes may be achieved through incorporating outcomes measures into the body of the contract. However, this should be a negotiated condition that takes into account resource constraints and statistical limitations of using samples of the population. Contracted NGO social services providers should be accountable for the impact that their service has on the participants engaged with the delivered programme but not for the overall impact on the total target population.

Figure 3: A modified version of the Balanced scorecard for NGOs in the Social Services Sector.

The last aspect that is peculiar to NGO Social services providers is capturing and harnessing the intangible assets unique to associated with staff. Although this could be captured in the employment, innovation and growth section, the extent to which staff continue to maintain personal networks with the community may be further captured in performance measures in the relationship and engagement section.
Summary and Conclusion

This paper identifies two significant gaps in the performance management literature and practice for NGOs operating in the social services sector in New Zealand. The first concerns the lack of measurement of outcomes while the second involves the misalignment between the traditional balance scorecard model and drivers of performance in the social service sector. The analysis suggests that both of these issues may be addressed through a modification to the balanced scorecard model. The introduction of a fifth section focusing on relationships, engagement and outcomes will internalise those aspects of service performance that have not been adequately captured by the current balanced scorecard model.

The development of the proposed modified model is based on the social services sector in New Zealand. However, it is possible to apply such a model to other contexts where the operational dynamics are similar and where outcomes are the defining measure of operational success. In the health and education sector, where the user of the services does not directly pay for it coupled with the outcomes being measured at a national level, this model is likely to hold some benefit.

Further studies in this area may specifically address the development of key objectives across the five sections together with suitable measures for each identified objective.

References


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1 Provider development funding was a government created and funded programmes aimed at developing NGO operational and infrastructural provider capacity.