

What Cannot Be Counted: Ethics, Innovation, and Evaluation in the Delivery of Public Services

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ABSTRACT

For the past 20 years, outcome evaluation has been one of the most significant innovations in the delivery of public services and the management of nonprofit organizations. Theoretically evaluation is meant to provide an engine to innovate existing programs and organizations by providing actionable information. Much of the existing research has primarily been focused on compliance with mandated program performance evaluations with little consideration to the implications of these mandates.

In the nonprofit setting, administrators often must choose between spending money on achieving the mission or contracting out to acquire the expertise necessary to adequately measure performance toward achieving that mission. The irony is that accountability requirements can affect the organization's ability to achieve its mission because it can hinder a nonprofit employees' capacity to provide services to clients. This generates an ethical dilemma for individuals within these agencies when they are forced to choose between a client's needs and organizational performance demands.

This paper analyzes the inherent dilemmas that stem from accountability systems implemented by nonprofits providing direct services. The research employs the Right-versus-Right construct developed by Rushworth Kidder (2005) and examines the moral dilemma surrounding the mandates of performance evaluation and the impact on ethical decision-making and management. These theoretical constructs aid in the identification of ethical and management dilemmas as they relate to performance evaluation and the impact on an organization's mission, management, and values. This assessment is especially timely given the recent economic crisis, which has created an increased demand for services with fewer resources to meet additional service demands.

Key Words: Accountability, Ethics, Nonprofit, Evaluation

Introduction

Outcome evaluation has been one of the most significant innovations in the management of organizations in the last 20 years. This major innovation has shaped the delivery of public services through the use of performance measurement and program evaluation. Certainly, government has always been accountable to their constituents for what they do and how they use resources. However, with the recent economic turmoil there has been a resurgence of the "right to know" attitude among citizens over the past decade. Many different methods are employed in an attempt to demonstrate quality and performance in the administration of public and government organizations. Most recently, the idea of program evaluation and the reporting of the performance measures to external users has been the favored method for creating public accountability. Program evaluation is now occurring nationwide. It is conducted at the top levels of the federal government down to the smallest local governments and has been instituted in the nonprofit sector as well.

The recent focus on accountability in part stems from the "reinventing government" and the "new public management" movements (Behrens & Kelly 2008). These reforms have led to significant changes in the methods for public service delivery. The reforms included the considerable use of contracting out of public services to be delivered by the nonprofit sector.

Government contracts often required nonprofit organizations to comply with extensive accountability and performance measurement reporting. Previous research has primarily been directed at compliance with mandated program performance evaluations and consequently little consideration has been given to the implications of these mandates. Mandated performance evaluations often create multiple and competing systems of accountability that make both management and ethical decision-making difficult. It is especially true of organizations that have varied programs, funding sources, and stakeholders, all of whom hold the organization accountable.

In terms of public perception, innovation should be a core activity of the public sector. The goal is to help public services improve performance and increase public value; respond to the expectations of citizens and adapt to the needs of users; increase service efficiency and minimize costs. The public sector *has* been successful at innovation in the past (Hamson, 2004). How to seek out and foster innovation in all public programs is crucial to continual development and improvement: only half of all innovations are initiated at the top of organizations. Maintaining diversity of staff, paying attention to the needs and expectations of users and frontline staff, and promoting formal creativity techniques are all valuable tools to ensure innovation is sought. Our research seeks to understand the link between three issues facing the implementation of programs through nonprofit organizations, innovation, and ethics.

Often in the nonprofit setting, managers are forced to choose between spending money on achieving the mission or contracting to acquire the expertise necessary to adequately measure performance toward achieving the mission. The tangle of accountability requirements can affect the organization's ability to achieve its mission because it can hinder a nonprofit employees' capacity to provide services to clients. This generates a secondary ethical dilemma for individuals within these agencies when they are forced to choose between a client's needs and organizational performance demands (Connor- Snibbe 2006; Minkoff & Powell 2006). Current literature aimed at examining evaluation from the perspective of funders and nonprofit organizations largely ignores the ethical implications of performance evaluations and assumes an evaluation is always appropriate (Ebrahim, 2009). The prevailing perspectives lack critical consideration of the ethical issues and tradeoffs that are inherent in the practice and implementation of evaluations.

The lack of concern regarding ethical issues related to evaluations seems to stem from the underlying belief that information always leads to better decision-making. However, research has also shown that organizations tend to gather more information than they can consume (Feldman & March, 1981) and often the data collected is not employed to make more informed decisions (Behrens & Kelly, 2008). This paper analyzes the inherent dilemmas that stem from accountability systems implemented by service providing nonprofits. This paper uses the Right-versus-Right construct developed by Rushworth Kidder (2005) and examines the moral dilemma surrounding the mandates of performance evaluation and the impact on ethical decision-making and management. These theoretical constructs will aid in the identification of ethical and management dilemmas as they relate to performance evaluation and the impact on an organization's mission, management, and values. This examination is especially timely given the recent economic crisis, which has created an increased demand for services with fewer resources to meet additional demands.

The growing conflict between an organization's ability to serve its clients; while being held accountable via evaluative measures raises interesting ethical questions: Is the growing emphasis on measuring performance detracting from the ability of nonprofit organizations to effectively serve their clients and mission? Do administrators have the necessary skills to navigate these ethical dilemmas? What ways might the evaluation process help or hinder the

process of innovation in public sector service delivery? These questions are explored in this paper through the use of heuristic decision models. Specifically, Rushworth Kidder's (2005) Right-versus-Right model and decision-making rules are employed as a tool to examine ethical dilemmas and suggest some possible means to analyze these dilemmas in practice.

Accountability in Nonprofit Organizations

Accountability comes in many forms but for the purpose of our discussion we will define accountability as "the process of holding actors responsible for actions" (Fox & Brown, 1998, p. 12). The current practice of accountability in nonprofit organizations has undergone significant change as the nonprofit sector itself has grown and become more involved in the delivery of services for the public sector. First, we will examine the evolution of accountability in the nonprofit sector. Second, we will discuss different methods and types of accountability. Finally, we will discuss some of the tensions that emerge from current accountability practices, which are both mandated and voluntary in the nonprofit sector and some of the implications of these tensions using the Right-versus-Right framework.

Evolution of Nonprofit Accountability

The recent emphasis on performance evaluation in nonprofit organizations largely began in the 1990's as a response to changes in practice by governments and other funding organizations (Behrens & Kelly, 2008). The change in government standards was largely driven by the "reinventing government" movement as embodied by the Government Performance and Results Act in 1993. The change in evaluation practice in nonprofit organizations was largely led by the United Way in 1996. The primary critique of these efforts has focused on the low quality of the evaluations performed and the lack of useful data collected by nonprofits and funders (W. K. Kellogg, 1998; Connor-Snibbe, 2006; Behrens & Kelly, 2008).

Prior to the current emphasis on accountability, nonprofit organizations were largely held accountable through their own boards of directors and legal mandates defined in the tax code or service delivery contracts. The shift toward a greater emphasis on performance evaluation is, in part, due to elevated mistrust of nonprofit organizations by the public and government officials, which stem from nonprofit scandals involving the United Way's misuse of funds and the Red Cross's handling of September 11, 2001 donations (Glaser, 1993; Conner-Snibbe, 2006). Additionally, corporate scandals surrounding organizations like Enron and Worldcom further shook public trust in organizations and led to public pleas for increased fiscal and operational transparency through the passage of the Sarbanes-Oxley Act (2002), which applies in limited ways to nonprofit operations.

Additionally, policy changes stemming from the "reinventing government" movement and the Government Performance and Results Act (1993) introduced management techniques to government and nonprofits that emphasized accountability in the administration of grants, contracts, financial records, and operations. This approach to funding oversight emphasizes greater transparency in terms of organizational outcomes (Menzel, 2005) as well as accountability for financial management. Increased emphasis on outcomes has been transferred to nonprofit organizations through contract and funding requirements and has resulted in a cultural shift in the management of nonprofit organizations (Frumkin, 2002). As nonprofits mature and begin to

transition from volunteer based to more professionalized, cultural shifts occur and conflicts can become more apparent and difficult to manage.

A local organization, which engages in an afterschool youth sports programs for at risk children, has been affected by these emerging trends to increase program transparency and accountability. This particular nonprofit has been providing services for over 20 years. Their mission is to provide a 'safe' after school environment for local children by offering a sanctuary to a population within the community that is at high risk to join gangs, participate in violence, and/or use drugs. The nonprofit created a program that encourages fitness and self actualization, with an intended outcome of keeping the kids out of gangs by encouraging and inspiring them to graduate from high school. During this nonprofit's history, both societal and economic changes have transpired, causing the organization to falter in its ability to provide services. Additionally, they have suffered relational impacts on their ability in obtaining funding to sustain the organization. For example, over the years the nonprofit had been provided free space to conduct its fitness classes for youth -- generally having few issues of gaining support or funding to obtain space. However, due to changing requirements, the founders had to mortgage their personal home to pay for a permanent location to ensure they were able to continue conducting classes for the youth. This shift largely occurred because the inability of the nonprofit to keep up with changing demands of donors and funders for increased formalization and professionalism, which caused the organization to lag behind other larger organizations in their capacity to report on outcomes of the services provided.

Accountability requirements of funders often involve complex data collection and analysis. As the complexity of nonprofit organizations increased, so did the need for additional professionalism, training, and specialized education to support these activities. Increased professionalism in general has lead to better management of programs and organizations, but has also been a source of concern (Hwang & Powell, 2009). The increase in professionalization creates a large contrast in management capacity between small informal nonprofit organizations and larger formalized nonprofits. The larger more professionalized and formalized organizations tend also to be more open to external pressures that divert time and resources away from core missions and change the culture of organizations.

The cultural change, in part, comes with an increased focus on quantitative measurement of program accomplishments. The focus on measurement can be helpful in allowing organizations to improve programs, policies and outcomes. But, the intensive focus on measurement may also change the nature of who chooses to work for these organizations and lead to the replacement of passionate "amateurs" with those more able to deal with the technical demands of quantifying and measuring results and outcomes (Hwang & Powell, 2009). Often these professionals have managerial and business rather than substantive backgrounds that are more connected to service delivery. This can create a tension between administrators and those that work directly in the service delivery arena. A manager of a local nonprofit which runs group homes for children explained that often those individuals that work directly with the children resist taking time away from their substantive duties to "fill out paperwork." The agency has also struggled with making the measurement a meaningful management tools since so much of what is done with these children is hard to quantify and often it is hard to isolate what makes a difference in terms of outcomes.

The focus on rational and managerial techniques such as evaluation also results in diversion of resources from direct service delivery to activities that are being added in order to capture and analyze data instead of undertakings that directly deliver public services. The

diversion of resources may further frustrate direct service employees who see the direct impact of decreased resources on the lives of individuals served by the organization. The diversion of resources may also be less visible and take the form of less time for employees to interact with clients because of the need to “fill out paperwork” to assure data is collected, in order to measure program attributes. These data collection efforts may be especially difficult for organizations to justify to front-line employees if the data collected is externally mandated and not used to improve organizational practices or outcomes.

Another unintended consequence of evaluation is that mandated performance evaluations of individual programs with multiple funding sources often focus on programs rather than whole organizations or systems. The focus on programs for budgeting and funding reasons forces the compartmentalization of information and the optimization of programs, not organizations. This is further complicated by the way in which most nonprofit organizations are funded, with grants or donations specifically focused on particular programs or populations, which may allow some programs to thrive while others with less stable funding sources struggle to continue within the same organization.

Types of Accountability

Accountability can and often does come in different forms and holds different meanings. Ebrahim (2003) points out accountability can be both an internal and external phenomenon. Internal accountability and external accountability often create tensions for managers struggling between loyalty to their internal stakeholders and responsibilities to external stakeholders. External accountability is usually defined by individuals that are not directly involved in the delivery of programs or services and is usually the result of funding or licensure requirements. In contrast, internal accountability is led by those directly involved with the organization and can, at times be too narrowly concerned with organizational issues.

External accountability also can be further divided into two distinct types of accountability, identified as legal and moral accountability. The first, legal, or compliance-based accountability ensures that rules are followed and punishes those that fail to adhere to preset standards or procedures (Jos & Thompkins, 2004). Compliance based evaluation is mainly focused on ensuring that the process and procedures set forth in the grant or contract are carried out. This often involves formal reporting or site visits from grantors. Often compliance based accountability, such as the publication of nonprofit informational returns with the IRS, rely on transparency to ensure ethical behavior (Adams, Balfour & Reed, 2006). The emphasis on transparency often results in critiques of nonprofit executive salaries in local newspapers to alert the public in hope that either the board will be shamed into acting or the public will take their donations elsewhere. However, these types of critiques are often overlooked by the public and fail to take into account if leadership is a key factor in the performance of that organization. Often, the critique of executive pay in nonprofits is somewhat myopic and fails to understand the size and complexity of the job of nonprofit managers or the comparability of nonprofit salaries with salaries for similar jobs in the public and private sectors.

In contrast, the second type, moral or ethical accountability requires broader responsibility to not only comply with mandates, but also requires concern for the “general welfare” (Dwivedi & Jabbra, 1988). Adhering to moral accountability standards means individuals and organizations behave within their conscience and care not only for the end results, but also the means chosen to reach goals (Dicke & Ott, 1999). Under this model, the end results are important, but equally important is how performance is achieved. Organizations with a social justice mission must serve

that mission in a broader way, including promoting social justice for their own employees through providing adequate living wages and health care benefits. A social justice organization that is ethically accountable must not only serve its clients in a way consistent mission, but also be an example in the way it conducts operations and treats staff.

The difference between legal and moral accountability in terms of outcomes for individuals and communities can be significant. One striking example of these differences is found in explorations of moral inversion. The concept of moral inversion refers to situations in which “something evil has been redefined convincingly as good.” (Adams & Balfour, 2004, p. 4) Often moral inversions are masked through technical rationality, which elevates the rational mindset over all other forms of reason. Technical rationality in part increases the risk of moral inversion simply because of the specialization of knowledge which resulted from increased professionalism. In order for individuals and organizations to appear “professional” and “rational” they must comply with standards and adopt techniques that are scientific and rational.

The desire to comply with “professional” and rational standards in turn creates a greater threat of moral inversion. The end of professionalism becomes a “good” in and of itself. We as professionals often fail to question “rational” practices and assume that instrumental practices are neutral and legitimate (Dillard & Ruchala, 2005). The elevation of rationality in the nonprofit sector increases the danger that managers will lose sight of the care based thinking expressed in missions and fail to value those things which cannot be measured (Hwang & Powell, 2009). A common example of moral inversion in the nonprofit sector deals with issues of employee’s misuse of funds or fraudulent diversion of resources (Greenlee, Fisher, Gordon & Keating, 2007). Often organizations cover up these incidents to protect the organization’s image in an effort to keep donors or funders from losing faith in the organization’s ability to manage resources. Similar trade-offs are possible in evaluation, where the good of the organization is put above the good of the mission or the good of those being served.

Ethical Issues of Accountability

There are many ethical dilemmas inherent in performance evaluation, which can impede management capability to make choices outside of data gathered. The first can arise from the organization implementing the evaluation itself, which draws resources away from serving the mission. The second involves difficulties in determining what should be evaluated and the method(s) of identifying and documenting the expected / anticipated outcomes. The uncertainty many nonprofit managers face, in terms of outcome complexity and determining what to evaluate, may pressure managers to “cherry pick” only those goals which are achievable or easily measured.

The third is the issue created by the evaluator who may not have the necessary skills to properly perform the evaluation. Poorly implemented evaluations may result in decisions that unfairly reward or punish organizations and the individuals that they serve based upon biased or incomplete data. Ethical dilemmas are also inherent within the context of economic and political environments, in which nonprofit managers may feel pressure to embellish results or withhold bad news. There are many reasons why outcomes may be altered, for self-interest in an effort to protect careers, or to protect the organization. Most likely it is to protect the livelihoods of employees and the programs that managers feel are important to the community and the populations they serve.

In addition to the ethical dilemmas, the cost of carrying out an evaluation is expensive in terms of time and resources consumed, which means shifting already stretched resources away

from services and the organization's mission. Mandates to evaluate are almost always the result of funders who often do not understand the potential costs of their demands. Most donors are unaware of the layers of accountability faced by organizations, this causes a tangle of demands, on organizations, created through multiple funding streams (Connor-Snibbe, 2006; Martin & Ketner, 1997). Most funding sources demand reports and data collection often requiring the use of different information, forms, and file structures. Even when nonprofits perform the necessary evaluations, the funders are often only interested in how their money was spent and the performance of a particular program or agency, which seems to have little bearing on future funding decisions (Conner-Snibbe, 2006). The information created through the evaluation process seems to add little value to the decision-making processes of funders or managers of nonprofit organizations. Nonprofits fearing the loss of funding do little to complain or change these mandates because they fear losing vital support.

Evaluations are often unfunded and mandated with little understanding of what is entailed in the evaluation process (Conner-Snibbe, 2006; Ebrahim, 2009). While an ideal evaluation often involves the tracking of outcomes for programs, this is often difficult and costly since "the only surefire way to show that a program is helping people more than they could have helped themselves is to conduct expensive and lengthy studies involving control groups" (Conner-Snibbe, 2006). While true experimental designs are likely the best choice for demonstrating causality of programs to outcomes, most evaluations fall short of this ideal due to expense, legal issues, and ethical concerns. Instead, large volumes of data are collected. Since there is little understanding of the difficulty and cost associated with measuring a program's impact, the resulting data can be both useless and misleading (Conner-Snibbe, 2006). The resulting system leads to no significant change in helping the social sector improve its programs or the outcomes for its clients or for services offered. Another unintended consequence is that the overhead costs for the organization often increase as a result of the expertise required, further impacting missions. Evaluation takes greatly needed resources, specifically money and staff, away from the programs designed to meet mission mandates.

Additionally, the high costs necessary to carryout quality evaluations can also make nonprofit organizations less competitive than other organizations that are either less concerned about quality or have larger operations. Evaluation costs, since they are not part of direct program delivery, raise overhead expenses especially for small to medium nonprofit organizations. The imposition of program evaluations therefore can have an overall impact of decreasing the competitiveness of individual nonprofits because many donors and funders use overhead costs as an indicator of organizational efficiency. The downward pressure on overhead costs is likely limiting the capacity and quality of many nonprofit organizations in various areas (Urban Institute, 2004). In the context of attempting to keep costs low, it is unlikely that most organizations can afford to implement and analyze performance data adequately or to make costly adjustments suggested by evaluations, which might be necessary in the light of performance data.

Other ethical dilemmas become apparent through the reporting of evaluation findings. Evaluation findings often exaggerate program successes while downplaying negative findings or outcomes. The tendency of evaluations to exaggerate program success stems, in part, from the difficulty in measuring outcomes in many areas of the nonprofit world. The difficulty in measuring outcomes also results from the fact that often the social problems nonprofit organizations attempt to address are messy, complex, and handled across organizational boundaries and addressed through multiple programs. Issues faced by individuals that are receiving assistance from nonprofit organizations often are multi-faceted and require a range of

services and expertise. For example, domestic violence victims often need medical and counseling care in addition to legal, housing, and employment assistance. It is unlikely that any one agency has the ability to address every aspect required to create a successful outcome and the range of services administered makes it very difficult to determine the direct impact of any individual agency, program, or service. In the face of uncertainty about causality of outcomes, many funding organizations defer to the expertise of individual nonprofits in defining and measuring outcomes. This may tempt some agencies to pick measures, which inflate their performance. Additionally, this system allows bad news to be diffused or go unreported, since it can often be explained by the performance of a group of organizations or a system rather than a single program or agency.

Right vs. Right Dilemmas

The Right-versus-Right dilemma is one of the most common ethical dilemmas faced by individuals seeking to make tough decisions in which there is no clear right answer. These dilemmas are often the result of two intersecting values or issues that meet in such a way that policies or regulations provide little to no guidance. Right versus right dilemmas are very different from right versus wrong choices because of the lack of clarity about the appropriate ethical path in these situations. In the case of a right versus wrong, there is almost always some clear guidance from laws, regulations, and policies that can be helpful in making decisions. In right versus right dilemmas, individuals have to choose between ideals such as “truth versus loyalty”, “individual versus community”, “short-term versus long-term” and “justice versus mercy” (Kidder, 2005). Below the discussion will examine how each of these common “right versus right” dilemmas are encountered by nonprofit managers in the course of evaluation.

Truth versus Loyalty. Truth versus loyalty dilemmas are those situations in which individuals are asked to choose between honesty and loyalty to some group, individual, or ideal. These situations occur when individuals are asked to decide how much information to divulge or what information should be included in reports and documentation. This comes into play in the area of accountability when a nonprofit manager must decide between divulging potentially damaging information about an agency to remain truthful with funders or protecting the organization by exposing internal concerns or operational short-comings that are beyond the agency’s control. Often the temptation is to simply report the information that will present the organization in the best light and to strategically avoid discussion of real problems or “near misses” that reveal the weaknesses of the organization. Telling the truth is the most ethically defensible position, however it might be damaging to the agency’s reputation, especially if other agencies the organization competes against choose to do otherwise. In this case, telling the truth may undermine the ability of an organization to compete with others that are gaming the system or falsifying information to gain the advantage in competition for resources.

Individual versus Community. The individual versus community dilemmas are situations when an organization is asked to choose between the well-being of a single individual over the well being of the community, as a whole. This dilemma can be reframed in terms of a single organization versus the well being of the entire community. Often nonprofit managers are pushed to put the well being of an entire community over the well-being of their organization. An example of this can be seen in a local nonprofit organization which was ordered by a particular funding source to make organizational changes or forfeit funding. The funder wanted the

organization to join a larger network of youth service organizations to increase community capacity. In this case, the nonprofit said “No.” This situation provokes the following questions: (1) What level of authority should a funder have over an organization? (2) Is it acceptable for a funder to mandate specific changes within an organization or threaten withdrawing funds? It has made other funders more leery of donating to this organization. Is it right that nonprofits should have to choose between the interests of the community and their interests of their organization?

The push to put organizational interests behind those of the community often come through appeals to collaborate with other organizations or to merge nonprofit organizations to avoid duplication of services. The push to intertwine organizational interests often comes through funder and government appeals to collaborate and/or merge with other nonprofit organizations in an attempt to avoid duplication of services.

While the idea to put the health of the community before the health of the organization is appealing to many funders, it is often somewhat short-sighted in terms of considering the long-term health of communities. Often, the argument to outsource services previously provided by government to nonprofits is predicated on the idea that nonprofit organizations operate in a competitive market place and this creates more efficient and effective services through competition. The push to collaborate and merge nonprofit organizations to reduce duplication of services may lead to reduced competition and innovation in terms of service delivery.

Short-term versus long-term. The need to balance short-term outcomes versus the long-term outcomes is one that is often encountered in the public policy arena and delivery of public goods and services. In order to help public officials maximize their re-election chances, often nonprofit organizations providing services, on behalf of government, are pressured to produce short-term results on programs that may in fact only payoff many years down the road. An Example of this is shown in the Las Vegas communities’ public run hospital, the University Medical Center (UMC). The hospital has faced budget short falls for years, coupled with an increasing indigent population; this has created numerous issues for the organization. The board of County Commissioners overseeing the hospital’s operations conducted a review of converting the current hospital from a not-for-profit to a non-profit, teaching or for-profit hospital. Each option provided a different set of challenges. Ultimately, consensus among the Commissioners was that it would become a teaching hospital, though the outcome was never implemented. This was the easiest of the options to implement, causing the least amount of political conflict. However, it was not necessarily the best option for the Las Vegas community; the best option would have taken a significant amount of time and effort. In the end, the Community would have realized the most benefits selecting one of the other options. In some extreme cases, the push for short-term outcomes can actually handicap the ability of organizations to produce long-term results for the individual-client and the communities that they serve because of the relative costs of creating these short-term outcomes. Many accountability standards push nonprofit organizations to maximize the short-term outcomes of clients and others over the long-term health of the community and individual clients.

An example of the inherent trade-offs between short-term and long-term results can be seen in many of the measurement decisions being made around nonprofit evaluation. Often governments and elected officials want to see the short-term results of a program to ensure that their investment in the nonprofit agency is in fact paying off. However, many social service and educational programs require a longer time horizon than the typical contract period between governments and contractors (Bozeman, 2002; Letts, Ryan and Grossman, 1997). In many

instances, such as early childhood education, the resulting progress by a particular client group may not be apparent until long after the work of an agency is completed. The longer time horizon also increases staff time, costs, and difficulties in measuring outcomes. The need to produce measurable results may force many nonprofits to only provide services that have demonstrable short-term outcomes and ignore more difficult to measure service areas, in favor of those that show expedited measurable results. This forces a choice between the long-term results that might be achievable but not measurable and the short-term results, which are easily measurable but are less impactful on clients and communities.

Justice versus mercy. Justice versus mercy is the ethical dilemma which arises when organizations are asked to choose between attempting to evenly apply rules and make exceptions in cases that involve extraordinary circumstances, which would make application of the rule seem cruel or unfair to an individual. A prime example of the difficulty in applying rules consistently or with mercy often comes in examining some of the difficult situations that arise when income cut-off points are set for social or health care services for the poor. Often individuals miss the cut-off point by earning only a few dollars more than allowed and are denied access to vital services such as food stamps or health care. From a justice perspective, the only set way to administer the program is to apply rules consistently across all cases. A mercy perspective would compel managers to resist disqualifying an individual from needed services or medical care based on the difference of a few dollars, which does not increase their ability to pay for services independently.

Justice vs. mercy dilemmas is often the most problematic for nonprofit organizations that are the implementing arms of governmental policies and programs. Legal accountability requires that organizations implement programs and policies as defined by government. These legal requirements and the qualifications of clients often make merciful actions difficult to justify. But ignoring mercy often goes against the very mission that the nonprofit organization was set up to serve. In order to serve both ends, formal programming that is funded by government is often administered from a justice perspective while informal norms or wrap around programs that are funded through donations and other fundraising efforts are administered to serve more merciful ends.

Resolving Two Rights

The most difficult decisions faced by both organizations and individuals occur when they are faced with decisions in which they are forced to choose between two competing principles or “rights.” These ethical dilemmas are not easily resolved and create difficult trade-offs. Often, the answers to these questions create high levels of uncertainty that are not easily governed by a normal or single set of ethical guidelines or principles. For this reason, Kidder (2005) argues that these types of dilemmas are best resolved by applying three different perspectives from moral philosophy.

Kidder (2005) states the three principles outlined below are drawn from the traditions of moral philosophy. The three decision rules listed are particularly useful in analyzing right-versus-right issues. Each gives us a way to test the twin rights of a dilemma (Kidder, 2005). Kidder (2005) called these decision rules: ends-based, rule-based, and care-based. The three decision rules are outlined below.

- 1. Ends-based thinking.** Ends-based thinking, concerned with the results of a decision, is a utilitarian approach commonly described through the phrase, “the greatest good for the

greatest number" (Brousseau, 1998). The utilitarian weighs decisions based on the consequences. In other words, if things turnout well, you made the right decision. Kidder (2005) states that it demands a human/social/societal cost-benefit analysis, determining who will be hurt and who is helped and measuring the intensity of that help. It is a staple of public policy debates; most policies are crafted with utilitarian tests in mind (Kidder, 2005). However, ends-based thinking has been highly criticized, since no one can really be certain about the future outcomes that today's decisions will create and often times unforeseen or unintended consequences can carry heavy costs.

2. **Rule-based thinking.** Rule-based thinking, by contrast, seeks to identify and apply the rule that if obeyed, would make the world the kind of place we all want to live in (Brousseau 1998). It differs from ends-based thinking by denying the possibility that the result or consequence of any decision can in fact be known--or evenly properly estimated. What is "right" for the rule-based thinker can universally be applied everywhere, across the board. How the situation turns out is of little interest: What matters is the fundamental precept that underlies the decision (Kidder 2005). Kant explains: "Act only on that maxim through which you can at the same time will that it should become a universal law." Simply put, follow the principle you want others to follow. Ask yourself, "If everyone in the world followed the rule of action I am following, would that create the greatest good or, in Kant's words, the greatest worth of character?" (Kidder 2005).
3. **Care-based thinking.** Care-based thinking derives from the concept of the Golden Rule: Do unto others as you would have them do unto you (Brousseau 1998). By putting yourself in the other person's position, you are encouraged to take their perspective into account. It is a principle of reciprocity, best seen by imagining a reversal of roles with others around you. It partakes of a feature known to philosophers as reversibility: In other words, it asks you to test your actions by putting yourself in another's shoes and imagining how it would feel if you were the recipient, rather than the perpetrator of your actions (Kidder 2005).

Care-based thinking is often associated with the Judeo-Christian Tradition. In the bible, Matthew (7:12), it states that "all things whatsoever ye would that men should do to you, do ye even so to them." This idea appears at the center of all the world's religious teachings. While some philosophers, including Kant, have disputed its standing as a practical principle, it is for many people the only rule of ethics they know, deserving consideration for the moral glue it has provided over the centuries (Kidder 2005).

The goal of this research is to demonstrate how focus on different stakeholders in the nonprofit setting (the client, the community, and organization) may inherently create challenges for managers in the area of creating ethical evaluation practices when using the heuristics above. Each of these decisions rules can be applied to allow managers to identify possible solutions to management and ethical dilemmas as they relate to performance evaluation and the impact on organizational mission, management, and individual morale.

There are dangers if you only use one approach and complete ethical consideration calls for an exploration of all three heuristics before a final decision is reached. This, however, can also raise a dilemma for individuals making the decision. The decision may not be as easy as having two out of three heuristics substantiate a decision. Ultimately, these heuristics are only

guides and ultimately the decision made will depend upon the experience and ethical values of individuals, since different individuals applying these rules can reach very different conclusions and use different weighting scales and factors.

Conclusions

Nonprofit administrators are faced with balancing the demands of funders with those of serving their clients. This often leads to a conflict that can be examined more clearly by using the decision-making model outlined in this paper. By better balancing the ethical dilemmas faced by nonprofit administrators, better public services and understanding of the needs of communities and nonprofit organizations are possible along with a higher level of trust of services by funders and clients. Our analysis makes several key points. First, nonprofit organizations must work hard to find the balance between need for services and need for knowledge (or data). What is best for the clients and what is best for an evaluation often conflict in practice. Therefore, nonprofit administrators will have to determine an appropriate and acceptable balance in today's environment.

Second, nonprofit organizations should advocate for greater consistency and resources for accountability. When it comes to accountability, it is important for nonprofit organizations to have the resources available to carry out an evaluation plan. At times, this may mean they have to demand from funders the resources necessary to comply with accountability requests. Additionally, the mandated evaluations take up slack resources that are necessary to make the very adjustments and innovations that can become apparent during the evaluation process.

Third, and connected to the previous point, is the importance of educating funding organizations of tradeoffs inherent in accountability. Many nonprofit organizations do not have the capacity to meet funder and organization mission demands. Funding entities need to be educated regarding the varying nonprofit capacities. The most successful relationships between funders and nonprofit organizations are when both entities understand that evaluation is not "gotcha" system, but a learning system that can help the organization identify what works and what does not, so as to continue with and improve on what is working and repair or replace what is not working. In rare cases, evaluations can provide a nonprofit organization the ability to make a strong case for change, but that is only when the evaluations really take into account the real outcomes of the agency and demonstrate needed changes in a way that does not create a loss of faith with funding organizations.

Fourth, the current system restricts honesty of organizations about failures and inhibits real growth in terms of management, due to worry of funders who do not want to be associated with failure. Within most organizations, failure to meet performance goals results in a comprehensive review of problems and solutions. Ideally, it is important for an organization to establish a culture that is based on understanding the reality of human error and striving to innovate. But this is easier said than done, especially in today's fiscal environment. For many nonprofit organizations, barely able to fund current service delivery levels, the fear of admitting mistakes or shortcomings in operations is frightening. Many believe that evaluation is simply about proving the success or failure of a program. This conventional wisdom assumes that success is implementing the perfect program and never having to hear from stakeholders again -- the program will now run itself perfectly. This does not happen in real life. From our experiences and analysis, success is remaining open to continuous feedback and adjusting the program accordingly. Evaluation gives continuous feedback and funders must be open to this iterative process in order to create real solutions to social issues faced by communities.

Finally, a focus on evaluation, without the resources or expertise needed, often leads to collection of data that is easy to collect but does not offer meaningful information about program outcomes. In today's era of information overload, it is possible to collect too much data. Advanced technology facilitates this tendency. If nonprofit organizations do not have the capacity to carry out evaluation plans, then it is tempting to take advantage of the myriad data resources available via the internet or to simply produce information that is already collected by the organization, but is not connected to outcomes. Certainly, many nonprofit organizations can offer access to and collection of data, but many often struggle with sufficient analytical capacity, which prevents them from ensuring that their results are meaningful and are taken seriously.

In our work with nonprofits organizations, many have cautioned against repeating their initial mistake: collecting data simply because the data were available to be collected, or because having large amounts of data "looked good." Instead, organizations need the capacity to choose data and performance measures that can help describe organizational performance, direction, and accomplishments; and then use these to improve services for clients and stakeholders. Collecting the wrong data, limits our ability to make good decisions and change programs in ways that will be effective.

The current system of accountability aimed at programs rather than at the nonprofit sector as a whole possibly has the overall impact of worsening several weaknesses inherent within the nonprofit sector. Kramer (1981, p. 265) identified four characteristic vulnerabilities: formalization or institutionalization, goal deflection, minority rule, and ineffectuality. Over time, formalization takes away the flexibility that made nonprofit organizations attractive alternatives to government's service delivery. Evaluation procedures and the level of professionalization required to carry-out accountability processes have an overall impact on the level of flexibility. Nonprofits weighted down by accountability requirements may have difficulty innovating or adapting to emerging social conditions (Ebrahim 2005). Even the best of standards tend to create some rigidity in systems that had previously been dominated by care based ethics.

The emphasis on evaluation may also create a process which enhances the dangers of goal deflection. Goal deflection refers to the slow process of an organization being distracted from its mission by means such as fundraising or grant attainment. The process of collecting the data and competing for the next grant becomes more important than the services delivered or the lives of clients that are changed. The final and probably most troubling is that all this concern over performance may actually result in a less innovative and effective nonprofit sector. The focus on short term outcomes and increased rigidity may actually limit the ability of nonprofit organizations to effectively navigate increasingly complex and sticky social problems.

Our analysis suggests that legal accountability often interferes with the ability of organizations to provide services at the same quality and level demanded by moral accountability. This suggests that policy makers and managers need to carefully examine the impact of evaluations and accountability imposed on organizations in terms of the considering the potential negative impacts that evaluation mandates can have upon service to the mission.

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