

**IMPACT OF ETHICAL PRACTICES ON PERFORMANCE  
OUTCOME MEASURES IN A SELECT GROUP OF NONPROFIT  
ORGANIZATIONS IN FLORIDA**

by

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## ABSTRACT

Nonprofit programs deliver key social services to millions of people across the country everyday, however, little is known about the ethical practices of these programs. This research examines the relationship between a nonprofit program's ethical practices and the programs' measurable outcomes, such as changes in knowledge, attitudes, values, skills, behavior, condition, or status of the participant as a result of their involvement with nonprofit programs. An assumption of the study is that the achievement of the measurable outcomes found in a nonprofit program is directly related to the extent that ethical practices are utilized within that program. Ethical practices include role modeling, ethics development, ethics enforcement and review, stewardship, transparency, and empowerment.

This study demonstrates that the ethical strategy Transparency influences the achievement of program performance outcomes. Through a combination of quantitative and qualitative analysis, this study attempts to illustrate the impact of transparency as well as determine how it is incorporated in nonprofit programs based on interviews with nonprofit program managers/directors.

Additionally, this study demonstrates that the capacity of a program's processes is negatively associated with the achievement of program performance outcomes. This finding suggests the need for a greater level of transparency in program planning and performance outcome measure development in order to ensure the program is mission driven and its performance outcomes are meeting the needs of the community it serves.

I would like to dedicate this work to my husband, Bill, my sons Val and Spencer, and my parents, John and Dottie Loudermilk.

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## CHAPTER 1: PROBLEM STATEMENT AND DESIGN COMPONENTS

### Introduction

Today, nonprofit organizations in America deliver key social services to millions of people across the country. Yet, little is known about how these organizations behave ethically aside from the external scrutiny of reports to funding agencies and the Internal Revenue Service (Jeavons, 2005; Salamon, 1999). Studies have examined how ethics employed by management influence accountability in city governments and other types of organizations. However, research has not been done on the relationship between ethics and outcomes in nonprofit organizations, which is an area that needs to be studied based on the predominance of nonprofit organizations providing social services. This research examines the relationship between a nonprofit program's ethical practices and the programs' measurable outcomes, such as changes in knowledge, attitudes, values, skills, behavior, condition, or status of the participant as a result of their involvement with nonprofit programs. An assumption of the study is that the achievement of the measurable outcomes found in a nonprofit program is directly related to the extent that ethical practices are utilized within that program.

For this study ethical practices are operationalized in this research as ethics enhancement strategies. According to Feldheim and Wang (2002), ethics enhancement strategies include role modeling, ethics development, and ethics enforcement and review. In addition, this study acknowledges other ethics enhancement strategies identified as transparency, stewardship, and empowerment. The willingness of supervisors and employees to be open and expose their actions to public scrutiny relates to transparency (Give.org, n.d.; Hurd, 2005; Jeavons, 2005;

Light, 2002; and Young, 2002). Stewardship focuses on the reinforcement of public service and altruistic values and encouragement of employees to act on behalf of the best interests of the client and program (Berman, 1999; Brower and Shrader, 2000; Dicke, 2002; Dicke and Ott, 2002; and Mason, 1992). Lastly, the manager's views on employee empowerment and on professional responsibility to the public are utilized to provide a multifaceted view of ethics within the nonprofit programs (Berryhill and Linney, 2000; Boyd, 2000; Harley, Stebnicki, and Rollins, 2000; Warner, 1997; Weick, 1984; and Weil, 1996).

To determine the relationship between ethical practices and outcomes, an explanatory study was conducted. An explanatory design was chosen because it is the appropriate design to use when investigating little-understood events, identifying significant categories of meaning, or generating hypotheses for future study (Marshall and Rossman, 1999). The sample used in this study is the 168 health and human service programs funded by Heart of Florida United Way (HFUW) in Central Florida (Orange, Osceola, and Seminole counties). These programs are administered by nonprofit organizations and are not unlike other nonprofit programs administered throughout the country providing such services as shelter to the homeless, prevention of teen pregnancy, counseling, literacy awareness, domestic violence prevention, and elder care.

Each of the nonprofit organizations which administer the programs in this sample applied and was accepted to be a HFUW agency and have agreed to abide by the standards set forth by the HFUW. An organization which becomes a HFUW Agency must be: classified as 501 (c) 3 by the Internal Revenue Service (IRS) and have been providing services for a minimum of one year; must certify that it is in compliance with IRS regulations for tax-exempt organizations regarding any expenses connected with lobbying and voting or legislative influence; must submit

either a copy of their audit or IRS form 990 and account for its funds in accordance with generally accepted accounting principles; and must be governed by a voluntary board of directors none of whom have a material conflict of interest (Heart of Florida United Way, n.d.).

In order to ascertain the ethical practices of the programs in the sample, several methods were utilized. A survey was administered to program managers/directors to identify their perception of their ethics enhancement strategies and the program's policies. Interviews were conducted with a sample of program managers/directors to gain further insight into the ethical practices of their programs. In addition to the survey and interviews, program outcome data submitted by each program to the HFUW was reviewed to determine whether or not the program met its agreed upon performance outcome measures. The program data, specifically each program's logic model, indicators, and evaluation plan, was then analyzed using the Program Accountability Quality Scale (PAQS). The PAQS is an instrument that scores the capacity of an agency's proposed measurement system (Poole, Nelson, Carnahan, Chepenik, and Tubiak, 2000). Finally, the data sets of perceived use of ethics enhancement strategies, program outcomes, PAQS scores and other control variables such as program characteristics and individual manager/director demographics were compared to determine if there is a relationship between the use of ethics enhancement strategies and the achievement of identified program outcomes.

### Significance of the Research

Research has not been conducted on the impact of the ethical practices of nonprofit programs on the achievement of their program outcomes. The public and the funding agencies deserve to know that these programs are following their mission in an ethical manner and

achieving their identified outcomes. More and more, funding agencies are demanding a higher level of ethical behavior and verification that the programs they fund are meeting their stated outcomes (Jeavons, 2005; Grobman, 2005; Salamon, 1999). As mentioned earlier, outcomes are changes in knowledge, attitudes, values, skills, behavior, condition, or status of the participant as a result of their involvement with the nonprofit program. The relationship, however, between ethical practices and outcomes in nonprofit programs has been assumed, but not substantiated.

Following a brief overview of the nonprofit sector, the rationale and assumptions of the study will be discussed as well the methodology and the significance of this research. In addition, the research questions and hypotheses for this study will be presented.

### Distinctive Characteristics of Nonprofit Organizations

Nonprofit organizations are self-governing formal organizations that are separate from government and serve the public interest. Although they may sell services, pay high salaries, hold property, and engage in contracts, they do not distribute profits. In other words, nonprofit organizations are allowed to make a profit; however, instead of providing the shareholders with the dividends, these organizations must use the money for maintenance and operational expenses (DeMartinis, 2004; Hammack, 2002; Herman, 1994; Salamon, 1999; Young, 2002).

Approximately 1.4 million organizations nationally are registered with the IRS as “nonprofit” (Gronbjerg and Clerkin, 2005). The Philanthropy and Nonprofit Leadership Center at Rollins College in Winter Park, Florida reported that as of April 2002, there were more than 50,000 nonprofit organizations within the state of Florida. These organizations employed approximately 430,000 Floridians and held assets exceeding \$63 billion (Philanthropy and Nonprofit Leadership Center at Rollins College, 2002). According to Mark Brewer, Executive

Director of The Community Foundation of Central Florida, there are 3800 registered nonprofit organizations in the central Florida area (personal communication, September 17, 2004). The HFUW funds 168 programs in at least 75 nonprofits in the Central Florida community. Each of these 168 programs serves the community by striving to meet their identified outcomes (Heart of Florida United Way, n.d.).

In a time of government downsizing, privatization, and of diminishing federal responsibility in human services and social policy, nonprofit organizations have become increasingly important. They stand in the forefront of providing social services to a demanding public. Practically every American has been touched in some way by the services or programs of a nonprofit organization. Nonprofit organizations have proliferated and are now providing services formerly provided by all levels of government. In fact, private giving to local nonprofit social programs is one of the strengths of American society (Blau, 1995; Chopko, 1992; Gidron, Kramer, and Salamon, 1992; Hammack, 2002; Herman, 1994; Kanter, 1999; Kramer, 2000; Salamon, 1999; Weil, 1996).

Lester M. Salamon (1999) argues that the growth of the nonprofit sector is due in part to the fact that many Americans are reluctant to have social welfare services provided predominantly by the government and would prefer these services be provided by private organizations and individuals. Another leading theory of nonprofit organizations is the “public goods” theory. According to Gary M. Grobman (2005), this economic theory was proposed by Burton Weisbrod and posits that nonprofit organizations were created because of a failure of the government to provide sufficient public goods. Nonprofit organizations responded to the public demand for a collective good and offered a wide variety of services for which people were willing to pay for or support through contributions (Hammack, 2002; Herman, 1994). In fact,



Kevin P. Kearns (1996) suggests that because the nonprofit sector is now so vast in size and diversity that many people do not even realize how much their lives are touched by nonprofit organizations on a daily basis.

Many nonprofit organizations enjoy the IRS “tax-exempt” designation. Tax-exempt status is bestowed upon these organizations because they serve the public benefit and provide services that the government would otherwise have to provide. There are more than twenty classifications of tax-exempt status. For the purpose of this study, the focus is on the 501 (c) 3 classifications. The mission of the organizations that are included in this classification must be religious, charitable, scientific, literary, and educational, to foster national or international amateur sports competitions, to test for public safety, or to prevent the cruelty to children or animals. The 501 (c) 3 status allows for contributions made to organizations in this class to be tax-deductible. In addition, 501 (c) 3 organizations must refrain from engaging in considerable lobbying activities or in the promotion of a candidate for office (Blazek, 1996, DiMartinis, 2004; Grobman, 2005; Herman, 1994; Weis and Gantt, 2004; IRS, n.d.).

The types of nonprofit organizations the HFUW funds are 501 (c) 3 organizations, and each serves at least one of the purposes required by this IRS classification. These health and human service organizations offer programs that provide services, benefits, or assistance affecting health and welfare of the individuals and communities they serve (Heart of Florida United Way, n.d.).

### Push For Performance Measures In The Nonprofit Sector

There has been growing skepticism from government leaders and the public about whether or not the interventions of nonprofit social service programs have any discernible impact

on societal problems. People want to know that the nonprofit program they fund is being run efficiently and delivering the agreed upon products and services to a community that is truly in need. They want to see their donations make a real change that is sustainable, replicable, and institutionalized that will transform their communities (Herman, 1994; Hurd, 2005; Kanter, 1999).

This push for societal impact has put pressure on nonprofit programs to develop performance measurement systems with meaningful outcomes. Outcomes are defined as the benefits or change an individual or population has incurred due to their participation in the program activities of a nonprofit program. The purpose of these measurement systems is to provide accountability, improve program quality, appropriately allocate resources, and market successful programs (Evaluation Forum, 2000; Fine, Thayer, and Coghlan, 1998; Martin and Kettner, 1996; Poole, et al, 2000; Reisman, 1994; United Way of America, 1996; Wolf, 1999).

### Ethics and Nonprofit Organization Performance

With this push, as explained above, for performance measurement and meaningful outcomes, nonprofit organizations are faced with the challenge of how best to ensure that their programs are meeting their identified outcomes. Studies of performance outcomes and productivity of government and private sector employees found that ethics interventions can make a positive impact on organizational productivity (Bruce, 1994; Burke and Black, 1990). In his research of public organizations, Donald C. Menzel (2001) argues that while promoting ethical behavior is not the primary goal of an organization, effective public policies and organizations can not exist without them.

Researchers suggest that the best-run organizations are similar in regard to ethical practices in hiring, performance evaluation, and promotion decisions. These organizations are action oriented, innovative, and encourage individuality of employees but insist on their adherence to the core values of the organization, and they show improvements in responsiveness, public consensus, stakeholder trust, elected official confidence level, and delegation of decision-making power to lower level decision units. Leaders in organizations are challenged to create an environment that encourages employees to act ethically everyday, not only in times of crisis (Berman, 1999; Feldheim and Wang, 2002; Geuras and Garofalo, 2002; Hale, 1996; Peters and Waterman, 1982; Wang, 2000).

The ethical practices listed above such as delegation of decision-making power, gaining stakeholder trust, and responsiveness may enhance productivity, but do they help to ensure that a program meets its performance outcome measures? From the literature, the link can be made that the ethics interventions or strategies employed by the managers/directors of nonprofit programs lead to the organization meeting its performance outcomes (Berman, 1999; Bruce, 1994; Burke and Black, 1990; Feldheim and Wang, 2002).

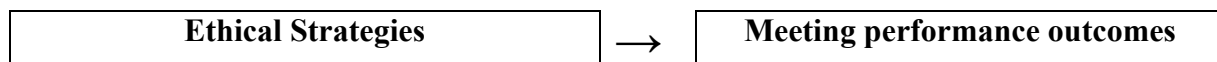


Figure 1: Research Model

The research model is a simple causal relationship based on the literature. The model suggests that ethical strategies will ultimately lead to an increased ability to meet performance outcome measures.

Moderating the model are the details of the program, which is operationalized as the ability of the program to meet its performance outcomes based on the capacity of the program's processes as measured by the PAQS, the characteristics of the program, and the demographics of the individual manager/director. As stated earlier, the PAQS is an instrument used by the HFUW that scores the capacity of a program's proposed measurement system. The PAQS was created in an effort to build capacity in the area of developing performance measurement systems. The intent of the PAQS is to identify the parts of a nonprofit program's performance measurement system that are flawed and which could potentially hinder the program's ability to meet its outcomes. The PAQS provides the type of assessment that "increases the likelihood that a proposed measurement system will deliver what it promises" (Poole, et al, 2000, p. 16). The PAQS scores seven areas of a program's performance measurement system: resources; activities; outputs; outcomes; goals; indicators; and evaluation plan. The following table contains a description of each of these areas:

Table 1: The Seven Subscales of the PAQS Tool (Poole, et al, 2000, pgs. 17-18)

<b>Subscale</b>	<b>Definition</b>
Resources	Program ingredients (e.g., funds, staff, community support, participants)
Activities	Methods used to accomplish program goals (e.g., classes, counseling, training)
Outputs	Units produced by a program (e.g., number and type of clients served, number of policies developed, number of events planned)
Outcomes	Short and immediate indicators of progress toward goals (e.g., improved school-related behaviors, increased parental knowledge of child development, improved family functioning)
Goals	Long-term desired program effects (e.g., resilient community, economic self-sufficiency, violence prevention)
Indicators	Specific and observable terms to measure whether a program has achieved an intended outcome (e.g., grades, attendance, discipline reports, scores on family functioning scale, scores on knowledge of child development test)
Evaluation Plan	A systematic method to generate reliable and valid data to measure progress toward outcomes (e.g., measurement tools, data collection procedures, sampling strategy)

Program characteristics include the overall agency budget, the program budget, the percentage of fundraising and administrative costs to the program budget, and the type of service provided. Individual manager/director demographics include years employed in the nonprofit sector, years worked in the current organization, and education level.

### Theory of Causal Relationship in the Model of Study

The model of study is based on the research model shown in Figure 1 and suggests that the use of ethical strategies combined with the details of the program will impact the ability of nonprofit programs to meet performance outcome measures. This causal relationship is supported by theories on ethical practice, which suggest that ethical people are more productive (Bruce, 1994) and that an organization's performance is positively impacted by the ethical climate of that organization (Menzel, 2001). Mary Ann Feldheim and XiaoHu Wang (2002) found that the ethics enhancement strategies of role modeling, ethics development, and ethics enforcement and review increase the workers' willingness be accountable, which will result in increased accountability and, possibly, the increased potential of meeting program performance outcomes. The current research builds on the work of Feldheim and Wang (2002) by studying the impact of their ethics enhancement strategies as well as the ethical strategies of transparency, stewardship, and empowerment on the achievement of performance outcomes. Figure 2 provides a visual display of the model of the study.

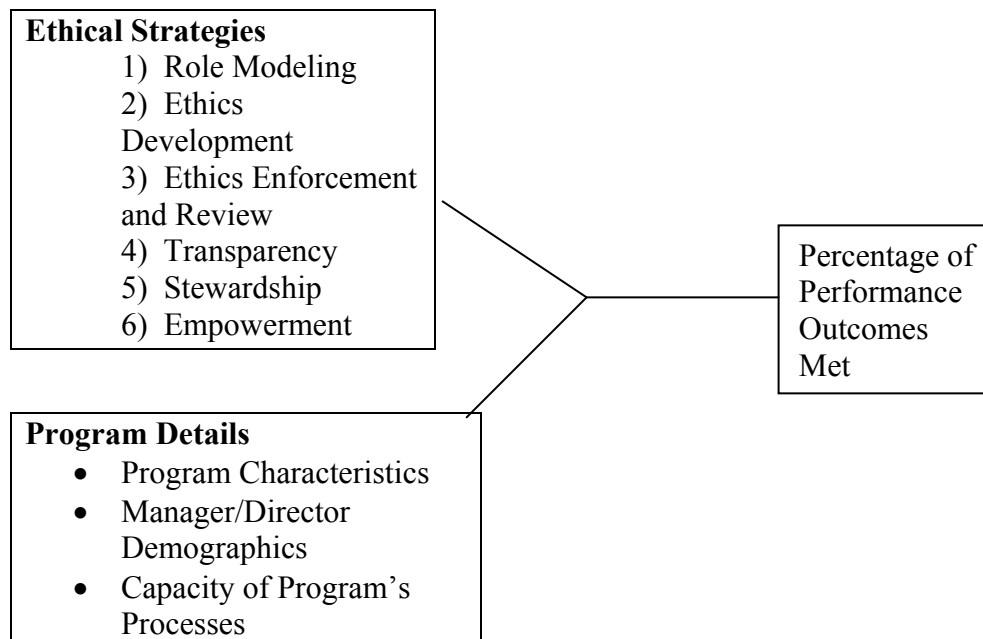


Figure 2: Model of Study

### Problem Statement

To what extent do managers/directors of nonprofit programs funded by the HFUW demonstrate ethical practices and are these practices directly related to improving the achievement of program outcomes? In the literature there are numerous studies of how organizational leaders view ethics, ethical strategies employed by organizations, and on how to improve performance outcomes (Berman, 1999; Bruce, 1994; Burke and Black 2001; Chandler, 1999; Drucker, 1990; Feldheim and Wang, 2002; Gueras and Garofalo, 2002; Hale, 1996; Hardina, 2004; Hurd, 2005; Menzel, 2001; Mertins, Burke, Kweit, and Pops, 1998; Peters and Waterman, 1982; and Wang, 2000). However, little is known about the relationship between ethical practice and the achievement of performance outcomes in nonprofit organizations.

## Objective of the Research

This research focuses on the relationship of the ethical strategies employed by nonprofit program managers and/or directors and the achievement of a program's identified outcomes and attempts to add to the paucity of research on the relationship between ethical practice and the achievement of performance outcomes in nonprofit programs taking into account the details of the program. From the literature, the following hypotheses were developed:

### *Initial Research Hypotheses*

Ha<sub>1</sub> - Program performance outcomes are influenced by the ethical strategies employed by the manager/director (Berman, 1999; Bruce, 1994; Burke and Black 2001; Chandler, 1999; Drucker, 1990; Feldheim and Wang, 2002; Gueras and Garofalo, 2002; Hale, 1996; Hardina, 2004; Hurd, 2005; Menzel, 2001; Mertins, Burke, Kweit, and Pops, 1998; Peters and Waterman, 1982; and Wang, 2000).

Ha<sub>2</sub> - Program performance outcomes are influenced by the ethics enhancement strategy Role Modeling employed by the manager/director (Bruce, 1994; Feldheim and Wang, 2002; Hudson, 2005; Jeavons, 2005; and Wang, 2000).

Ha<sub>3</sub> - Program performance outcomes are influenced by the ethics enhancement strategy Ethics Development employed by the manager/director (Burke, 1999; Chandler, 1999; Feldheim and Wang, 2002; Irvin, 2005; Menzel, 2001; Salopek, 2001; and Wang, 2002).

Ha<sub>4</sub> - Program performance outcomes are influenced by the ethics enhancement strategy Ethics Enforcement and Review employed by the manager/director (Feldheim and Wang, 2002; Menzel, 2001; and Springer, 2005).

Ha<sub>5</sub> - Program performance outcomes are influenced by the ethical strategy Transparency employed by the manager/director (Give.org, n.d.; Hurd, 2005; Jeavons, 2005; Light, 2002; and Young, 2002).

Ha<sub>6</sub> - Program performance outcomes are influenced by the ethical strategy Stewardship employed by the manager/director (Berman, 1999; Brower and Shrader, 2000; Dicke, 2002; Dicke and Ott, 2002; and Mason, 1992).

Ha<sub>7</sub> - Program performance outcomes are influenced by the ethical strategy Empowerment employed by the manager/director (Berryhill and Linney, 2000; Boyd,

2000; Harley, Stebnicki, and Rollins, 2000; Warner, 1997; Weick, 1984; and Weil, 1996).

Ha<sub>8</sub> – The capacity of a program’s processes as measured by the PAQS score is associated with its performance outcome measurement score (Fredericksen, 2003; Herman and Renz, 2004; Kearns, 1996; Martin and Kettner, 1996; Morley, Vinson, and Hatry, 2001; Poole, et al, 2000; and Reisman, 1994).

To test the hypotheses, the following research questions will be answered by the study:

### *Research Questions*

- 1) Do ethical strategies affect the achievement of performance outcomes of nonprofit programs?
- 2) Does the ethics enhancement strategy Role Modeling affect the achievement of performance outcomes of nonprofit programs?
- 3) Does the ethics enhancement strategy Ethics Development affect the achievement of performance outcomes of nonprofit programs?
- 4) Does the ethics enhancement strategy Ethics Enforcement and Review affect the achievement of performance outcomes of nonprofit programs?
- 5) Does the ethical strategy Transparency affect the achievement of performance outcomes of nonprofit programs?
- 6) Does the ethical strategy Stewardship affect the achievement of performance outcomes of nonprofit programs?
- 7) Does the ethical strategy Empowerment affect the achievement of performance outcomes of nonprofit programs?
- 8) Is there a relationship between a program’s PAQS score and the achievement of performance outcomes?

### Study Description

This research examines the relationship between ethical strategies and the achievement of performance outcomes taking into account the details of the program. In this study, ethical



strategies act as the independent variable, percentage of performance outcomes met is the dependent variable, and the control variables are the program details -- defined as program characteristics, manager/director demographics, and capacity of the program's processes. Figure 3 displays the independent, dependent, and control variables for this study. Earl Babbie (2007) defines dependent variable as "a variable assumed to depend on or be caused by another" (p. G3). In this study, percentage of performance outcomes met is the dependent variable because it is hypothesized that the achievement of performance outcomes depends on the manager/director's use of ethical strategies. It is important to note that the programs in this study are responsible for deciding what their performance outcome measures will be. These performance outcomes may be based on a national benchmark, baseline data, or industry standard, or they may be based on nothing and simply made up.

Babbie (2007) defines independent variable as, "a variable presumed to cause or determine a dependent variable" (p. G5) Ethical strategies act as the independent variable in this study because this study presumes that manager/director's use of various ethical strategies causes the program to achieve their program performance outcomes.

Finally, Babbie (2007) defines control variables as, "a variable that is held constant in an attempt to clarify further the relationship between two other variables" (p. G11). Program details is the control variable in this study because it helps to clarify the relationship between ethical strategies and program performance outcomes by holding constant the various program and manager/director demographics and the capacity of the program's processes.

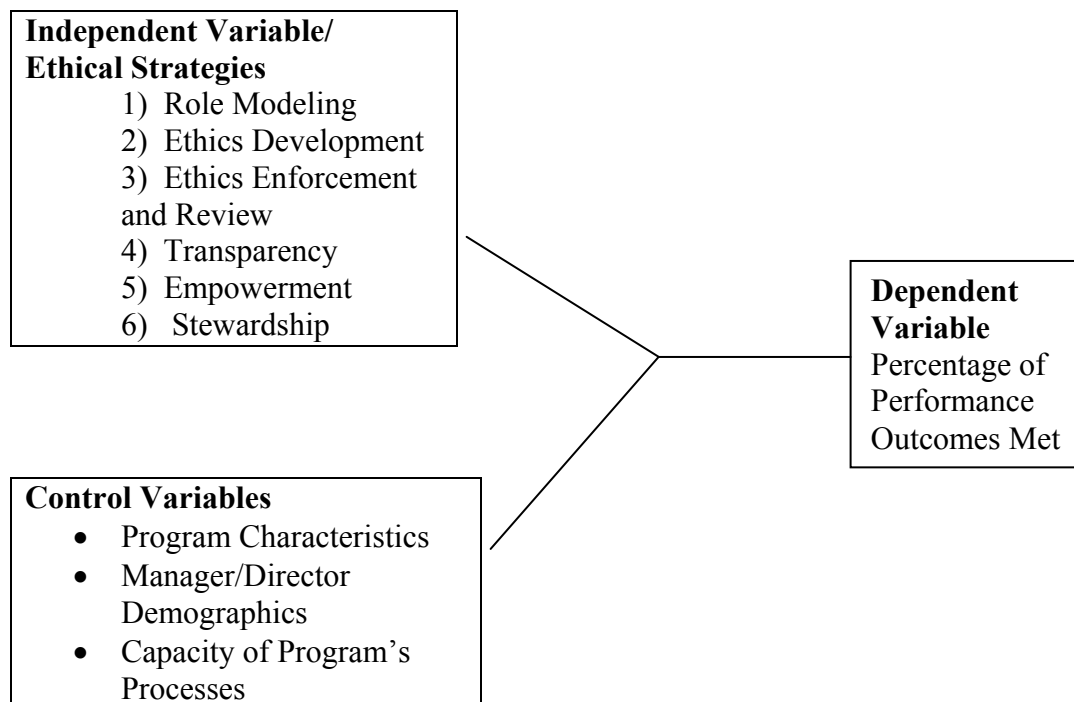


Figure 3: Model of Study Translated Into Research Model

## Methodology

This section will briefly describe the methods and procedures utilized in determining the ethical strategies employed by program managers and/or directors of the nonprofit programs surveyed and how those strategies relate to the achievement of program outcomes.

### *Population and Unit of Analysis*

The population of this study consists of the nonprofit programs funded by the HFUW. These programs are self-selected in that they voluntarily submitted a grant proposal to the HFUW, and were funded based on their application. These 168 programs are situated within nonprofit organizations that meet the general standards set forth by the HFUW in order to receive funding (Heart of Florida United Way, n.d.).

### *Data Collection*

Following a pilot study comprised of 15 nonprofit programs funded by the HFUW, a cover letter explaining the purpose of the study and the survey instrument was mailed to the managers/directors of the remaining 153 nonprofit programs selected to be in the study on March 24, 2006 with a return date of April 11, 2006. In order to yield a higher return rate, a second mailing was sent out on May 8, 2006 with a return date of May 26, 2006.

In addition, archival data located at the HFUW office was analyzed. This data includes each program's PAQS scores and their outcome information as reported in annual reports. Limited demographic information (agency budget, program expenditures, and type of services) is also included in the archival data.

Finally, interviews were conducted with purposively selected survey participants. Information gathered during the interviews - examines the relationship between ethical strategies and performance outcomes in nonprofit programs.

### *Measurement/Instrumentation*

Data was collected using the survey instrument (Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida) (APPENDIX A). The survey was designed to measure respondents' use of ethical strategies. In addition questions related to demographics of the respondent, such as current position, number of years with the agency, education level, and program service area were asked.

### *Data Analysis*

All questions excluding those related to demographics were asked using a Likert scale: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree, 0 = Don't know or can't say. Indexes of "Role Modeling", "Ethics Development", "Ethics Enforcement and Review", "Transparency", "Stewardship", and "Empowerment" were utilized to determine how different ethical strategies impact a program's outcomes. Respondents received both a score for each index and an overall score.

The researcher then collected the PAQS score for each program and determined whether or not program outcomes were met for the agencies that return the surveys. Each program was given a numerical score based on their performance outcome data. Using multiple regressions, the researcher analyzed the data using SPSS 13.0 for Windows. Multiple regression is the appropriate statistic to use in this analysis because it allows for the comparison of the predictive ability of the independent variables on a dependent variable. It also helps in model specification and theory building (Pallant, 2001).

### *Qualitative Interviews*

In an effort to enhance the quantitative part of the study a qualitative study in the form of interviews was also conducted. Seven interviews (nearly 9% of the total number of survey participants) were conducted with purposefully selected survey participants. Participants were chosen to participate in the interviews based on their performance outcomes and PAQS score. Program and agency budget as well as percentage of administrative costs were also considered when selecting participants for the interviews. Therefore, the interviews conducted had a diversity of programs represented with respect to the capacity of their program processes,

performance outcomes, budget size, and administrative costs. The interviews were analyzed using the Grounded Theory approach.

In addition to the interviews, an in-depth review of archival data located at the HFUW was conducted by the researcher. The review included each interview participant's logic model and evaluation plan in order to determine why each program either achieved or did not achieve their stated performance outcomes.

### Definitions of Terms

#### *Nonprofit Program*

For the purpose of this research, nonprofit programs are those whose purpose is religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals. In addition, the program must be funded by HFUW. The HFUW funds programs that meet the following criteria:

- Agency must have a substantial presence in Orange, Osceola, or Seminole county, and the agency must have been providing services for a minimum of one year.
- Agency must have the classification of 501 (c) 3 by the Internal Revenue Service.
- Agency must certify that any expenses connected with lobbying and voter or legislation influence is in compliance with Internal Revenue Service regulations for tax-exempt organizations.
- Agency must account for its funds in accordance with generally accepted accounting principles and submit either a copy of their audit or IRS form 990.

- An active and responsible governing body (Board of Directors) whose members volunteer their time and have no material conflict of interest must govern agency (Heart of Florida United Way, n.d.).

### *Program Performance Outcomes*

For the purpose of this study outcomes are defined as “changes in participant knowledge, attitudes, values, skills, behavior, condition, or status” as a result of their interaction with or participation in program activities or services (Poole, et al, 2000, pg. 16). Each program’s outcomes are based on what the program decides and are self-reported in their annual reports submitted to the HFUW.

### *Ethical Strategies*

This study focuses on the importance of the ethical practices of the agency manager/director in achieving agency performance outcomes. These practices include the following:

- Ethical Role Modeling:
  - Demonstration of ethical conduct
  - Requiring subordinates to be familiar with ethics enhancement strategies
  - Promotion of ethical conduct
  - Emphasis on stakeholders participation
  - Requiring managers/supervisors to provide moral leadership
- Ethics Development:
  - Creating or maintaining a code of ethics for the program
  - Conducting workshops in which ethical strategies are discussed

- Requiring ethical training for all managers/supervisors
- Ethics Enforcement and Review:
  - Informing the stakeholders of decisions that affect them
  - Holding individuals accountable for their performance
  - Reviewing program's ethical conduct on a regular basis
  - Encouragement of employees to discuss ethical issues with superiors
- Transparency:
  - Openness of Records- Informing the stakeholders about...
    - Service goals and objectives
    - Activities and services
    - Performance measures of activities (outputs)
    - Performance measures of results (outcomes)
    - Client satisfaction survey results
    - Program budget
    - Comparisons to other similar programs
- Stewardship: How does the respondent rate the following -
  - Treating others ethically
  - Accepting blame
  - Ethical decision making
  - Fairness and honesty
  - Keeping the stakeholders informed
  - Utilizing employee/board member/volunteer suggestions
- Empowerment:

- Allowing the stakeholders to participate in the following activities-
  - Strategic planning process
  - Budgeting process
  - Program planning
  - Ensuring activities of program fit the mission
  - Nomination of board members
  - Overseeing finances
  - Identification of program goals and objectives
  - Development of strategies to meet program goals
  - Evaluation of program achievements
  
- How does the respondent rate the following -
  - Commitment to the empowerment of various stakeholders
  - Minimizing power differentials among staff members, clients, and staff
  - Participation of program beneficiaries in program development and evaluation
  - Engagement in activities to increase employee job satisfaction
  - Encouragement of staff members to become advocates for improvements in services and policies.

*Program Accountability Quality Scale (PAQS)*

The PAQS (APPENDIX B) is an instrument that scores the capacity of a program's proposed measurement system to reach performance measures. The instrument was created for



and is currently used by the HFUW not only to measure capacity but also to identify training needs of their member agencies. The PAQS scores used in this study were calculated by a HFUW staff person upon receipt of each program's annual report.

The PAQS is completed based on a review of each program's "logic model" found in their annual report by trained staff at the HFUW. The HFUW requires all of its funded programs to submit their performance measurement outcomes in a logic model. The logic model clearly presents the linkages between the program activities and the changes produced by those activities. Additionally, the logic model is a graphic representation of the program's processes which include the "resources, activities, and outputs required to execute the program" (The Evaluation Forum, 2000, p. 28).

## Summary

This chapter has briefly examined the relationship between ethical strategies and the ability of nonprofit programs to meet their performance outcomes. An explanatory research design was chosen to examine the sample of the 168 programs funded by HFUW in Central Florida (Orange, Osceola, and Seminole counties). This study utilizes both quantitative and qualitative data and analysis. First, the managers/directors of these programs were surveyed in order to measure their use of ethical strategies. Second, the researcher conducted analyses of archival data found at the HFUW, and lastly conducted qualitative interviews of select survey participants.

Quantitative analysis was conducted on the data with the development of indexes and followed by the utilization of multiple regression .to analyze the data using SPSS 13.0 for Windows Multiple regression allows the researcher to compare the predictability of the ethical

strategies to determine the ability to achieve performance outcome measures. Qualitative analysis was performed using Grounded Theory to analyze the interview responses regarding the use of ethical strategies.

Practitioners in the field of nonprofit management will be able to utilize this research to understand the impact their ethical practices have on their program and its ability to meet performance outcomes. Additionally, practitioners will learn the strategies that allow managers to improve the focus on ethics to make them more responsible for the outcomes in their programs. Furthermore, those in the field of research will find the current research significant because it will add to the paucity of research on the ethical strategies/outcome relationship in nonprofit programs.

This chapter has covered the significance of the study, the problem statement, a description of the study, the research questions, hypothesis, and the methods and procedures to be used in the study. It is anticipated that the hypotheses will be supported. The following chapter provides a review of the literature related to values and ethical strategies prominent in the nonprofit sector. In addition, the following chapter discusses nonprofit program details and performance outcome measures.

## CHAPTER 2: REVIEW OF THE LITERATURE

### Introduction

This chapter presents a review of the literature related to ethical strategies and performance outcome measures in nonprofit programs. By looking at nonprofit program performance and the role of ethical strategies over time, scholars have arrived at various conclusions regarding the performance of these programs as well as exactly what role ethical strategies play in making these programs more open to public scrutiny.

The literature is presented in three sections. Section one provides an overview of the values of the nonprofit sector leading into a discussion of ethics and ethical strategies. Section two provides a synopsis of literature related to performance outcomes in nonprofit programs. Section three focuses on literature related to the capacity of nonprofit organizations to execute their mission and realize their performance outcome measures as well as the issue of improving organizational processes within nonprofit programs.

### Values of the Nonprofit Sector

The following section will provide an overview of the nonprofit sector and its values and discuss how this relates to ethical strategies.

In their research of government and private sector employee productivity and performance outcomes, Willa Bruce (1994) and Frances Burke and Amy Black (2001) found that ethics interventions can make a positive impact on organizational productivity. Menzel (2001) implies that while promoting ethical behavior may not be the primary goal of an organization, effective public policies and organizations can not exist without them. Lacking ethics or a clear

ethical framework can lead to confusion not only of staff members but also of volunteers and other stakeholders (Hardina, 2004).

Researchers have found many similarities among some of the best-run organizations with respect to their ethical practices. These organizations are action oriented and innovative. They are comparable in their hiring practices, performance evaluation, and promotion decisions. Although these top organizations insist on adherence to the core values of the organization, they also encourage the individuality of employees. Not only do better ethical practices enhance both the efficiency and long-term morale of an organization, they are also beneficial in ensuring that the organization remains responsible to its stakeholders. Additionally, these organizations show improvements in responsiveness, public consensus, stakeholder trust, elected official confidence level, and delegation of decision-making power to lower level decision units (Berman, 1999; Feldheim and Wang, 2002; Geuras and Garofalo, 2002, Hale, 1996; Peters and Waterman, 1982; Wang, 2000).

Leaders in nonprofit programs are charged with the task of developing and adhering to ethical strategies that will lead to an improvement in the quality of the organizational processes thereby potentially leading to improved performance outcomes (Burke, 1999; Geuras and Garofalo, 2002). These strategies should encourage ethical behavior on a daily basis and become part of the culture of the organization (Geuras and Garofalo, 2002).

Frank Navran (Ethics Resource Center, n.d.) defines values as fundamental beliefs which provide guidance in determining the right versus the wrong behavior. He explains that values are what an individual or as in the case of this research, an organization, believes to be important or valuable. Donald C. Menzel (1999) concurs with this definition by defining values as anything that has worth.

In the business or private sector, the core values, or value, is inherent. Peter F. Drucker (1990) argues that making a profit is the core value in the private sector. If a private business fails to make a profit, it will cease to exist regardless of how beneficial its product or service was. The values of the nonprofit sector are not always as easily identifiable. Thomas H. Jeavons (2005) argues that managers of nonprofit organizations must create and maintain an organizational culture that honors a set of core values of this sector. He suggested that it is essential to have trust. The public must have trust that the nonprofit organization is working to achieve its mission. In other words, the public must have trust that the organization will achieve its agreed upon performance measurement outcomes. David Mason (1992) agrees stating that it is essential to have the trust of the public if nonprofit organizations are going to continue to generate public support.

Jeavons (2005) suggests that in order to ensure that the organization is worthy of trust, the following five core values must be reflected in all aspects of the organization: integrity; openness; accountability; service; and charity. Similarly, the code of ethics for the Association of Fundraising Professionals embraces certain values as they strive to generate financial support for nonprofit organizations. They value integrity, honesty, truthfulness, and upholding the public trust. They also seek to put the mission of the organization above their own personal gain (Association of Nonprofit Professionals, n.d.).

Mason (1992) suggests that the public's expectations of the nonprofit sector are particularly high and that the public expects these organizations to maintain the highest values and ethics. Nonprofit programs must develop strategies that will convey these values and ensure that they continue to be worthy of the public's trust that while achieving their agreed upon performance measurement outcomes. The following section discusses the ethical strategies

employed by nonprofit programs as they strive to realize the altruistic and public service values discussed earlier.

### *Ethical Strategies*

Ethical practices or strategies enable people or organizations to meet the standard set by that individual's or organization's values (Ethics Resource Center, n.d). As stated earlier, researchers have found a relationship between ethical practices and productivity in public and private sector organizations (Berman, 1999; Bruce, 1994; Burke and Black, 1990; Feldheim and Wang, 2002). Ethical people are productive people in that they are proactive employees. Ethical people are productive because they do not spend their time engaging in such "unethical" behaviors as gossiping, not following through on promises, dodging or neglecting responsibilities, name dropping, engaging in conflict, or other behaviors that while may be legal, have been deemed unethical. These behaviors are time wasters and can be financially detrimental to the organization (Bruce, 1994).

The literature concerning the ethics-performance connection has mixed conclusions. In their research, Burke and Black (1990) concluded that although agencies should concentrate on identifying ethical concerns and productivity measures, there is no firm empirical link between ethics and performance. Menzel (2001), however, argues that an organization's performance is positively impacted by the ethical climate of that organization.

Feldheim and Wang (2002) developed three categories of ethics enhancement strategies based on what the literature suggests will improve the ethical climate of an organization. In their research, ethics enhancement strategies included: ethical role modeling through moral leadership; ethical development as evidenced by organizational involvement in education about

ethics; and ethical enforcement and review as evidenced by guidelines for ethical behavior and organizational sanctions. They found that these strategies increase the workers' willingness be accountable, which will result in increased accountability. Figure 2 represents the impact of ethics enhancement strategies on accountability.

Ethics enhancement strategies → Workers' Willingness to be Accountable → Accountability

Figure 4: Impact of Ethics Enhancement Strategies on Accountability- Feldheim and Wang Model (2002, p.79).

Through the analysis of data gathered from U.S. cities with populations over 50,000, Feldheim and Wang (2002) found that ethics enhancement strategies appear to significantly increase accountability in local government. Their research “supports the premise that ethical climate, fostered by ethics enhancement strategies, makes a difference by increasing the willingness of public workers to be accountable” (p. 83).

Based on a review of the literature, the current research adds to the work of Feldheim and Wang (2002) by expanding their ethical enhancement strategies to include transparency, stewardship, and empowerment. This section provides an overview of the literature relating to these strategies in order to further demonstrate the value of this research and the credibility of the instrument and methods utilized in this study.

### *Role modeling*

Mahatma Gandhi preached, “You must be the change you want to see in the world” (University Connection, n.d). This quote exemplifies the idea of role modeling. Role modeling is an important concept in creating a work environment that promotes ethical practice. Feldheim

and Wang (2002) define role modeling as providing moral leadership and showing by example what ethical practices are expected within the organization.

Bruce (1994) argues that managers and supervisors do make a difference where ethics is concerned. A nonprofit program manager/director must model the ethical practices they want to see in their own organizations. XiaoHu Wang (2002) concurs that modeling appropriate behaviors is important and suggests that managers and supervisors should provide leadership with respect to exposing their job performances to public scrutiny.

Jeavons (2005) agrees and emphasizes how important it is that those involved in the organization share the values of the organization. It is the responsibility of the manager to model ethical qualities in their own behavior and to foster the development of this behavior in others. Mike Hudson (2005) stresses that leaders in all parts of the organization are being watched all the time. These leaders, including all supervisors and managers, must behave in such a way that embodies the values of the organization. Hudson (2005) notes that when there is a discrepancy between the organization's values and the behavior of a manager, supervisor, or any other person in a leadership position, staff members will notice.

### *Ethics development*

Feldheim and Wang (2002) identified ethics development as an important strategy in promoting ethical behavior. Ethics development utilizes such tools as training programs and codes of ethics in order to increase staff members' awareness of the ethical values of the organization.

In research of government organizations, Wang (2002) and Frances Burke (1999) indicate that ethics training is a necessary tool in promoting public service values. Therefore,



according to Ralph Clark Chandler (1999), it becomes the responsibility of leadership to conduct ethics training in order to build staff members' capacity to make decisions based on public service values and moral reasoning. While their research focused on the effectiveness of ethics training in governmental organizations, the current research examines this relationship in the programs of nonprofit organizations.

Jennifer J. Salopek (2001) reiterates the importance of training by stating that, "it's not the company's place to tell you what your values ought to be; they come with you when you enter the workplace. But it is the company's responsibility to set behavioral standards and its obligation to train employees in what those standards are" (p. 41). An effective ethics training program will communicate the values of an organization and stimulate ethical decision making (Burke, 1999; Salopek, 2001). Additionally, Menzel (2001) suggests that the emphasis on on-going training programs will continue to remind employees that ethical strategies really do matter in the organization.

Codes of ethics are also identified as an important tool. The Ethics Resource Center considers organizational codes of ethics to be the "infrastructure" of a successful ethics program (as cited in Salopek, 2001). Renee Irvin (2005) indicates that the value of an organization's code of ethics is dependent on the honesty of the people applying it. This not only emphasizes the importance of having a code of ethics, but it also emphasizes the concept of role modeling. If the manager or supervisor is not conducting himself/herself in accordance to the organization's code of ethics, employees may soon be convinced that unethical behavior is acceptable within that organization. Therefore, it is imperative to include ethical enforcement and review in the ethical strategy toolbox.

### *Ethics enforcement and review*

Enforcement and review of ethical behaviors emphasizes how important ethical practices are to an organization. The goal of ethics enforcement and review, according to Feldheim and Wang (2002) is to encourage staff members to openly communicate about ethics with the management and to review ethical conduct on an ongoing basis. Menzel (2001) suggests a discussion about ethical strategies should be a part of the weekly staff meetings.

The strategies associated with ethics enforcement and review are more persuasive rather than coercive. For example, rather than enforcing ethics through legal sanctions or disciplinary actions, ethics enforcement and review include such strategies as requiring all staff to be familiar with ethical practices and providing an opportunity for employees to discuss ethical concerns with their manager (Feldheim and Wang, 2002).

Christine Gibbs Springer (2005) agrees in the more persuasive form of ethics enforcement and review and suggests enforcement should not be fear driven. She suggests that it is the responsibility of the manager to set the ethical tone of the organization by first identifying the core values. Of the values above integrity, transparency, and respect will be covered in more detail.

### *Transparency*

Transparency is key to achieving trust, which is an essential component in the relationship between a nonprofit organization and its stakeholders transparency is necessary. Trust can be defined as “an ethical relationship explained in terms of shared ideals and values...fulfilling obligations, performing duties, and behaving appropriately within the context of the relationship” (Feldheim, 2007, p. 257). How much an organization is willing to be

transparent or open relates to the level of trust between that organization and its stakeholders. The stakeholders need to know and have a right to know about the inner workings of the nonprofit organization. This need may be satisfied with how well the manager/director of the organization communicates and allows access. Therefore, transparency is included as an ethical strategy (Jeavons, 2005).

Paul C. Light (2002) refers to transparency as the “watchful eye.” According to Light, the watchful eye is a reform currently moving through the nonprofit sector and calls for an increase in disclosure for nonprofit organizations. The watchful eye requires nonprofit organizations to be more accessible and to more readily disseminate information on their internal workings. Hurd (2005) agrees and suggests that nonprofit organizations must be transparent and remain focused on their missions.

Jeavons (2005) argues that a nonprofit organization must be ready to explain and answer to the public and their stakeholders for their behavior and performance. Dennis R. Young (2002) suggests that nonprofit organizations promote transparency in order to help them better answer to their stakeholders. The Better Business Bureau (BBB) Wise Giving Alliance also encourages the promotion of transparency for nonprofit organizations (Give.org, n.d.).

The BBB Wise Giving Alliance was formed when the National Charities Information Bureau and the Council of Better Business Bureaus Foundation and its Philanthropic Advisory Service merged in 2001, and together, they developed the *Standards for Charity Accountability*. The main purposes of these standards of accountability are to assist potential donors in making informed decisions on whether or not to fund a nonprofit and to increase the public’s confidence or trust in these organizations. These standards require nonprofit organizations to be transparent and encourages them to be honest in how they are governed, in how they spend money, in how

they represent themselves, and in their willingness to be transparent and disclose basic information to the public ([Give.org](http://Give.org), n.d.)

### *Stewardship*

Stewardship theory recognizes that the internal values of public service and altruism could be motivational factors for nonprofit organizations. Lisa A. Dicke and J. Steven Ott (2002) report that stewardship theories suggest “the model of man is based on a steward whose behavior is ordered such that pro-organizational, collectivistic behaviors have higher utility than individualistic, self-serving behaviors” (p. 464). They go on to suggest that the repeated and reinforced teaching of altruistic values within an organization will lead to an environment that supports and encourages its employees to exhibit steward-like behaviors.

Mason (1992) suggests that nonprofit organizations in America are the major providers of service in our society, and nonprofit managers are morally obligated to do what is right for these programs. In their discussion on stewardship theory, Holly Henderson Brower and Charles B. Shrader (2000) argue that nonprofit management (or stewards) will abide by and strive for the goals of the organization when given a choice between their own self-interest and the overall interests of the organization.

Brower and Shrader (2000) suggest that stewards will always act in the best interest of the organization. Although Dicke and Ott (2002) did not report a positive relationship between service quality and stewardship theories, they argue that stewardship theory could provide the conceptual framework in the “development of methods for ensuring accountability in human service contracting” (pg. 464). Their research as well as the research of Lisa A. Dicke (2002) is

relevant to the current research. This research examines the extent to which stewardship impacts the ability of the program to meet its outcomes.

Evan Berman (1999) compared professionalism among public and nonprofit managers. He surveyed city government officials and managers in nonprofit organizations and museums regarding managerial orientations toward professionalism, training activities, organizational culture, and activities for improving organizations. Berman found that public and nonprofit managers are similar with respect to their orientations towards professionalism especially where ethics were concerned.

Berman's (1999) study is relevant to this current research because this research also examines the concepts of managerial orientations toward professionalism, training activities, organizational culture, and activities for improving organizations as a part of the ethics enhancement strategies utilized by nonprofit program manager/directors when acting in the best interests of the program. The current research explores the relationship between these concepts and the performance outcomes of the program.

### *Empowerment*

Empowerment is based on a conflict model and assumes that society is made up of different groups. Each group has a different level of power and control over resources. People want to work in an organization where they can make the decisions that make a difference. Empowerment is a process that assists people in developing and increasing skills that enable them to have greater interpersonal influence and the ability to perform valued social roles (Harley, Stebnicki, and Rollins, 2000). Empowerment focuses on assisting individuals in making changes that decrease the number of barriers to power (Weil, 1996).

Empowerment is strength based. Two key principles of empowerment are that all people have strengths and the ability to become more competent, and it is the responsibility of the social systems to provide and create opportunities for people to display their competencies (Harley, Stebnicki, and Rollins, 2000). It is necessary to empower people in order to make sustainable changes. If people are not allowed or encouraged to contribute to or make decisions that will impact their lives, sustainability will not be achieved because people are not likely to take responsibility for something they had no part in developing (Warner, 1997).

Individuals feel a sense of ownership and are more vested in the outcome when they are given the opportunity to work for a cause and make decisions on issues that impact their community (Boyd, 2000). Additionally, when nonprofit employees are given the skill set to be ethical decision makers through the ethics enhancement strategies of role modeling, training, and evaluation, they become empowered to make decisions about ethical issues that impact their organization.

This research explores the relationship between the ethics enhancement strategies of role modeling, ethics development, ethics enforcement and review, transparency, stewardship, and empowerment and the impact of each on the achievement of performance outcomes. The following section discusses performance outcome measures in the nonprofit sector and the increase in demand for more efficient and effective programs.

### Performance Outcome Measures

Drucker (1990) argues that in the private sector, the bottom line is profit or loss. Whether or not a business makes a profit is a concrete way to measure its performance. In the nonprofit sector, however, measuring performance is not as clear cut (Baruch and Ramalho, 2006). This

section will provide a review of the literature related to the increasing demand for performance outcome measures in the nonprofit sector.

The number of nonprofit organizations has grown exponentially over the years. Just in the last twenty five years, the IRS reports that the total number of 501 (c) 3 organizations has more than doubled (Berry, 2005). This growth is due in part to government funding, but also to private giving. According to Ann Manley (2007), roughly 90% percent of all monetary donations to nonprofit organizations in 2006 came from individual donors. In addition to financial support, Americans are generous with their time as well with approximately fifty six percent of the adult population volunteering with nonprofit organizations (Jeavons, 2005; Kanter, 1999).

Nonprofit organizations are ubiquitous. They are vital providers of services in communities across the country and together, they account for six percent of the gross domestic product. The prominent role of nonprofit organizations in the delivery of public goods and services has brought with it increased expectations and scrutiny regarding their ability to deliver these goods and services (Berry, 2005; Jeavons, 2005; Kanter, 1999). Additionally, scandals such as Enron, Tyco, and Arthur Anderson in the private sector and abuses within high profile nonprofit organizations have changed the climate in which these organizations operate (Hurd, 2005).

Scandal, however, is nothing new to this sector. The nonprofit sector saw a decline in public trust during the 1990's following the United Way of America scandal where the chief executive was not only receiving a salary close to \$500,000, he was also convicted of severely abusing his office by traveling first class and giving friends and family jobs (Jeavons, 2005, Van Til, 2005). The sector has seemingly rebounded from this breach of trust, but an increase in

concerns about ethical practices and accountability could present significant problems in the future for this sector, which is dependent on gaining the public's trust and support in order to carry out their missions (Hurd, 2005).

Government leaders and other stakeholders are growing ever more skeptical about how these organizations are managed and whether or not their programs are making a discernable impact in the communities they serve. Increasingly, the stakeholders of these organizations including private donors and volunteers are expecting a higher level of performance. David P. Moxley and Laurie Bueche (2002) argue that nonprofit organizations are forced to perform in an increasingly competitive social market which requires greater levels of performance and better information management. Gone are the days of simply raising funds and doling out services to those in need. Nonprofit organizations have a responsibility to ensure that not only are they following their mission and achieving their identified outcomes, they are also clearly documenting the ways in which their money is spent, being governed by a diverse board of directors, and disclosing basic information to the public (Fredericksen, 2003; Herman and Renz, 2004; Kearns, 1996; Martin and Kettner, 1996).

This increase in demand for more efficient and effective programs has put pressure on the programs of nonprofit organizations to develop performance measurement systems with meaningful outcomes. Nonprofit programs are faced with the challenge of how best to ensure they are meeting their identified outcomes. Herman Mertins, Frances Burke, Robert W. Kweit, and Gerald M. Pops (1998) argue that meeting the demands of stakeholders requires nothing more than the "achievement of high standards of performance and ethical behavior" (pg. 7).

Lawrence L. Martin and Peter M. Kettner (1996) define performance measures as "the regular collection and reporting of information about the efficiency, quality, and effectiveness of



human service programs” (p. 3). Adopting performance measures is important because it satisfies funding agencies’ and the public’s calls for accountability (Fredericksen, 2003; Herman and Renz, 2004; Martin and Kettner, 1996; Poole, et al, 2000). It also has the potential to improve the management of and the allocation of resources to these organizations (Martin and Kettner, 1996).

Traditionally, nonprofit organizations have only been asked to measure outputs (number of people served or number of units of service). In recent years, however, legislators, funding agencies, and other stakeholders are no longer satisfied with reports that only detail numbers served. Nonprofit organizations are now challenged with the task of creating a meaningful performance measurement system that includes both outputs and outcomes (Morley, Vinson, and Hatry, 2001; Oregon Commission on Children and Families, 1999; United Way of America, 1996).

Outcomes are defined as “changes in participant knowledge, attitudes, values, skills, behavior, condition, or status” (Poole, et al, 2000, pg. 16) as a result of their interaction with or participation in program activities or services. Tracking these types of changes in their clients can be quite complex, which is why outcome based measurement systems require a greater level of thought than merely counting units of service (Mika, 2001).

There exists a debate on whether or not outcomes measurement is the best way to determine the success or failure of a program. Harry P. Hatry (1997) states that outcomes measurement is “analogous to information commonly available to the manager of any sports team: Managers need to keep track of the score to tell whether their teams are winning or losing. Scores do not provide information on why the teams are winning or losing” (p.5).

Hatry (1997) goes on to suggest that typical outcome measurement systems provide little information on the cause of outcomes or on where improvement is needed. Several factors may affect the performance of a program and therefore affect the ability of the program to meet its outcomes. XiaoHu Wang (2007) suggests the following factors impact program performance: environment (including the availability of funding and resources); client characteristics; how clear the program goals are and how diligently employees work towards it; organizational structure (including decision-making and service delivery structure); and the actions/role of the manager.

Peter H. Rossi (1997) warns that outcome measures have political meaning as well and that it is important to maintain their integrity and authenticity in this political climate. He goes on to warn that outcome measures be as reliable as possible. Due to the fact that funding, clients' well-being, and the future of the program itself is associated with performance outcomes, program management and staff must take care to ensure that results are reported accurately. According to Joan Nelson, Director of Research for the HFUW, accurate reporting includes but is not limited to the following: calculating results correctly; appropriate sample sizes; and sufficient response rates to establish confidence in results. She goes on to question, "Unless, programs can report their outcomes accurately and with the assurance that they are based on baseline data, an industry standard, or some national standard, then how can stakeholders have confidence in the results?" (J. Nelson, personal communication, March 6, 2007).

Despite the flaws associated with utilizing outcome measurements as a measurement of success for nonprofit programs, government leaders and other funding agencies still embrace their use today (Carman, 2005). According to Harry P. Hatry, Kathryn E. Newcomer, and Joseph S. Wholey (2004), with respect to outcomes, it is better to have a somewhat accurate idea

of how a program is doing rather than to remain completely ignorant. It is for this reason that the percentage of outcomes met is used as the measure of a program's success in this research.

Existing research focuses on the increased demand for and the development of performance measurement systems. This research examines the relationship between the achievement of a nonprofit organization's identified performance measurement system and the ethics enhancement strategies employed by the manager/director as well as the relationship between the capacity of a program's processes and the achievement of its outcomes. The following section discusses the program details such as manager/director demographics, program demographics, and the tool used to assess the capacity of the performance measurement system.

### Program Details

Below the experience of nonprofit managers and their behaviors as they respond to the increasing demand for performance measures in the nonprofit sector is discussed. In addition, this section discusses the importance of designing a program that has the capability to achieve its performance outcomes.

#### *Characteristics/Demographics*

Andrea B. Bear and Michael A. Fitzgibbon (2005) suggest that running a nonprofit organization is increasingly complex, and that experts in the field are calling for nonprofit organizations to start acting more like private sector businesses. A nonprofit program's manager/director fulfills a critical role in this new "businesslike" organization. Not only do these executives have to manage the day to day operations of their programs, they must also ensure that the program is remaining true to its mission while answering to the demands of a

wide array of stakeholders including funding agencies, clients, staff, board members and other volunteers, and the government (Salamon, 2005).

In both the theory and practice of the nonprofit sector, the authority and responsibility of an organization to answer to its stakeholders is ultimately in the hands of board and/or the executive leadership (McClusky, 2002). Thomas Wolf (1999) argues that almost every nonprofit organization's character is set primarily by its executive leadership and that the chief executive is the most important person in establishing the quality of the work environment and in determining the effectiveness and the morale of the staff. As mentioned earlier, Irvin (2005) agrees and indicates that the value of an organization's code of ethics is dependent on the honesty of the people applying it.

In addition to experience of the manager/director, the demographics of the program including budget, expenditures, and types of services provided are taken into consideration in determining the ability of the program to meet its performance outcomes.

The role of program demographics and manager/director demographics are found in the literature. For example, Roger M. Weiss and Vernon W. Gantt (2004) argue that it is important to check the credentials of potential managers including education and work experience suggesting that the lack of appropriate credentials may lead to poor performance in the future. Additionally, the National Center for Charitable Statistics suggests that one of the ways to determine the efficiency of a nonprofit organization is to look at its overhead costs. Overhead costs are expenditures that include both administrative costs and fundraising expenses. A program is said to be efficient if its overhead costs are kept below 25% (National Center for Charitable Statistics, n.d.).

### *Capacity of Program Processes*

It is not enough to simply state whether or not a program met an outcome. There needs to be answerability in the processes of the program which take into account the checks and balances in place to ensure the program has the capacity to achieve its performance outcome measures and that these measures were developed following mandated or professionally recognized procedures (Kearns, 1996). There is a need for a pre-evaluation step that will help to identify potential problems that could either get in the way of producing useful data or could hinder the program's performance (Poole, et al, 2000).

In response to the need to assess the capacity of a performance measurement system, Poole, Nelson, Carnahan, Chepenik, and Tubiak (2000) developed the Performance Accountability Quality Scale (PAQS). The researchers found that the tool could be useful in not only determining the capacity of the proposed measurement system, but it was also useful in assessing the technical assistance needs of these programs. The PAQS scores seven areas of a program's performance measurement system: resources; activities; outputs; outcomes; goals; indicators; and evaluation plan. The PAQS is currently being used by the HFUW where it is completed based on a review of each program's logic model found in their annual report by trained staff at the HFUW. The current research explores the relationship between the capacity of a nonprofit program's measurement system (as measured by the PAQS) and their ability to achieve their stated outcomes.

This research hypothesizes a causal relationship between ethical strategies and the ability to meet a program's outcomes and suggests that ethical strategies and details of the program (including capacity of a program's processes as measured by the PAQS) mix and will lead to an increased ability to meet performance outcome measures. This relationship is supported by the

following theories on ethical practice: ethical people are more productive; an organization's performance is positively impacted by the ethical climate of that organization; and certain ethical behaviors increase the workers' willingness be accountable resulting in increased accountability (Bruce, 1994; Menzel, 2001; and Feldheim and Wang, 2002). Based on these theories, it is hypothesized that the use of ethical strategies increases the potential of meeting program performance outcomes. This has led to the development of the research model illustrated below.

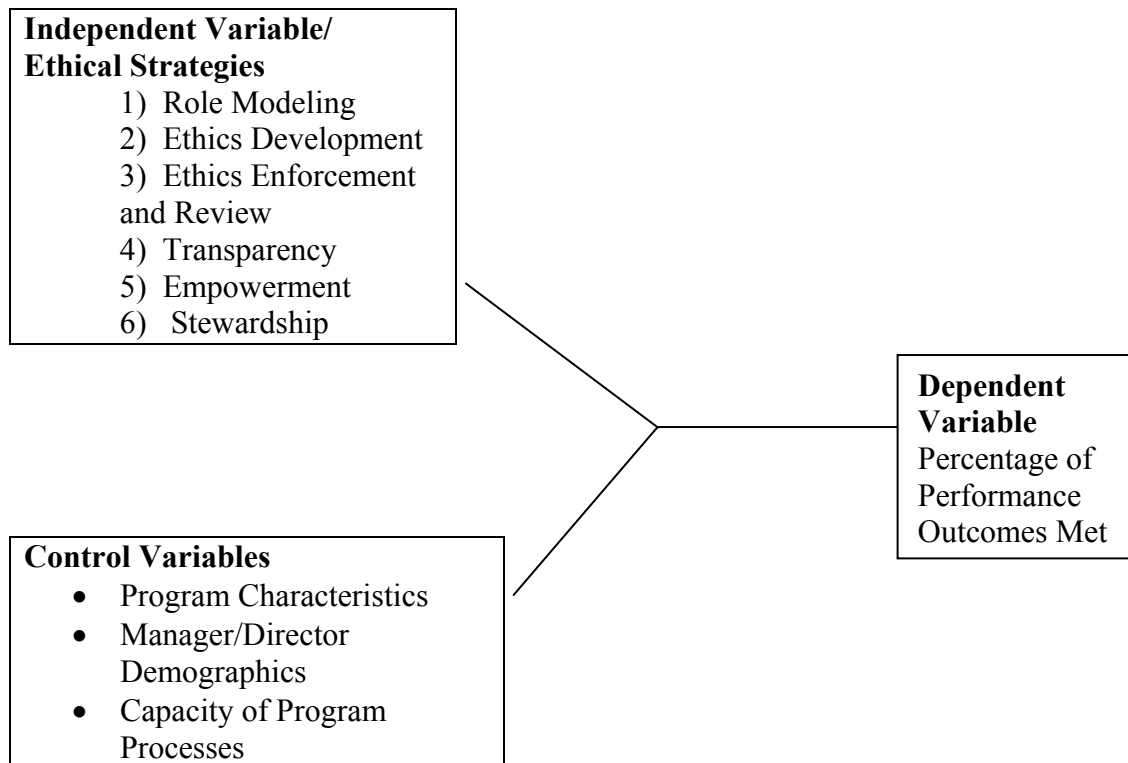


Figure 5: Model of Study Translated Into Research Model

This model focuses on both summative and formative evaluation techniques. Formative evaluations are those that provide information that will aide in program improvement (capacity of program processes). Whereas, summative evaluations are those that render a summary

judgment on some aspect of the program such as whether or not the program met its performance outcome measures (Rossi, Lipsey, and Freeman, 2004).

In this study, the control variable, PAQS, acts as a formative evaluation technique because it provides information that will aid in program improvement by helping identify the parts of a nonprofit program's performance measurement system that are flawed and which could potentially hinder the program's ability to meet its outcomes. The dependent variable, percentage of performance outcomes met, acts as the summative evaluation technique because it renders a summary judgment on the program's ability to meet its performance outcomes.

### Summary

Strategies including role modeling, ethics development, ethics enforcement and review, transparency, empowerment, and stewardship are examples of the tools managers/directors of nonprofit programs can employ to create an ethical climate within their program. Does the ethical climate, fostered by ethics enhancement strategies, translate to improved organizational performance outcomes? This research builds on the work of Berman and others discussed earlier as well as Feldheim and Wang's work to discover if their findings are unique to city government or if ethics enhancement strategies make a difference in determining whether or not performance outcomes in nonprofit programs are improved by the use of these ethical strategies. These ethics enhancement strategies were used in the development of the instrument entitled Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida (APPENDIX A) to measure the ethical strategies used by the managers/directors of nonprofit programs funded by the HFUW.

The purpose of this chapter was to review the literature and research related to ethics enhancement strategies and nonprofit programs as well as to provide a theoretical rationale to

support the relationship between ethics enhancement strategies and outcomes in nonprofit programs. The literature was presented in three sections. Section one provided an overview of the values of the nonprofit sector which led into a discussion of ethics and ethical strategies. Section two provided a synopsis of literature related to performance outcomes in nonprofit programs. Section three focused on literature related to the details of nonprofit organizations to execute their mission and realize their performance outcome measures. This section also focused on the issue of improving organizational processes within nonprofit programs. The next chapter provides an overview of the methods and procedures utilized in this study.



## CHAPTER 3: METHODS AND PROCEDURES

### Introduction

The purpose of this chapter is to describe the quantitative and qualitative methods and procedures used in this study. Survey data was collected and analyzed in order to identify managers'/directors' self-perceptions of their ethical strategies. Archival data from the HFUW served to determine if there was a relationship between the ethical strategies used and the achievement of performance outcomes measures. Data was analyzed utilizing descriptive, bivariate, and multivariate data analysis techniques.

Utilizing the Grounded Theory approach, the researcher used multiple stages of data collection to gain a better understanding of this relationship including qualitative analysis through the use of interviews with the sample population to add depth to the understanding of the relationship between ethical strategies and the achievement of performance outcomes. Grounded Theory is an inductive approach attempts to derive a theory from the constant comparing of various observations including survey data, interviews, and the review of archival data (Babbie, 2007; Creswell, 2003; Marshall and Rossman, 1999; Straus and Corbin, 1998).

This study was developed in order to gain a better understanding of the ethical practices of managers/directors of a select group nonprofit programs and to add to the paucity of research on the relationship between ethical practices and the achievement of performance outcomes in nonprofit programs. The sections in this chapter identify the sample population, discuss the various sources of data, and explain the procedures through which the final conclusions were developed.

## Population

The population of this cross sectional study consisted of the 168 nonprofit programs funded by the HFUW. These nonprofit programs operate in Orange, Osceola, and Seminole Counties, and are not unlike other nonprofit programs administered throughout the country providing such services as shelter to the homeless, prevention of teen pregnancy, counseling, literacy awareness, domestic violence prevention, and elder care.

## Sources of Data

Various sources provided the data necessary to conduct this research. The Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida provides data on the ethical strategies used by each manager/director as well as information related to manager demographics. Survey research can be a useful tool in determining attitudes, perceptions, and orientations of survey respondents (Babbie, 2005; Dillman, 2007).

Archival data at the HFUW provided the performance outcome data as well as program demographics. In-depth interviews provided a greater understanding of the impact of ethical practices on performance outcomes in nonprofit programs. Finally, the Program Accountability Scale (PAQS) provided information related to the capacity of the program's proposed measurement system. Table 2 specifies the research questions to be addressed, lists the information necessary to answer the question, and provides the data source with which the hypothesis can be tested to answer the research questions.

Table 2: Research Questions and Data Sources

Research Questions	Information Needed	Sources of Data			
		Survey	UW Archival Data (Annual Reports)	Program Accountability Quality Scale	Qualitative Interviews
<b>Overarching Issue: Do ethical practices affect the performance outcomes of nonprofit programs?</b>					
Do ethical strategies affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Does the ethics enhancement strategy Role Modeling affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit organizations and program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Does the ethics enhancement strategy Ethics Development affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit organizations and program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Does the ethics enhancement strategy Ethics Enforcement and Review affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit organizations and program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Does the ethical strategy Transparency affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit organizations and program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Does the ethical strategy Stewardship affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit organizations and program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Does the ethical strategy Empowerment affect the performance outcomes of nonprofit programs?	Practices of managers/directors of selected nonprofit organizations and program outcome data. <b>Independent Variable of Concern:</b> Ethics Enhancement Strategies <b>Dependent Variable of Concern:</b> Performance outcomes	√	√		√
Is there a relationship between a program's PAQS score and the achievement of outcomes?	PAQS score and program outcome data. <b>Independent Variable of Concern:</b> PAQS Score <b>Dependent Variable of Concern:</b> Performance outcomes		√	√	

## Procedures and Analyses

### *Data Collection*

A pilot study was conducted with the managers/directors of 15 nonprofit programs funded by the HFUW. During this pilot, it was discovered that the Likert Scale on the survey was flawed (see APPENDIX C). After correcting the problem, the updated survey instrument (see APPENDIX A) and a cover letter (see APPENDIX D), explaining the purpose of the study were mailed to the managers/directors of remaining 153 nonprofit programs funded by the HFUW on March 24, 2006 with a return date of April 11, 2006.

It was determined prior to the mailing that returned surveys would be considered unusable if the manager/director had been employed by their organization for less than one year, if the survey was completed by someone in a non-managerial position, or if the survey was photocopied and returned without the identification code. The first mailing yielded a return of 64 usable responses, one unusable response due to manager being with organization for less than one year, and two unusable responses because the surveys were photocopied and returned without the identification code for an initial response rate of 43.8% or 67 completed survey instruments.

In order to yield a higher return rate, a second survey and new cover letter (see APPENDIX E) was mailed on May 8, 2006 with a requested return date of May 26, 2006. The mailing was accompanied by phone calls to encourage participation. This second attempt yielded a return of an additional 18 survey instruments. Of the 18 returned surveys, 15 were usable responses, one was unusable due to a missing identification code, one was unusable because the person completing the survey was not in a management position, and one was

unusable because the manager had not been employed with the organization for at least one year. The two mailings and follow-up phone calls yielded a return of 85 completed survey instruments and a 55.55% response rate, of which 79 were usable. Therefore, the final response rate was 51.63%.

### *Measurement/Instrumentation*

Data was collected using the survey instrument (Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida). The survey was designed by the researcher to measure respondents' use of ethics enhancement strategies as well as demographics of the respondent, such as current position, number of years with the agency, education level, and program service area.

The Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida was initially based on an instrument developed by Feldheim and Wang (2002) entitled National Survey of Accountability in U.S. Cities. Although the National Survey of Accountability in U.S. Cities instrument was a useful tool in assessing the ethical enhancement strategies of role modeling, ethics development, and ethics enforcement and review, it did not address the ethical enhancement strategies of transparency, empowerment, and stewardship. In addition, the National Survey of Accountability in U.S. Cities instrument was administered to city government officials dealing with public sector concerns whereas the Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida was developed specifically for managers/directors in the nonprofit sector.

All questions in the survey excluding those related to demographics were asked using the Likert scale used in the National Survey of Accountability in U.S. Cities: 5 = Strongly Agree; 4

= Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree, 0 = Don't know or can't say. Indexes of "Role Modeling", "Ethics Development", "Ethics Enforcement and Review", "Transparency", "Stewardship", and "Empowerment" were utilized to determine how different ethical strategies impact a program's outcomes.

The development of the Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida was based on an extensive review of the literature. Additionally, feedback was gained by doctoral level students as well as professionals in the field of nonprofit management. Prior to administering this survey, approval was obtained from the Institutional Review Board at the University of Central Florida (APPENDIX F).

Archival data in the form of program funding proposals located at the HFUW office were also analyzed. In addition to limited demographic information such as budget, program expenditures, and type of services provided, the archival data included each program's Program Accountability Quality Scale score (PAQS) and their performance outcome information as reported in their proposals for funding. The PAQS was developed by Poole, Nelson, Carnahan, Chepenik, and Tubiak (2000) and is currently used by the HFUW not only to measure the capacity of programs they fund but also to identify training needs of their member agencies (APPENDIX B).

### *Research Questions*

The study answers the following research questions:

- 1) Do ethical strategies affect the performance outcomes of nonprofit programs?
- 2) Does the ethics enhancement strategy Role Modeling affect the performance outcomes of nonprofit programs?

- 3) Does the ethics enhancement strategy Ethics Development affect the performance outcomes of nonprofit programs?
- 4) Does the ethics enhancement strategy Ethics Enforcement and Review affect the performance outcomes of nonprofit programs?
- 5) Does the ethical strategy Transparency affect the performance outcomes of nonprofit programs?
- 6) Does the ethical strategy Stewardship affect the performance outcomes of nonprofit programs?
- 7) Does the ethical strategy Empowerment affect the performance outcomes of nonprofit programs?
- 8) Is there a relationship between a program's PAQS score and the achievement of outcomes?

Research Question 1 is answered by testing the first hypothesis presented in this study:

H<sub>01</sub> - There is no relationship between program performance outcomes and the ethical strategies employed by the manager/director.

Ha<sub>1</sub> Program performance outcomes are influenced by the ethics enhancement strategies employed by the manager/director.

Research Question 2 is answered by testing the second hypothesis presented in this study:

H<sub>02</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Role Modeling employed by the manager/director.

Ha<sub>2</sub> Program performance outcomes are influenced by the ethics enhancement strategy Role Modeling employed by the manager/director.

Research Question 3 is answered by testing the third hypothesis presented in this study:

H<sub>03</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Ethics Development employed by the manager/director.

Ha<sub>3</sub> - Program performance outcomes are influenced by the ethics enhancement strategy Ethics Development employed by the manager/director.

Research Question 4 is answered by testing the fourth hypothesis presented in this study:

H<sub>04</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategies Ethics Enforcement and Review employed by the manager/director.

Ha<sub>4</sub> - Program performance outcomes are influenced by the ethics enhancement strategy Ethics Enforcement and Review employed by the manager/director.

Research Question 5 is answered by testing the fifth hypothesis presented in this study:

H<sub>05</sub> - There is no relationship between program performance outcomes and the ethical strategy Transparency employed by the manager/director.

Ha<sub>5</sub> - Program performance outcomes are influenced by the ethical strategy Transparency employed by the manager/director.

Research Question 6 is answered by testing the sixth hypothesis presented in this study:

H<sub>06</sub> - There is no relationship between program performance outcomes and the ethical strategy Stewardship employed by the manager/director.

Ha<sub>6</sub> - Program performance outcomes are influenced by the ethical strategy Stewardship employed by the manager/director.

Research Question 7 is answered by testing the seventh hypothesis presented in this study:

H<sub>07</sub> - There is no relationship between program performance outcomes and the ethical strategy Empowerment employed by the manager/director.

Ha<sub>7</sub> - Program performance outcomes are influenced by the ethical strategy Empowerment employed by the manager/director.

Research Question 8 is answered by testing the eighth hypotheses presented by the study:

H<sub>08</sub> - There is no relationship between a program's PAQS score and the achievement of program outcomes.

Ha<sub>8</sub> - The capacity of a program's processes as measured by the PAQS score is associated with its performance outcome measurement score.

### *Multiple Regression Model*

This study can be explained by the following generic regression equation:

$$Y = f (RM, ED, ER, T, E, S, P, D) + \epsilon$$



Symbols Represent:

Y = dependent variable

RM = perceptions of Role Modeling practice of the manager/director

ED = perceptions of Ethics Development practice of the manager/director

ER = perceptions of Ethics Enforcement and Review practice of the manager/director

T = perceptions of Transparency practice of the manager/director

E = perceptions of Empowerment practice of the manager/director

S = perceptions of Stewardship practice of the manager/director

P = PAQS score of the program

D = program and manager/director demographics

Figure 6 is a visual representation of generic expression offered above. It clearly identifies the dependent, control, and independent variables.

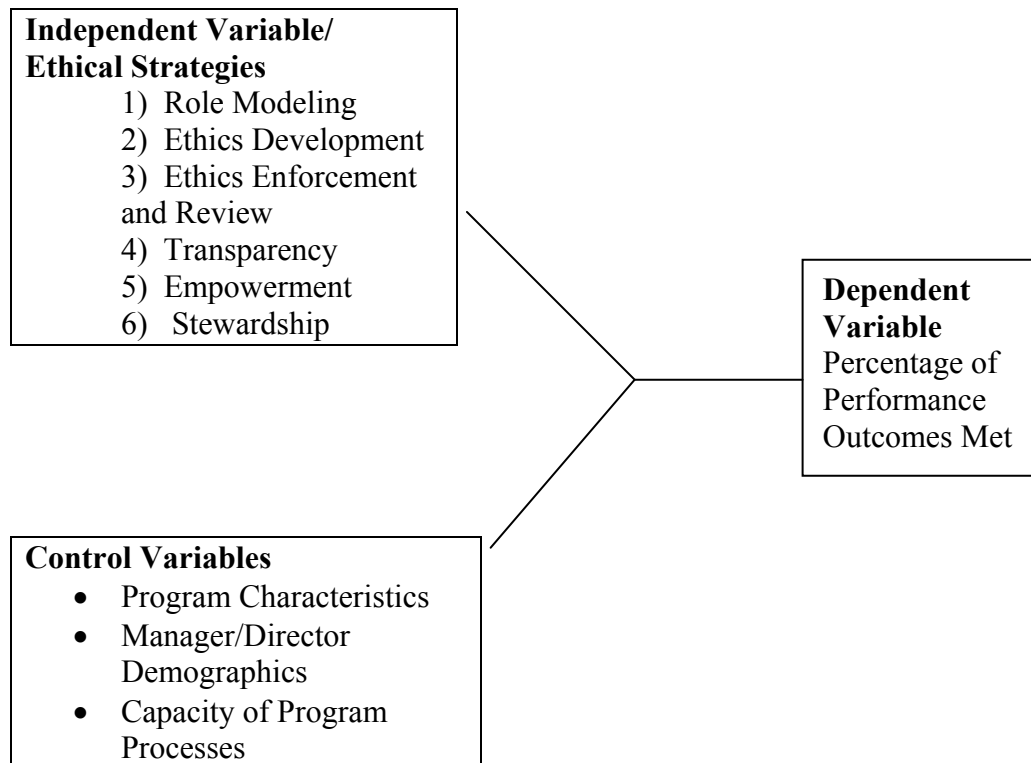


Figure 6: Model of Study Translated Into Research Model

*Variables as Presented in the Hypotheses*

The dependent variable for the first hypothesis, OutcomePercentage, refers to the percentage of performance outcomes met by the programs as presented in their annual reports to the HFUW. The variable is used to determine whether or not the use of various ethical strategies impact the ability of the program to meet its agreed upon performance outcomes.

OutcomePercentage is used as the dependent variable in the second through seventh hypotheses as well. However, the independent variables vary in each of these hypotheses. The following represent the independent variable in hypotheses 2 – 7 respectively: Role Modeling Index (RMScore2); Ethics Development Index (EthicDev); Ethics Enforcement and Review

Index (EthicReview2); Transparency Index (Transparency); Empowerment Index (EmpowerGen); and Stewardship Index (Stewardship).

Finally, in the eighth hypothesis, OutcomePercentage is again used as the dependent variable. In this case however, the dependent variable is used to determine what relationship exists, if any, between PAQS score and program outcomes.

Table 3 represents the dependent variables as well as the independent, and control variables used in this study.

Table 3: List of Regression Models' Variables

<p><u>Dependent Variables</u>  OutcomePercentage – Percentage of program performance outcome measures met  PAQS – Capacity of program's processes</p> <p><u>Independent Variables</u>  TotalEthicsStrat – perceptions of the use of all ethics enhancement strategies by the manager/director  RMScore2 –perceptions of Role Modeling practice of the manager/director  EthicDev - perceptions of Ethics Development practice of the manager/director  EthicReview2 - perceptions of Ethics Enhancement and Review practice of the manager/director  Transparency- How transparent the manager/director perceives himself/herself to be  Stewardship - perceptions of Stewardship practice by the manager/director  EmpowerGen - manager/director perceptions of their Empowerment practice  PAQS – Capacity of program's processes</p> <p><u>Control Variables – Program Characteristics</u>  AgencyBudget – the overall budget of the agency  ProgramBudget - program expenditures  PercofBudget - percentage of fundraising and administrative costs to the overall budget  Focus - type of program services provided</p> <p><u>Control Variables – Manager/Director Demographics</u>  YearsNP – how many years the program manager/director has been in nonprofit sector  YearsP – how many years the program manager/director has been with the program  Educ - education level of manager/director</p> <p><u>Control Variable – Capacity of Program Processes</u>  PAQS – Capacity of program's processes</p>
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### *Archival Data*

Archival data was made available to the researcher by the HFUW. Currently, the HFUW collects funding proposals from each of its programs. In addition to limited demographic information such as budget, program expenditures, and type of services provided, these proposals include each program's logic model, evaluation plan, data analysis worksheet, and results assessment. Each of these items was reviewed by the researcher to determine what percentage of each program's outcomes was met and to better understand why a program may have fallen short of achieving their outcomes.

The archival data also includes each program's Program Accountability Quality Scale score (PAQS). The PAQS score is calculated by a representative of the HFUW based on a review of each program's logic model. These scores were made available to the researcher for the purpose of this study.

### *Qualitative Research: The Interviews*

Gaining a more complete understanding of a topic often requires the use of both quantitative and qualitative research techniques (Babbie, 2007; Creswell, 2003; and Marshall and Rossman; 1999). Therefore, in an effort to achieve a greater understanding of the impact of ethical practices on performance outcomes in nonprofit programs, qualitative research in the form of interviews was conducted in this research. These techniques compliment each other well. While quantitative research has the advantage of quantification making it easier to aggregate and compare data, qualitative research can be richer in meaning. The use of both techniques may ultimately lead to a more robust research design and a better understanding of the topic (Babbie, 2007; Creswell, 2003; and Marshall and Rossman, 1999). Prior to conducting

interviews, approval was obtained from the Institutional Review Board at the University of Central Florida (APPENDIX G). Additionally, each interview participant was asked to sign an informed consent prior to being interviewed (APPENDIX H).

### *Construction of the Interview Questions*

After an initial review of the data, it became apparent that qualitative interviews would be appropriate in order to delve deeper into the data. Questions 1a and 1b of the interview relate to the manager's/director's perception of ethical practices (See Table 4). Question 1.a. asks, "*What is your definition of acting ethically?*" Question 1.b. follows with, "*How do you demonstrate ethical conduct in your organization?*" Based on the results of the survey, 100% of managers/directors agreed or strongly agreed that it is important for managers to demonstrate ethical conduct. These questions seek to gain a better understanding of what the managers/directors view as ethical practice.

The purpose of question 2 of the interview was to gain more information about the development of ethical practices in the sample population. Question 2 asks, "*How are your employees made aware of your organization's code of ethics?*" It was clear from the results of the survey that 94.8% of all programs in the sample had a code of ethics, not even half held workshops in which ethics were discussed and only slightly more than half required ethics training for their managers and supervisors.

Questions 3 and 4 delve deeper into the issue of ethics enforcement and review. Question 3 asks the interviewee to, "*Explain how your organization holds individuals accountable.*" Question 4 follows by asking, "*What are the consequences of not behaving ethically in your organization?*" Nearly all of the programs surveyed reported that it is important to hold

individuals accountable for their behavior. These two questions seek to clarify how individuals are held accountable and what exactly are the consequences for not behaving ethically.

Questions 5 and 6 seek to gain a better understanding of empowerment. Question 5 asks the interviewee to explain how important is it for the board, staff, volunteers, and clients to be involved in the planning, evaluation, and oversight of their program and to provide examples. Question 6 asks, “*How do you feel about the relationship between the empowerment of stakeholders to be involved in program decision-making and the achievement of program outcomes?*” When asked about the involvement of staff, volunteers, board members, and clients, the managers/directors held different beliefs about how involved or empowered each of these groups of stakeholders should be. They consistently agreed or strongly agreed at or above the 80 percentile in reference to staff and board members, yet they agreed or strongly agreed at much lower levels when asked about the involvement of volunteers and clients. These questions seek to understand how each of these groups is empowered to be involved and how important the program manager/director believes their involvement is.

Stewardship Theory relates to the internal values of an organization and how these values are promoted and reinforced within the organization. Additionally, Stewardship Theory suggests that employees who are encouraged and supported in exhibiting altruistic values, will always act in the best interest of the organization (Dicke, 2002; Dicke and Ott, 2002; Brower and Shrader, 2000). Questions 7 and 8 relate to Stewardship Theory. Question 7 seeks the interviewee’s opinion on stewardship theory and whether or not they believe that promoting altruistic values can lead to an increase in the ability to meet performance outcomes. Question 8 follows with, “*How does your organization promote altruistic values within the organization?*” Questions 7

and 8 seek to further understand how the managers/directors surveyed incorporate this theory and how they promote altruistic values within their programs.

Questions 9 and 10 seek to better understand how important transparency is to each manager/director and how each of them keeps the different groups of stakeholders informed. Question 9 begins with, *“The level of an organization’s willingness to be transparent or open relates to the level of trust between that organization and its stakeholders.”* and then asks, *“How does this statement relate to your organization?”* This question is followed with question 10 which asks, *“How do you or your organization keep the stakeholders informed of decisions that affect them?”* When asked about the various issues stakeholders were informed about, managers/directors consistently agreed or strongly agreed that the staff and board members were informed about more detailed of the program than volunteers and clients. Also, it appeared that managers/directors agreed or strongly agreed at lower percentages that they keep stakeholders informed about comparisons of their programs to other similar programs.

Table 4 provides a list of questions used during the interviews and an explanation for why each question was included.

Table 4: Interview Questions and Explanation of Inclusion

Question	Explanation of inclusion
1.a. What is your definition of acting ethically? 1.b. How do you demonstrate ethical conduct in your organization?	These questions will gain insight into how managers/directors define ethical practice and how they demonstrate it in their programs.
2. How are your employees made aware of your organization's code of ethics?	This question was included in order to learn how ethics is promoted within each program.
3. Explain how your organization holds individuals accountable.	The interview question will gather information on what techniques are used to hold individuals accountable.
4. What are the consequences of not behaving ethically in your organization?	This question is asked to gain further information on how the program holds individuals accountable.
5. How important is it for each of these groups to be involved in the planning, evaluation, and oversight of your program? Give examples of how each of these groups are involved: staff; board members; volunteers; and clients	This question seeks to understand how each of these groups are empowered to be involved and how important the program manager/director believes their involvement is.
6. How do you feel about the relationship between the empowerment of stakeholders to be involved in program decision-making and the achievement of program outcomes?	This question is a probing question asked to gain further information about the manager/director's perception of the importance of stakeholder involvement.
7. Please discuss your thoughts on Stewardship (definition is provided in actual interview (APPENDIX I). Do you agree with this statement? Why or why not? 8. How does your organization promote altruistic values within the organization?	The purpose of these two questions is to get a better understanding of how each of the programs incorporates stewardship theory into their practice.
9. The level of an organization's willingness to be transparent or open relates to the level of trust between that organization and its stakeholders. How does this statement relate to your organization? 10. How do you or your organization keep the stakeholders informed of decisions that affect them?	Both of these questions relate to the different levels of transparency each group of stakeholders enjoys and how the program manager/director feels about openness of records.



### *Interview Protocol*

Seven interviews were conducted with purposefully selected survey participants. This represents nearly 9% of the total number of survey participants. Participants were chosen to participate in the interviews based on their performance outcomes and PAQS score. Program and agency budget as well as percentage of administrative costs were also considered when selecting participants for the interviews. Therefore, the interviews conducted had a diversity of programs represented with respect to the capacity of their program processes, performance outcomes, budget size, and administrative costs. Table 5 details the selection criteria used to select interview participants. Information gathered during the interviews added depth and insight into the relationship between ethics enhancement strategies and performance outcomes in nonprofit programs.

Table 5: Selection Criteria for Qualitative Interview

Criteria	Definition
Budget	At least one program with a high program budget (over \$1,000,000), medium program budget (\$250,000 - \$1,000,000), and low program budget (\$10,000 - \$250,000) was selected.
Percent of Budget to Fundraising and Administrative Costs	At least one program with a high percentage (more than 25%), medium percentage (15% - 25%), and low percentage (1% - 15%) was selected.
PAQS Score	At least one program with a high PAQS score (76-83), medium PAQS score (69-75), and low PAQS score (59-68) was selected.
Performance Outcomes	At least one program meeting 100% of their performance outcomes and at least one meeting less than 100% of their performance outcomes was selected.

## Data Analysis

The researcher reviewed and entered the data collected from the survey instrument into SPSS 13.0 for Windows. Respondents received a total ethics enhancement strategy score as well as a score for each category of ethical practice. The researcher then reviewed the archival data from the HFUW to find the PAQS score for each program that returned the survey. The PAQS score for each program was calculated by the HFUW and ranged from a low of 59 to a high of 84.

Additionally, based on a review of the annual reports in the archival data, the researcher determined whether or not program outcomes were met for the programs and gave each program a numerical score based on their performance outcome data. This numerical score represented the percentage of outcomes met and ranged from a low of .00 to a high of 1.00. Using descriptive, bivariate, and multivariate analysis techniques, the researcher analyzed the data using SPSS 13.0 for Windows.

It is important to note that because some of the respondents did not answer all of the questions in the survey, the sample size changes in each of the analyses. For example, although 79 surveys were returned, only 65 respondents answered the questions related to empowerment and 77 answered the questions related to ethics enforcement and review. Therefore, the sample size for the multivariate analysis of the empowerment and outcomes relationship was 65, and the sample size for the multivariate analysis of the ethics enforcement and review and outcomes relationship was 77.

Finally, utilizing the Grounded Theory approach, the researcher used multiple stages of data collection including qualitative analysis through the use of interviews with the sample

population and the review of archival data which included PAQS scores and the performance outcome data in order to gain a better understanding of the relationship between the two variables. This analysis also included an interview of the Director of Research for the HFUW and a review of programs which had a negative relationship between their PAQS score and their performance outcome score. Results from this analysis will be discussed in the hypothesis 8 testing as well as in Chapter 6.

### Summary

The purpose of this chapter was to review the methodology used in this study. Following a brief introduction, a discussion of the study's population, sources of data, and procedures was provided. In addition, an overview of how the data was collected and the measurement/instrumentation was discussed. Next, a review of the research questions and the hypotheses used to answer each research question was provided. The chapter concluded with a discussion of the qualitative interviews including why the qualitative interview was appropriate for this study as well as why each question was asked. Included in this discussion were various tables which provided a visual explanation of the study's data sources and variables. The following chapter provides the findings of the quantitative analysis including a description of the data, bivariate analysis, and multivariate analysis.

## CHAPTER 4: THE QUANTITATIVE APPROACH - RESULTS AND FINDINGS

### Introduction

This study was developed to analyze the impact of ethical strategies of the managers/directors of nonprofit programs on their performance outcome measures and was intended to add to the paucity of research on the relationship between ethical strategies and the achievement of performance outcomes in nonprofit programs. Eight research questions were formulated to guide the research and test the hypotheses.

The data was analyzed using the methodology described in Chapter 3. This chapter provides an explanation of that analysis using quantitative methods beginning with a description of the data. Describing the data entails the use of univariate analysis which provides details about the unique characteristics of the data and gives a deeper understanding of the quality of the data. The second section provides a bivariate analysis which is important in determining the empirical relationship between two variables. The third section offers a discussion of the data using multivariate analysis generated by the response items related to each research question. Multivariate analysis through the use of multiple regression allows for the comparison of the predictive ability of the independent variables on a dependent variables (Berman, 2007; Pallant, 2001).

### Univariate Analysis

Following a pilot study of 15 of the 168 programs, data was generated from a population of the managers/directors from the remaining 153 nonprofit programs. It was determined prior to the mailing that returned surveys would be considered unusable if the manager/director had

been employed by their organization for less than one year, if the survey was completed by someone in a non-managerial position, or if the survey was photocopied and returned without the identification code.

Of the 153 survey forms distributed, a total of 85 (55.55%) survey instruments were returned, of which 79 (51.63%) were usable. Data generated from these surveys was analyzed to determine respondent characteristics.

Table 6 presents the personal and professional demographics of each program's manager/director. All of the managers/directors of the 79 nonprofit programs represented in the sample answered each of the personal and professional demographics questions on the survey. These questions surveyed respondents on their tenure in the nonprofit sector and their programs as well as their level of education. With respect to the number of years in the nonprofit sector, 13 (16.5%) had less than six years experience; 16 (20.2%) had 6 – 10 years experience; 10 (12.7%) had 11-15 years experience; 11 (13.9%) had 16 – 20 years experience; 15 (19%) had 21 – 25 years experience; 8 (10.1%) had 26 – 30 years experience; and only 6 (7.6%) had more than 30 years experience for a mean of 16.6 years experience in the nonprofit sector.

The demographic information for “Years in Program” and “Years in Current Position” was relatively similar. 65.8% had been with the program 1 – 10 years and 67.1% had been in their current position for 1 – 10 years; 25.3% had been with the program 11 - 20 years and 26.6% had been in their current position for 11 - 20 years; and only 8.9% had been with the program for more than 20 years and 6.3% had been in their current position for more than 20 years.

With respect to education level of the program manager/director, the majority less than a masters degree with 2 (2.5 %) with just a high school diploma; 12 (15.2%) with some college but no degree; 3 (3.8%) with an associate's degree; and 26 (32.9%) with a bachelors degree. Nearly

46% of the 79 programs represented in the study had a manager/director with at least a master's degree. 32 (40.5%) of the programs had a manager/director with a master's degree; 3 (3.8%) with a doctorate degree and 1 (1.3%) with a law degree.

Table 6: Professional/Personal Characteristics of Managers/Directors of Each Program

Characteristics	Mean	Median	Frequency	Percentage
<b>Years in nonprofit sector</b>	<b>16.6 years</b>	<b>16 years</b>		
1 – 5 years			13	16.5
6 – 10 years			16	20.2
11 – 15 years			10	12.7
16 – 20 years			11	13.9
21 – 25 years			15	19
26 – 30 years			8	10.1
More than 30 years			6	7.6
<b>Years in Program</b>	<b>9.5 years</b>	<b>8 years</b>		
1 – 5 years			28	35.4
6 – 10 years			24	30.4
11 – 15 years			11	13.9
16 – 20 years			9	11.4
More than 20 years			7	8.9
<b>Years in Current Position</b>	<b>8.4 years</b>	<b>6 years</b>		
1 – 5 years			37	46.8
6 – 10 years			16	20.3
11 – 15 years			12	15.2
16 – 20 years			9	11.4
More than 20 years			5	6.3
<b>Education</b>	<b>n/a</b>	<b>n/a</b>		
High School			2	2.5
Some College (no degree)			12	15.2
AA Degree			3	3.8
Bachelors Degree			26	32.9
Masters Degree			32	40.5
Doctorate			3	3.8
Law Degree			1	1.3

The characteristics of each of the 79 programs represented in the sample is presented in

Table 7. Information relating to type of services provided, the agency budget, individual

program budget, and the percentage of the budget used for fundraising and administrative costs was collected from annual reports submitted to the HFUW.

Table 7: Program Characteristics

<b>Characteristics</b>	<b>Mean</b>	<b>Median</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Service Type</b>	<b>n/a</b>	<b>n/a</b>		
Helping Children			3	3.8
Guiding Youth			17	21.5
Strengthening Families			16	20.3
Supporting Seniors			12	15.2
Disability Services			7	8.9
Emergency Assistance			18	22.8
Community Health			6	7.6
<b>Agency Budget</b>	<b>\$6,281,839</b>	<b>\$1,805,093</b>		
\$100,000 - \$500,000			9	11.4
\$500,000 - \$1,000,000			13	16.4
\$1,000,000 - \$2,500,000			24	30.4
\$2,500,000 - \$5,000,000			15	19
\$5,000,000 - \$10,000,000			7	8.9
More than \$10,000,000			11	13.9
<b>Program Budget</b>	<b>\$537,242.99</b>	<b>\$295,433</b>		
\$10,000 - \$100,000			12	15.1
\$100,000 - \$250,000			24	30.4
\$250,000 - \$500,000			14	17.7
\$500,000 - \$1,000,000			16	20.3
\$1,000,000 - \$2,000,000			9	11.4
\$2,000,000 - \$3,000,000			3	3.8
More than \$3,000,000			1	1.3
<b>% of Budget to FR and Admin Costs</b>	<b>14.47%</b>	<b>14%</b>		
1% - 10%			16	20.3
10% - 15%			37	46.8
15% - 20%			14	17.7
20% - 25%			10	12.6
25% - 30%			1	1.3
More than 30%			1	1.3

According to Table 7, the programs represented in the sample are quite diverse. The HFUW funds programs from seven different focus areas, and all seven areas were represented in

the sample: helping children (3); guiding youth (17); strengthening families (16); supporting seniors (12); disability services (7); emergency assistance (18); and community health (6). The service types represented in the sample are also more clearly shown in Figure 7.

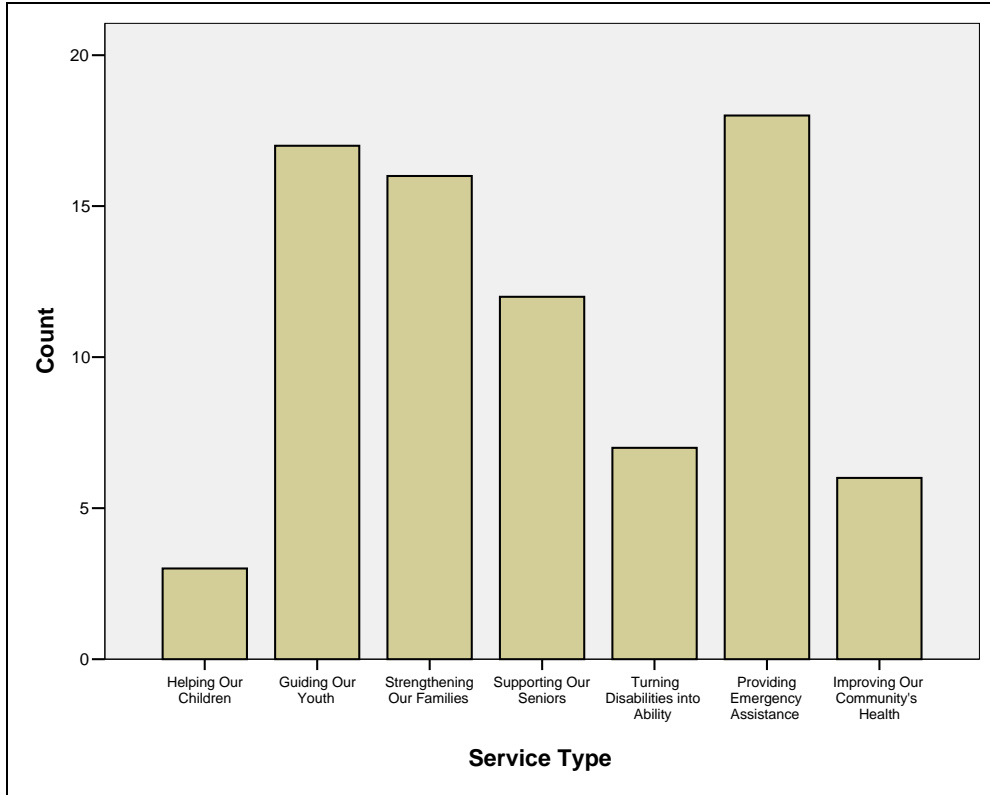


Figure 7: Number of Respondents According to Service Type

In addition program service type, Table 7 presents other program characteristics specifically related to financial information. First, since each of the 79 programs represented in the sample are a part of a larger nonprofit agency, the overall agency budgets were analyzed. Agency budgets ranged from \$100,000 to more than \$10,000,000. The average agency budget was \$6,281,839.00. As expected, individual program budgets were less than agency budgets with a range of \$10,000 to more than \$3,000,000 and an average of \$537,242.99.



The National Center for Charitable Statistics suggests that one of the ways to determine the efficiency of a nonprofit organization is to look at its overhead costs which includes both administrative costs and fundraising expenses. A standard set by the federal government's Combined Federal Campaign calls for combined fundraising and administrative costs to be no more than 25 percent of the organizations' total revenues. An important accounting standard for nonprofit organizations in allocating funds to fundraising costs is to keep it below 25% (National Center for Charitable Statistics, n.d.). Fundraising costs include all costs associated with raising funds for the program. Data available to the researcher in this study combined total fundraising costs with total administrative costs. Administrative costs are costs associated with salaries, office supplies, utilities, etc (Thompson, 2006). Of the 79 programs represented in this study, 97.4% of them had fundraising and administrative costs below 25% which implies that 97.4% of the programs had fundraising costs under the 25% standard.

Tables 8 - 11 assess the respondents' perception of their use of ethics enhancement strategies and clearly show the indexes used for each strategy. In addition to assisting the researcher in developing the questions for the qualitative interviews, these tables also show the Cronbach alpha score of each index variable. The Cronbach alpha is used to indicate the average correlation between all the questions used to make up each scale. A Cronbach alpha score of less than .60 represents a weak internal reliability while a score of above .80 represents a greater internal reliability (Pallant, 2001).

Table 8 shows the various ethics tools that may be employed by nonprofit leaders. These tools are broken down into three scales: role modeling; ethics development; and ethics enforcement and review. It is interesting to note here that although 100% of the managers/directors surveyed indicated that it is important for managers to demonstrate ethical

conduct, just over half (54.6%) of the programs required managers or supervisors to attend ethics training. In addition, less than three fourths (67.6%) of all programs reviewed ethical conduct on a regular basis.

Table 8: Index for Ethics Tools

<b>a. Role Modeling</b>	
<i>“Please evaluate the following ethics tools in your program.”</i>	Strongly Agree or Agree (%)
It is important for managers to demonstrate ethical conduct. (n=79)	100%
I require my subordinates to be familiar with ethics. (n=77)	97.4%
Promoting ethical conduct is an important part of my job. (n=79)	96.2%
My management style emphasizes stakeholder participation. (n=72)	95.8%
I require that managers/supervisors provide moral leadership. (n=77)	93.5%
<i>Aggregate (Cronbach alpha =0.66)</i>	
<b>b. Ethics Development</b>	
<i>“Please evaluate the following ethics tools in your program.”</i>	Strongly Agree or Agree (%)
My organization has a code of ethics. (n=77)	94.8%
We regularly conduct workshops in which ethics are discussed. (n=78)	46.1%
We require ethics training for all managers/supervisors. (n=75)	54.6%
<i>Aggregate (Cronbach alpha =0.75)</i>	
<b>c. Ethics Enforcement and Review</b>	
<i>“Please evaluate the following ethics tools in your program.”</i>	Strongly Agree or Agree (%)
It is important to hold individuals accountable for their performance. (n=79)	98.8%
We review our ethical conduct on a regular basis. (n=77)	67.6%
Employees are encouraged to discuss ethical issues with superiors. (n=78)	91.1%
<i>Aggregate (Cronbach alpha =0.78)</i>	

A description of the index for empowerment is provided in Table 9. The four questions that comprise this index were selected because they provided a general assessment of how the survey participant felt about the empowerment of distinct groups of stakeholders. This index has a Cronbach alpha score of .875 which means that the questions selected for this index have a strong correlation.

Table 9: Index for Empowerment

<i>“In my program, we...”</i>	Strongly Agree or Agree (%)
are committed to the empowerment of staff members. (n=77)	83.1%
are committed to the empowerment of members of the board of directors. (n=72)	88.9%
are committed to the empowerment of volunteers. (n=73)	82.2%
are committed to the empowerment of clients. (n=78)	87.2%
<i>Aggregate (Cronbach alpha = 0.875)</i>	

The index for the ethical strategy stewardship is provided in Table 10. A review of Table 10 shows that 100% of managers/directors surveyed indicated that treating others ethically is an important value in management. Treating others ethically, however, may mean different things to different people. Therefore, it became apparent that more information was needed from the managers/directors as to what exactly they believe “treating others ethically” means. This issue is discussed further in the qualitative interview discussion in Chapter 5.

Table 10: Index for Stewardship

<b><i>Stewardship</i></b>	
<i>“The following statements concern stewardship.”</i>	Strongly Agree or Agree (%)
Treating others ethically is an important value in management.(n=77)	100%
It is important for managers to be willing to accept blame when they fail. (n=77)	96.1%
When making decisions that impact my organization, I am guided by ethical principles. (n=78)	98.8%
Doing what is fair and honest is more important than doing what is expedient. (n=76)	97.4%
I seek and depend on the suggestions of employees. (n=77)	93.5%
I seek and depend on the suggestions of board members. (n=74)	85.1%
I seek and depend on the suggestions of volunteers. (n=69)	72.5%
I seek and depend on the suggestions of clients. (n=75)	69.3%
<i>Aggregate (Cronbach alpha =0.796)</i>	

The questions used for the transparency index are displayed in Table 11. These questions were selected because they represent the general issue of transparency.

Table 11: Index for Transparency

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It is important to keep stakeholders informed of decisions that affect them. (n=79)

Keeping the stakeholders informed about our work is important. (n=78)

Aggregate Cronbach alpha = .617)

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Tables 8 - 11 provided an assessment the respondents' perception of their use each ethics enhancement strategy as well as the Cronbach alpha score of the index variables. In addition, the indexes for role modeling, ethics development, ethics enforcement and review, empowerment, stewardship, and transparency are reflected in these tables.

#### Bivariate Analysis

Describing the data through univariate analysis is important in gaining a deeper understanding of the quality of the data. The next step in better understanding the data is conducting bivariate analysis. Bivariate analysis is an important tool in determining the empirical relationship between two variables. Determining the relationship between variables is a necessary task not only in the nonprofit sector, but in other sectors as well as it gives management vital information about the impact of one variable on another. This can be a useful tool in planning programming and developing training opportunities (Berman, 2007; Spatz, 2001).

This section provides the bivariate analysis of a select group of variables in order to better understand their relationship. Three types of bivariate analysis were conducted. Pearson correlation, Kendall's Tau b, and cross-tabulation were used to determine the relationship between a select group of variables.

#### *Correlation*

The Pearson correlation and Kendall's Tau b are appropriate measurements for this study because they both can be used to describe the strength and direction of the linear relationship

between two variables (Pallant, 2001). Each analysis in this section will include three steps. The first step is to determine the direction of the relationship. Is there a negative or a positive correlation between the two variables? The second step is to determine the strength of the relationship or the value of the Pearson correlation. The Pearson correlation and Kendall's Tau b have a range from -1.00 to 1.00, where a correlation of 0 indicates no relationship, a 1.00 indicates a perfect positive relationship, and a -1.00 indicates of perfect negative relationship (Pallant, 2001; Spatz, 2001). The third and final step is to assess the significance level of each relationship.

Table 12 shows the correlation between the capacity of program processes as measured by the PAQS score and the achievement of program performance outcomes. This correlation was explored to better answer research question number eight. PAQS scores and program performance outcome data were collected through the use of the archival data located at the HFUW. The first step in this analysis is to determine the direction of the relationship. Since the correlation has a negative sign, it appears there is a negative relationship between PAQS score and the achievement of program outcomes. In other words, high scores in one variable are associated with low scores in the other (Pallant, 2001). The second step in this analysis is to determine the strength of the relationship. A correlation of -.177 indicates a weak relationship between the two variables. This relationship is significant at the 0.05 level.

Table 12: Correlation between Program Processes (PAQS Score) and Performance Outcome

			PAQ Score	Outcome Percentage
Kendall's tau_b	PAQ Score	Correlation Coefficient	1.000	-.177(*)
		Sig. (2-tailed)	.	.046
		N	79	79

\* Correlation is significant at the 0.05 level (2-tailed).

The relationship between the tenure of the manager/director of the program and the achievement of performance outcomes is shown in Table 13. This relationship was explored because it provides insight into whether or not this control variable impacts performance outcomes. Data related to tenure and other program and manager demographics was collected from questions asked on the survey tool.

The tenure of the nonprofit program manager/director is measured in years. The survey respondents in this study had tenures ranging from one year to over thirty years of service in the nonprofit sector. With a Pearson correlation of .120, the relationship between tenure and performance outcomes is positive but weak. However, this relationship is not significant at the 0.05 level.

Table 13: Correlation between Tenure of Manager/Director and Performance Outcomes

		Outcome Percentage	Years in Nonprofit Sector
Outcome Percentage	Pearson Correlation	1	.120
	Sig. (2-tailed)		.291
	N	79	79

The relationship between the tenure of the manager/director of the program and transparency is shown in Table 14. This relationship was explored because it provides insight into whether or not this control variable impacts how transparent the manager/director perceives himself/herself to be. Table 14 indicates a weak and positive relationship between the tenure of the nonprofit program manager/director and transparency. This implies that the longer a manager/director has been working in the nonprofit sector, the more transparent he or she is. However, with a significance level of .738, this correlation is not significant.

Table 14: Relationship between Tenure of Manager/Director and Transparency

		Years in Nonprofit Sector	Transparency
Kendall's tau_b	Years in NP Sector	1.000	.030
	Sig. (2-tailed)	.	.738
	N	79	78

The relationship between the perception of transparency of the manager/director of the program and the program's performance outcomes is shown in Table 15. This relationship was explored to better answer research question number five. The relationship, although a weak one, is positive at .104. This indicates that the more transparent a program is, the more likely they are to achieve program outcomes. However, with a significance level of 0.303 this relationship is not significant at the 0.05 level.

Table 15: Relationship between Transparency and Performance Outcomes

			Transparency	Outcome Percentage
Kendall's tau_b	Transparency	Correlation Coefficient	1.000	.104
		Sig. (2-tailed)	.	.303
		N	78	78

The correlation between program budget and the achievement of performance outcomes is shown in Table 16. This relationship was explored because it provides insight into whether or not this control variable impacts the achievement of performance outcomes. Programs represented in this study had budgets ranging from \$10,000 to more than \$10 million. The relationship, although a weak one, is positive at .132. This indicates that as a program's budget increases, the more likely they are to achieve program outcomes. However, with a significance level of 0.247 this relationship is not significant at the 0.05 level.

Table 16: Correlation between Program Budget and Performance Outcomes

		Outcome Percentage	Program Budget
Outcome Percentage	Pearson Correlation	1	.132
	Sig. (2-tailed)		.247
	N	79	79

The correlation between the percentage a program spends on fundraising and administrative costs and the capacity of the program’s processes as measured by the PAQS score is shown in Table 17. This relationship was explored because it provides insight into how these two control variables relate to one another. Programs participating in this study had fundraising and administrative costs ranging from 1% to over 30%. With a correlation of -.153, the direction of the relationship is negative, indicating that as the percentage of the program budget spent on fundraising and administrative costs increases, the capacity of the program’s processes decreases. This relationship, however, is weak and not significant at the 0.05 level.

Table 17: Relationship between Percentage of Budget Spent on Fundraising and Administrative Costs and Program Processes (PAQS Score)

		% of Fundraising and Admin Costs to Agency Budget	PAQ Score
% of Fundraising and Admin Costs to Agency Budget	Pearson Correlation	1	-.153
	Sig. (2-tailed)		.180
	N	79	79

*Cross-Tabulation Analysis*

Cross-tabulation assists in better describing the relationship between two variables particularly when the data is nominal or categorical as is the case with one of the variables represented in Table 18 (Pallant, 2001; Spatz, 2001).



Table 18 presents the percentages of program capacity as measured by the PAQS score and the achievement of performance outcomes in a slightly different manner than Table 12. As discussed above, the relationship between these two variables is a negative one. Table 18 shows both the percent of outcomes met and mean PAQS scores. The mean PAQS score was calculated by determining the PAQS score for each program scoring the corresponding percentage in the table. For example, the average PAQS score for all of the programs which met 100% of their program outcomes was 73.7, and the average PAQS score for all of the programs which met 0% of their program outcomes was 79. Table 18 clearly shows that as the PAQS score increases, the percentage of performance outcomes met decreases. This is interesting because the purpose of the PAQS is to determine the capacity of a program's resources, activities, outputs, outcomes, and goals. Programs scoring high on the PAQS are assumed to have good performance in each of these categories with only minor revisions needed, if any. This conflicts with the literature and will be explored further in Chapter 5.

Table 18: Percentages of Program Processes (PAQS Score) and Performance Outcomes

Percent of Performance Outcomes Met*	Mean PAQS Score*
100%	73.7
83%	70.5
80%	81
75%	71
71%	77
67%	74.6
60%	78
50%	74.25
40%	81
38%	76
33%	79.3
25%	79
0%	79

\* PAQS scores and Performance Outcome information collected using archival data.

A breakdown of the relationship between achievement of performance outcomes and program capacity as measured by the PAQS with respect to the focus area or services provided by the respective programs is provided in Table 19. It is interesting to note that of the three programs in the category of “Helping Our Children,” all three met 100% of their outcomes and they had the highest mean PAQS score.

In addition, the “Helping Children” and “Improving Community’s Health” both had 100% of the programs within their categories achieve 100% of their performance outcomes. However, these two categories also had the both the highest and the second lowest percentages of programs score within the top 25% on the PAQS. These results confirm that a next step is needed to more adequately explain the relationship between capacity of a program’s processes and performance outcomes. This next step should include a measure of the rigor of a program’s performance outcomes measures.

Table 19: Description of Performance Outcomes and Program Processes (PAQS score) According to Focus Area/Service Type

Focus Area/Service Type	Percent of Programs Achieving 100% of Performance Outcomes	Mean Performance Outcome Percentage	Percent of Programs Scoring within top 25% on the PAQS	Mean PAQS Score
Helping Children	100%	100%	67%	79
Guiding Youth	71%	80.7%	35%	72.1
Strengthening Families	56%	81.3%	38%	74.3
Supporting Seniors	50%	78.9%	58%	77.9
Turning Disabilities into Abilities	71%	85.7%	43%	76.9
Providing Emergency Assistance	72%	90%	22%	72.6
Improving Community’s Health	100%	100%	33%	76.6

The final bivariate analysis to be performed is the Chi-square test. This test is used in order to explore the relationship between two categorical variables (Pallant, 2001; Spatz, 2001). Table 20 shows the relationship between two categorical variables: Outcome and PAQS Score. This relationship was explored to better answer research question number eight. In order to make these variables categorical, each program received a “1” if they met at least 75% of their performance outcomes and a “0” if they did not. Each program also received a “1” if their PAQS score was greater than 75 and a “0” if it was 75 or below.

Table 20 shows the relationship between program capacity and performance outcomes. The data was analyzed using Chi-square and can be used to test the null hypothesis eight, “There is no relationship between a program’s PAQS score and the achievement of program outcomes.” The calculated value of the Chi-square is 5.725 which is greater than the critical value (3.841) at 1 degree of freedom at the 95% level. Therefore, the null hypothesis is rejected.

Table 20: Outcome and PAQS Score Chi-Square Test

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	5.725(b)	1	.017		
Continuity Correction(a)	4.553	1	.033		
Likelihood Ratio	5.951	1	.015		
Fisher's Exact Test				.021	.015
Linear-by-Linear Association	5.652	1	.017		
N of Valid Cases	79				

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.62.

The relationship between whether or not a program met 100% of their outcomes and the ethical strategy of transparency is found in Table 21. This relationship was explored to better answer research question number five. The calculated value of Chi-square is 7.846 which is greater than the critical value (7.779) at 4 degrees of freedom at the 90% level. Therefore, Table

21 indicates that there is a relationship between transparency and performance outcomes. This means that it is acceptable to reject the null hypothesis for hypothesis H<sub>05</sub>, “*There is no relationship between program performance outcomes and the ethical strategy Transparency employed by the manager/director.*”

Table 21: Outcome and Transparency Chi-Square Test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.846(a)	4	.097
Likelihood Ratio	7.510	4	.111
Linear-by-Linear Association	2.104	1	.147
N of Valid Cases	78		

a 5 cells (50.0%) have expected count less than 5. The minimum expected count is .26.

### Multivariate Analysis

Multivariate analysis is the analysis of several variables simultaneously. Multiple regression was used to test the eight hypotheses of the study. Multiple regression is the appropriate statistic to use in this analysis because it allows for the comparison of the predictive ability of the independent variables on a dependent variable (Berman, 2007; Pallant, 2001).

Multiple regression has several assumptions. First, the observable data cannot be linearly dependent. They should have a straight-line relationship with predicted dependent variable scores. Second, the expected value of the unobservable factors must equal zero. Third, the variance of the residuals about the predicted dependent variable scores should be constant for each observation. When this assumption is not met, it is referred to as heteroscedasticity. The fourth assumption is that there is no correlation between observations. When this assumption is not met, it is known as a problem of multicollinearity. Finally, multiple regression assumes that

the sample size large enough, but the results are generalizable and can be repeated with other samples (Berman, 2007; Gujarati, 2003; Pallant, 2001).

### *Hypothesis One*

The first hypothesis to be tested was whether or not program performance outcomes are positively influenced by the ethics enhancement strategies employed by the manager/director. Ethics enhancement strategies include: ethical role modeling, ethics development, ethics enforcement and review, transparency, stewardship, and empowerment. The regression results will indicate whether or not there is evidence that these various types of ethics enhancement strategies have the ability to positively influence program performance outcomes in the nonprofit programs included in the sample. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

$H_{01}$  - There is no relationship between program performance outcomes and the ethical strategies employed by the manager/director.

$H_{a1a}$  - Program performance outcomes are influenced by the ethical strategies employed by the manager/director.

This regression utilized the percentage of outcomes met as the dependent variable and the index for ethical strategies as the independent variable taking into account all control variables. Prior to conducting regression analysis, testing indicated there was not a problem with heteroscedasticity or multicollinearity. The results of this testing can be found in APPENDIX J.

Table 22 presents the results of nine separate regressions representing the independent, dependent, and control variables in hypothesis one and the impact the dependent variable (ethics enhancement strategies) has on the dependent variable. Ethics Enhancement Strategies are not significant in any of the nine regressions. However, it is interesting to see that the PAQS score

and Percentage of Budget to Administrative and Fundraising Costs control variables are significant in the final regression.

Table 22: OLS Regressions for Ethical Strategies and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Ethics Enhancement Strategies	-.005 (.112)	.000 (.114)	-.004 (.119)	-.029 (.119)	-.020 (.118)	-.052 (.119)	-.052 (.121)	-.004 (.121)	.029 (.119)
Years in Program		.002 (.005)	.003 (.006)	.003 (.006)	.006 (.007)	.008 (.007)	.007 (.007)	.005 (.007)	.003 (.007)
Years in Nonprofit Sector			-.001 (.005)	-.002 (.005)	-.004 (.005)	-.005 (.005)	-.005 (.005)	-.006 (.005)	-.003 (.005)
Education				.045 (.035)	.027 (.037)	.017 (.037)	.015 (.039)	.008 (.038)	.005 (.037)
Focus Area					.039 (.027)	.041 (.027)	.039 (.028)	.037 (.028)	.037 (.027)
Agency Budget						3.09E-009 (.000)	5.83E-009 (.000)	4.87E-009 (.000)	5.55E-009 (.000)
Program Budget							1.54E-008 (.000)	2.15E-008 (.000)	2.17E-008 (.000)
% Budget to Administrative Fundraising Costs								-.015* (.008)	-.014* (.008)
PAQS Score									-.011* (.006)
Adjusted R Square	-.021	-.038	-.060	-.046	-.021	-.001	-.023	.026	.081
N	49	49	49	49	49	49	49	49	49

Notes: Standard Error in Parenthesis  
\* Significant at .10

The results of the regression reveal a standardized coefficient of .037, and an Adjusted R Square for this model was .081. This suggests that Ethics Enhancement Strategies contributed to 8.1% of the variance in the dependent variable percentage of outcomes met. However, results from the regression also indicated there was not a statistically significant relationship between total ethics enhancement strategies and performance outcomes. The significance level of both the model (.190) and of ethics enhancement strategies (.810) were well below the acceptable

significance levels of either .05 or .10. Therefore, the alternate hypothesis was not supported, and null hypothesis one was accepted.

*H<sub>01</sub> - There is no relationship between program performance outcomes and the ethical strategies employed by the manager/director.*

The Adjusted R Square value was used because the sample size in this study was relatively small. Pallant (2001) reports that the R Square (.249) value may optimistically overestimate the true value in the population when the sample size is small. The Adjusted R Square “adjusts” the value to attain a less optimistic estimate of the true population.

### *Hypothesis Two*

The second hypothesis to be tested was whether or not a relationship existed between program performance outcomes and the ethics enhancement strategy Role Modeling employed by the manager/director. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

*H<sub>02</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Role Modeling employed by the manager/director.*

*Ha<sub>2</sub> Program performance outcomes are influenced by the ethics enhancement strategy Role Modeling employed by the manager/director.*

This regression utilized the Role Modeling Index as the independent variable and the percentage of outcomes met was used as the dependent variable taking into account all of the control variables. Prior to conducting regression analysis, testing indicated there was not a problem with heteroscedasticity or multicollinearity. The results of this testing can be found in APPENDIX J.

Table 23 presents the results of nine separate regressions representing the independent, dependent, and control variables in hypothesis two and the impact the dependent variable (role

modeling) has on the dependent variable. Role Modeling is not significant in any of the nine regressions. Only the PAQS score control variable is significant in the final regression.

Table 23: OLS Regressions for Role Modeling and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Role Modeling	-.009 (.085)	-.009 (.086)	.003 (.088)	-.012 (.088)	-.035 (.088)	-.057 (.090)	-.052 (.092)	-.039 (.093)	-.030 (.089)
Years in Program		.001 (.004)	.000 (.005)	.000 (.005)	.002 (.005)	.002 (.005)	.002 (.005)	.001 (.005)	-.001 (.005)
Years in Nonprofit Sector			.002 (.004)	.001 (.004)	2.78E-005 (.004)	.000 (.004)	.000 (.004)	.000 (.004)	.001 (.004)
Education				.040 (.028)	.034 (.028)	.027 (.028)	.024 (.029)	.024 (.030)	.019 (.028)
Focus Area					.030 (.019)	.028 (.019)	.026 (.020)	.026 (.020)	.026 (.019)
Agency Budget						3.47E-009 (.000)	3.52E-009 (.000)	2.71E-009 (.000)	3.29E-009 (.000)
Program Budget							2.16E-008 (.000)	2.31E-008 (.000)	2.49E-008 (.000)
% Budget to Administrative Fundraising Costs								-.005 (.006)	-.006 (.006)
PAQS Score									-.012** (.005)
Adjusted R Square	-.015	-.028	-.036	-.019	.003	.006	-.007	-.012	.069
N	69	69	69	69	69	69	69	69	69

Notes: Standard Error in Parenthesis

- \* Significant at .10
- \*\* Significant at .05
- \*\*\* Significant at .01

The results of the regression reveal a standardized coefficient of -.043, and an Adjusted R Square for this model was .069. This suggests that Role Modeling contributed to 6.9% of the variance in the dependent variable percentage of outcomes met. However, results from the regression also indicated there was not a statistically significant relationship between Role Modeling and performance outcomes. The significance level of both the model (.146) and of



role modeling (.737) were well below the acceptable significance levels of either .05 or .10.

Therefore, the alternate hypothesis was rejected and the null hypothesis was supported.

*H<sub>02</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Role Modeling employed by the manager/director.*

### *Hypothesis Three*

The third hypothesis to be tested was whether or not a relationship exists between program performance outcomes and the ethics enhancement strategy Ethics Development employed by the manager/director. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

H<sub>03</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Ethics Development employed by the manager/director.

Ha<sub>3</sub> - Program performance outcomes are influenced by the ethics enhancement strategy Ethics Development employed by the manager/director.

This regression utilized the percentage of outcomes met as the dependent variable and the index for ethics development as the independent variable taking into account all of the control variables. Prior to conducting regression analysis, testing indicated there was not a problem with heteroscedasticity or multicollinearity. The results of this testing can be found in APPENDIX J.

Table 24 presents the results of nine separate regressions representing the independent, dependent, and control variables in hypothesis three and the impact the dependent variable (ethics development) has on the dependent variable. Ethics Development is not significant in any of the nine regressions. Only the PAQS score and Agency Budget control variable are significant in the final regression.

Table 24: OLS Regressions for Ethics Development and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Ethics Development	-.012 (.037)	-.010 (.038)	-.011 (.038)	-.017 (.038)	-.018 (.038)	-.044 (.041)	-.046 (.041)	-.046 (.042)	-.042 (.040)
Years in Program		.001 (.004)	-.001 (.005)	-.001 (.005)	.000 (.005)	.001 (.005)	.000 (.005)	.000 (.005)	-.001 (.005)
Years in Nonprofit Sector			.003 (.003)	.002 (.003)	.002 (.003)	.001 (.003)	.001 (.004)	.001 (.004)	.002 (.003)
Education				.034 (.027)	.029 (.027)	.020 (.027)	.016 (.028)	.016 (.029)	.010 (.028)
Focus Area					.022 (.018)	.022 (.018)	.019 (.018)	.019 (.019)	.020 (.018)
Agency Budget						4.59E-009 (.000)	4.75E-009 (.000)	4.79E-009 (.000)	5.48E-009* (.000)
Program Budget							3.15E-008 (.000)	3.14E-008 (.000)	3.11E-008 (.000)
% Budget to Administrative Fundraising Costs								.000 (.005)	-.002 (.005)
PAQS Score									-.011** (.005)
Adjusted R Square	-.013	-.026	-.025	-.016	-.008	.012	.003	-.012	.057
N	72	72	72	72	72	72	72	72	72

Notes: Standard Error in Parenthesis

\* Significant at .10

\*\* Significant at .05

\*\*\* Significant at .01

The results of the regression reveal a standardized coefficient of -.134, and an Adjusted R Square for this model was .057. This suggests that Ethics Development contributed to 5.7% of the variance in the dependent variable percentage of outcomes met. However, results from the regression also indicated there was not a statistically significant relationship between Ethics Development and performance outcomes. The significance level of both the model (.174) and of ethics development (.304) were well below the acceptable significance levels of either .05 or .10. Therefore, the alternate hypothesis was not supported, and the null hypothesis was accepted.

*H<sub>03</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Ethics Development employed by the manager/director.*

### *Hypothesis Four*

The fourth hypothesis to be tested was whether or not a relationship exists between program performance outcomes and the ethics enhancement strategy Ethics Enforcement and Review employed by the manager/director. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

$H_{04}$  - There is no relationship between program performance outcomes and the ethics enhancement strategy Ethics Enforcement and Review employed by the manager/director.

$H_{a4}$  - Program performance outcomes are influenced by the ethics enhancement strategy Ethics Enforcement and Review employed by the manager/director.

This regression utilized the percentage of outcomes met as the dependent variable and the index for enforcement and review as the independent variable taking into account all of the control variables. Prior to conducting regression analysis, testing indicated there was not a problem with heteroscedasticity or multicollinearity. The results of this testing can be found in APPENDIX J.

Table 25 presents the results of nine separate regressions representing the independent, dependent, and control variables in hypothesis four and the impact the dependent variable (ethics enforcement and review) has on the dependent variable. Ethics Enforcement and Review is not significant in any of the nine regressions. Only the PAQS score and Agency Budget control variables are significant in the final regression.

Table 25: OLS Regressions for Ethics Enforcement and Review and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Ethics Enforcement and Review	-.025 (.043)	-.026 (.043)	-.024 (.044)	-.026 (.043)	-.025 (.043)	-.045 (.045)	-.047 (.045)	-.047 (.045)	-.046 (.044)
Years in Program		.002 (.004)	1.23E-005 (.005)	.000 (.005)	.001 (.005)	.002 (.005)	.001 (.005)	.001 (.005)	.001 (.005)
Years in Nonprofit Sector			.002 (.003)	.001 (.003)	.000 (.003)	.000 (.003)	4.32E-005 (.003)	2.09E-005 (.003)	.001 (.003)
Education				.039 (.024)	.036 (.024)	.027 (.024)	.023 (.025)	.023 (.026)	.016 (.025)
Focus Area					.021 (.017)	.017 (.017)	.014 (.017)	.015 (.018)	.015 (.017)
Agency Budget						4.66E-009 (.000)	4.83E-009 (.000)	4.86E-009 (.000)	5.34E-009* (.000)
Program Budget							3.35E-008 (.000)	3.33E-008 (.000)	3.50E-008 (.000)
% Budget to Administrative Fundraising Costs								.000 (.004)	-.001 (.004)
PAQS Score									-.010** (.005)
Adjusted R Square	-.009	-.021	-.029	-.006	.002	.019	.012	-.003	.048
N	75	75	75	75	75	75	75	75	75

Notes: Standard Error in Parenthesis

\* Significant at .10

\*\* Significant at .05

\*\*\* Significant at .01

The results of the regression reveal a standardized coefficient of -.124, and an Adjusted R Square for this model was .048. This suggests that Ethics Enforcement and Review contributed to 4.8% of the variance in the dependent variable percentage of outcomes met. However, results from the regression also indicated there was no statistically significant relationship between Ethics Enforcement and Review and performance outcomes. The significance level of both the model (.197) and of ethics enforcement and review (.304) were well below the acceptable significance levels of either .05 or .10. Therefore, the null hypothesis was accepted.

*H<sub>04</sub> - There is no relationship between program performance outcomes and the ethics enhancement strategy Ethics Enforcement and Review employed by the manager/director.*

### *Hypothesis Five*

The fifth hypothesis to be tested was whether or not a relationship exists between program performance outcomes and the ethical strategy Transparency employed by the manager/director. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

H<sub>05</sub> - There is no relationship between program performance outcomes and the ethical strategy Transparency employed by the manager/director.

Ha<sub>5</sub> - Program performance outcomes are influenced by the ethical strategy Transparency employed by the manager/director.

This regression utilized the percentage of outcomes met as the dependent variable and the index for Transparency as the independent variable taking into account all of the control variables.

### *Testing for multicollinearity in hypothesis five*

A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data because all tolerance values were well above zero and all VIF values fell between 1 and 2. Table 26 shows the correlation values of the independent variables used in this hypothesis.

Table 26: Correlation Matrix for Hypothesis Five

Model		Collinearity Statistics	
		Tolerance	VIF
1	Transparency	.899	1.113
	Years in Program	.609	1.643
	Years in NP Sector	.645	1.550
	Education	.725	1.379
	Focus Area	.873	1.146
	Agency Budget	.840	1.190
	Program Budget	.801	1.249
	% of FR and Admin Costs to Agency Budget	.859	1.164
	PAQ Score	.935	1.070

a Dependent Variable: OutcomePercentage

*Testing for heteroscedasticity in hypothesis five*

A review of the scatterplot in Figure 8 indicates that heteroscedasticity was not a problem for the data in hypothesis five. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

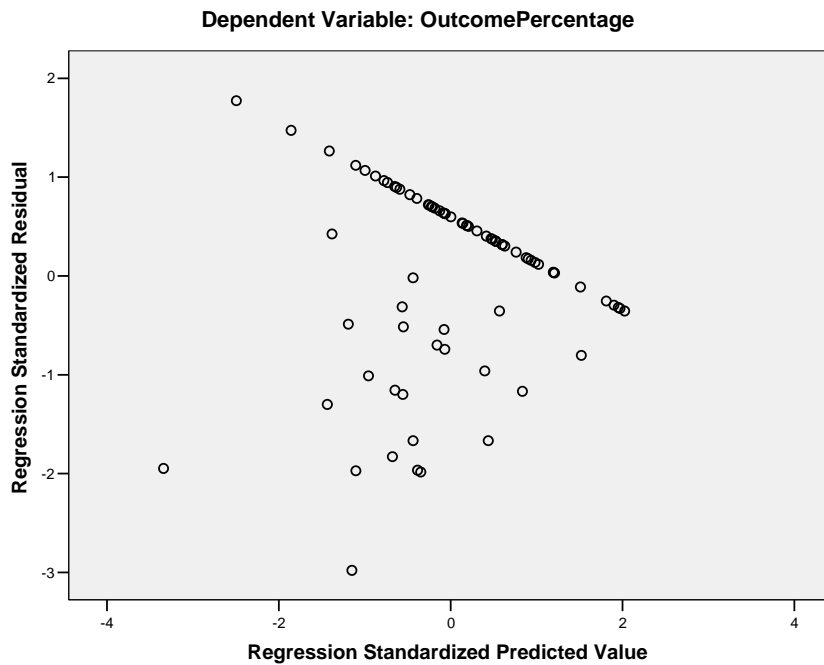


Figure 8: Data Scatterplot for Hypothesis Five

The results of nine separate regressions representing the independent, dependent, and control variables in hypothesis five and the impact the dependent variable (Transparency) has on the dependent variable are presented in Table 27. Transparency remains significant across all nine regressions, however, only the PAQS score control variable and Transparency are significant in the final regression.

Table 27: OLS Regressions for Transparency and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Transparency	.148** (.064)	.148** (.065)	.147** (.065)	.134* (.068)	.126* (.068)	.121* (.068)	.119* (.069)	.119* (.069)	.128* (.066)
Years in Program		.002 (.004)	.000 (.004)	.000 (.004)	.001 (.005)	.001 (.005)	.001 (.005)	.001 (.005)	.000 (.005)
Years in Nonprofit Sector			.003 (.003)	.002 (.003)	.002 (.003)	.001 (.003)	.002 (.003)	.002 (.003)	.003 (.003)
Education				.017 (.024)	.015 (.024)	.009 (.025)	.006 (.026)	.006 (.026)	-.001 (.025)
Focus Area					.016 (.017)	.016 (.016)	.014 (.017)	.015 (.017)	.014 (.017)
Agency Budget						3.04E-009 (.000)	3.12E-009 (.000)	3.14E-009 (.000)	4.14E-009 (.000)
Program Budget							2.34E-008 (.000)	2.33E-008 (.000)	2.50E-008 (.000)
% Budget to Administrative Fundraising Costs								.000 (.004)	-.001 (.004)
PAQS Score									-.012*** (.005)
Adjusted R Square	.053	.043	.041	.034	.033	.038	.027	.013	.095
N	77	77	77	77	77	77	77	77	77

Notes: Standard Error in Parenthesis

- \* Significant at .10
- \*\* Significant at .05
- \*\*\* Significant at .01

Results from the regression model indicated that transparency was significant at the 90% level (.058). More specifically, the standardized coefficient was .221, and the Adjusted R Square for this model was .095. **This suggests that Transparency contributed to 9.5% of the variance in the dependent variable percentage of outcomes met. This model was significant at the 90% level (.067). Therefore, the alternate hypothesis was supported.**

*Ha5 - Program performance outcomes are influenced by the ethical strategy Transparency employed by the manager/director.*

Transparency as an ethics enhancement strategy and its impact on performance outcomes is supported by the literature and will be discussed further in Chapter 6.



### *Hypothesis Six*

The sixth hypothesis to be tested was whether or not a relationship exists between program performance outcomes and the ethical strategy Stewardship employed by the manager/director. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

H<sub>06</sub> - There is no relationship between program performance outcomes and the ethical strategy Stewardship employed by the manager/director.

H<sub>a6</sub> - Program performance outcomes are influenced by the ethical strategy Stewardship employed by the manager/director.

This regression utilized the percentage of outcomes met as the dependent variable and the index for Stewardship as the independent variable taking into account all of the control variables. Prior to conducting regression analysis, testing indicated there was not a problem with heteroscedasticity or multicollinearity. The results of this testing can be found in APPENDIX J.

Table 28 presents the results of nine separate regressions representing the independent, dependent, and control variables in hypothesis six and the impact the dependent variable (Stewardship) has on the dependent variable. Only the PAQS score control variable is significant in the final regression.

Table 28: OLS Regressions for Stewardship and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Stewardship	-.034 (.082)	-.036 (.083)	-.036 (.085)	-.070 (.089)	-.075 (.088)	-.069 (.088)	-.070 (.089)	-.071 (.090)	-.003 (.090)
Years in Program		.001 (.004)	.001 (.005)	.001 (.005)	.003 (.005)	.003 (.005)	.003 (.006)	.003 (.006)	.001 (.006)
Years in Nonprofit Sector			-4.9E-005 (.004)	-.001 (.004)	-.002 (.004)	-.002 (.004)	-.002 (.004)	-.002 (.004)	.000 (.004)
Education				.038 (.031)	.025 (.032)	.018 (.032)	.016 (.033)	.016 (.034)	.009 (.032)
Focus Area					.030 (.021)	.030 (.021)	.028 (.022)	.028 (.023)	.026 (.021)
Agency Budget						4.18E-009 (.000)	4.06E-009 (.000)	4.07E-009 (.000)	5.78E-009 (.000)
Program Budget							2.41E-008 (.000)	2.39E-008 (.000)	2.62E-008 (.000)
% Budget to Administrative Fundraising Costs								.000 (.005)	-.002 (.005)
PAQS Score									-.014*** (.006)
Adjusted R Square	-.014	-.031	-.050	-.040	-.022	-.019	-.035	-.055	.048
N	59	59	59	59	59	59	59	59	59

Notes: Standard Error in Parenthesis

- \* Significant at .10
- \*\* Significant at .05
- \*\*\* Significant at .01

The results of the regression reveal a standardized coefficient of -.006, and an Adjusted R Square for this model was .048. This suggests that Stewardship contributed to 4.8% of the variance in the dependent variable percentage of outcomes met. However, results from the regression also indicated there was no statistically significant relationship between Stewardship and performance outcomes. The significance level of both the model (.246) and of stewardship (.969) were well below the acceptable significance levels of either .05 or .10. Therefore, the null hypothesis was supported.

*H<sub>06</sub> - There is no relationship between program performance outcomes and the ethical strategy Stewardship employed by the manager/director.*

### *Hypothesis Seven*

The seventh hypothesis to be tested was whether or not a relationship exists between program performance outcomes and the ethics enhancement strategies Empowerment employed by the manager/director. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

H<sub>07</sub> - There is no relationship between program performance outcomes and the ethical strategy Empowerment employed by the manager/director.

H<sub>a7</sub> - Program performance outcomes are influenced by the ethical strategy Empowerment employed by the manager/director.

This regression utilized the percentage of outcomes met as the dependent variable and the index for Empowerment as the independent variable taking into account all of the control variables. Prior to conducting regression analysis, testing indicated there was not a problem with heteroscedasticity or multicollinearity. The results of this testing can be found in APPENDIX J.

Table 29 presents the results of nine separate regressions representing the independent, dependent, and control variables in hypothesis seven and the impact the dependent variable (Empowerment) has on the dependent variable. Only the PAQS score control variable is significant in the final regression.

Table 29: OLS Regressions for Empowerment and Performance Outcome Relationship

	1	2	3	4	5	6	7	8	9
Empowerment	.040 (.048)	.037 (.048)	.037 (.049)	.010 (.053)	.023 (.056)	.026 (.056)	.027 (.056)	.033 (.059)	.049 (.057)
Years in Program		.002 (.004)	.001 (.005)	.001 (.005)	.002 (.005)	.002 (.005)	.002 (.006)	.001 (.006)	-.001 (.006)
Years in Nonprofit Sector			.001 (.004)	.000 (.004)	.000 (.004)	-.001 (.004)	-.001 (.004)	.000 (.004)	.001 (.004)
Education				.034 (.028)	.029 (.029)	.022 (.030)	.017 (.032)	.015 (.033)	.005 (.032)
Focus Area					.016 (.021)	.016 (.021)	.014 (.021)	.012 (.022)	.015 (.021)
Agency Budget						4.01E-009 (.000)	3.90E-009 (.000)	3.77E-009 (.000)	4.88E-009 (.000)
Program Budget							2.98E-008 (.000)	3.15E-008 (.000)	3.45E-008 (.000)
% Budget to Administrative Fundraising Costs								.002 (.005)	-.003 (.005)
PAQS Score									-.012** (.005)
Adjusted R Square	-.004	-.017	-.033	-.025	-.032	-.031	-.043	-.059	.016
N	65	65	65	65	65	65	65	65	65

Notes: Standard Error in Parenthesis

- \* Significant at .10
- \*\* Significant at .05
- \*\*\* Significant at .01

The results of the regression reveal a standardized coefficient of .127, and an Adjusted R Square for this model was .016. This suggests that Empowerment contributed to 1.6% of the variance in the dependent variable percentage of outcomes met. However, results from the regression also indicated there was no statistically significant relationship between Empowerment and performance outcomes. The significance level of both the model (.368) and of empowerment (.400) were well below the acceptable significance levels of either .05 or .10. Therefore, the alternate hypothesis was not supported and the null hypothesis accepted.

*H<sub>07</sub> - There is no relationship between program performance outcomes and the ethical strategy Empowerment employed by the manager/director.*

### *Hypothesis Eight*

The eighth hypothesis tested whether or not there is a relationship between the capacity of a program's processes and the achievement of program outcomes. The regression model for this hypothesis is represented in the research model and utilized PAQS score as the independent variable and percentage of outcomes met as the dependent variable. The PAQS score is a quantifiable measure of the capacity of each program's proposed measurement system.

The regression results will indicate whether or not there is evidence that a program's PAQS score has the ability to influence program performance outcomes in the nonprofit programs included in the sample. It is expected that the null hypothesis will be rejected and the alternate hypothesis will be supported by the data:

$H_{08}$  - There is no relationship between a program's PAQS score and the achievement of program outcomes.

$H_{a8}$  – The capacity of a program's processes as measured by the PAQS score is associated with its performance outcome measurement score.

#### *Testing for heteroscedasticity in hypothesis eight*

A review of the scatterplot in Figure 9 indicates that heteroscedasticity was not a problem for the data in hypothesis eight. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

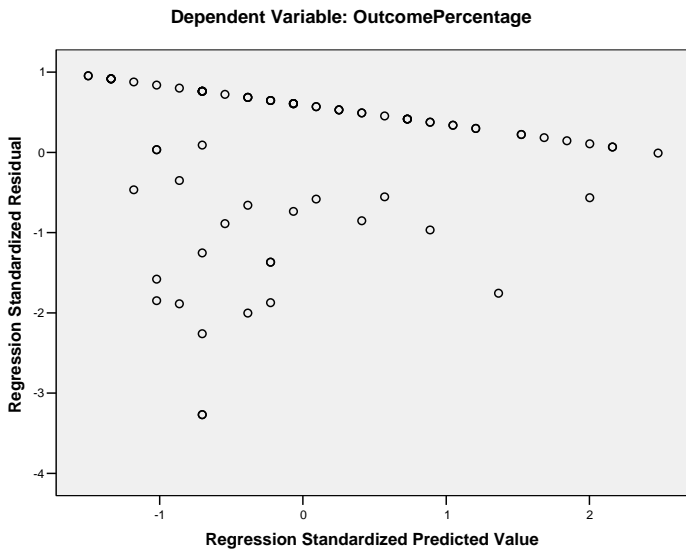


Figure 9: Data Scatterplot for Hypothesis Eight

The results of the regression representing the independent and dependent variables in hypothesis eight are presented in Table 30. Regression analysis revealed the relationship between PAQS score and the achievement of program outcomes is significant at the 95% level (.035). The standardized coefficient was -.237. The R Square value for this model was .056, and the Adjusted R Square for this model was .044. This suggests that the capacity of a program’s processes contributed to 4.4% of the variance in the dependent variable percentage of outcomes met. **The null hypothesis was rejected, and the alternate hypothesis was supported by the data.**

*Ha<sub>8</sub> – The capacity of a program’s processes as measured by the PAQS score is associated with its performance outcome measurement score.*

Table 30: OLS Regression for Program Quality (PAQS Score) and Performance Outcome Relationship

	1
PAQS Score	-.010* (.004)
Adjusted R Square	.044
N	78

Notes: Standard Error in parenthesis

\* Significant at .05

The capacity of a program’s processes effect on program performance outcomes is supported in the literature. For example, Poole, et al (2000) suggested that when attention is paid to proper program planning and pre-evaluation, potential problems can be identified earlier that could hinder the program’s performance. However, Tables 12 and 18 indicated that although a relationship did in fact exist between program capacity as measured by the PAQS and program outcomes, it was a negative relationship. As discussed earlier, a next step in determining program capacity is needed to more adequately explain this relationship. This will be discussed further in Chapter 5, where qualitative analysis will address this question.

### *Significance of the Control Variables*

In several of the above regressions, the PAQS and Budget control variables were shown to be statistically significant. When a control variable is significant it simply means that it had an impact on the independent variable. Regression analysis does not indicate whether the impact is positive or negative (Spatz, 2001). In the cases above, the significance of PAQS and Budget control variables indicate that program capacity and budget impacted the ability of a program to achieve its performance outcomes.

## *Surviving Models*

After testing each of the eight hypotheses, only two models survived. Table 31 lists all of the surviving regression models. This table shows that taking into account all the control variables, only two relationships proved to be significant -- hypotheses five and eight. Hypothesis five states, “*Program performance outcomes are influenced by the ethics enhancement strategy Transparency employed by the manager/director.*” In addition, hypothesis eight states, “*The capacity of a program’s processes as measured by the PAQS score is associated with its performance outcome measurement score.*” Both of these relationships are supported by the literature and will be discussed further in Chapter 6.

Table 31: List of Final Surviving Regression Models’ Variables

<p><u>Dependent Variables</u> OutcomePercentage – Percentage of program performance outcome measures met</p> <p><u>Independent Variables</u> PAQS – Capacity of program’s processes Transparency - How transparent the manager/director perceives himself to be.</p> <p><u>Control Variables – Program Characteristics</u> AgencyBudget – the overall budget of the agency ProgramBudget - program expenditures PercofBudget - percentage of fundraising and administrative costs to the overall budget Focus - type of program services provided</p> <p><u>Control Variables – Manager Demographics</u> YearsNP – how many years the program manager/director has been in nonprofit sector YearsP – how many years the program manager/director has been with the program Educ - education level of manager/director</p> <p><u>Control Variable – Capacity of Program Processes</u> PAQS – Capacity of program’s processes</p>
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## Summary

A quantitative analysis of the data has been presented in this chapter. An in-depth description of the data was provided including a review of the characteristics of the data. Then



bivariate analysis was conducted allowing for a better understanding of the relationship between select groups of variables. Finally, multiple regression was used to test each of the eight hypotheses and answer the eight research questions. Two of the eight hypotheses were supported by the data indicating that transparency influences the performance outcomes, and that there is a relationship between a program's PAQS and the performance outcomes.

The following chapter will provide a qualitative analysis of the relationship between the various ethical strategies and performance outcomes. A discussion of the interviews conducted with representatives from a select group of programs will attempt to explain why six of these hypotheses failed as well as gain more information about the two surviving hypotheses.

## CHAPTER 5: THE QUALITATIVE APPROACH

### Introduction

In order to gain a better understanding of the quantitative data presented in Chapter 4, various program managers/directors were selected to be interviewed. These interviews are intended to delve deeper into the issues of ethical strategies and performance outcomes measures in nonprofit programs and provide insight into the findings of this study's research. In addition to an analysis of each interview using the Grounded Theory process, this chapter will include a description of each program selected to be interviewed, and a discussion of the capacity of program processes and performance outcome relationship. For a complete review of each interview, please see APPENDIX K.

Programs selected to participate in the qualitative interviews represented a diverse spectrum of the nonprofit programs with respect to budget, expenditures, program capacity, and performance. Although focus area/service type was not part of the selection criteria, each program interview represented a different focus area/service type. Table 32 provides a detailed explanation of the selection criteria used for qualitative interview participation.

In an effort to protect the confidentiality of the programs participating in the qualitative interviews, only "high," "medium," or "low" will be used to describe their program budgets, expenditures, and PAQS scores. In addition, performance outcome achievement will only be described as "met" or "not met." Table 32 details the criteria used to select participants for the qualitative interviews.

Table 32: Selection Criteria for Qualitative Interview

Criteria	Definition
Budget	At least one program with a high program budget (over \$1,000,000), medium program budget (\$250,000 - \$1,000,000), and low program budget (\$10,000 - \$250,000) was selected.
Percent of Budget to Fundraising and Administrative Costs	At least one program with a high percentage (more than 25%), medium percentage (15% - 25%), and low percentage (1% - 15%) was selected.
PAQS Score	At least one program with a high PAQS score (76-83), medium PAQS score (69-75), and low PAQS score (59-68) was selected.
Performance Outcomes	At least one program meeting 100% of their performance outcomes and at least one meeting less than 100% of their performance outcomes was selected.

Table 33 describes each program with respect to budget, percent of budget spent on fundraising and administrative costs, program capacity, and performance outcomes. As mentioned above, at least one program was selected to participate in the qualitative interviews from each category. For example, Program One met the following criteria: high budget (over \$1,000,000); medium percentage spent on fundraising and administrative costs (between 15% - 25%); low program capacity (PAQS score between 59-68); and they met 100% of their performance outcomes.

Table 33: Characteristics of Programs Selected to Participate in Qualitative Interviews

Program	Budget	Percent of Budget Spent on Fundraising and Administrative Costs	Program Capacity (as measured by the PAQS)	Performance Outcomes Met
One	High	Medium	Low	Yes
Two	Low	Low	High	Yes
Three	Low	High	Medium	Yes
Four	High	Low	Medium	No
Five	Medium	Medium	Medium	Yes
Six	Low	Low	Low	Yes
Seven	Low	Low	Medium	No

## Discussion

This qualitative research provides some insight into the relationship between the various ethical strategies and performance outcomes. The following discussion is based in grounded theory where open coding, axial coding, and selective coding are used to divide the data into more manageable parts in order to better distinguish between the differences and similarities (Strauss and Corbin, 1998). For each type of ethical strategy, the answers to the interview questions were open coded producing a list of perceptions of each strategy. The perceptions of role modeling are examined first and are found in Table 34.

Table 34: Perceptions of Role Modeling

Sample Responses to Questions Related to Role Modeling	Categories
<ul style="list-style-type: none"> <li>• Manager suggests that it is the responsibility of management to help staff develop a stronger sense of ethics by role modeling appropriate behavior.</li> </ul>	Mentor
<ul style="list-style-type: none"> <li>• Manager believes that he/she can teach people by first doing it him/herself. By modeling inappropriate behaviors like dishonesty, staff will, “lose respect for you, and you may never win it back.”</li> <li>• Manager states, “I always greet clients and thank them for being here. I let them know that they are important.” Manager also demonstrates ethical conduct by being a servant leader. Manager says he/she constantly asks for input from staff members and considers it her responsibility to support them in their efforts.</li> <li>• Manager says, “One must walk the talk,” and suggests that everyone, especially those in leadership positions, must follow the policies set forth by the organization.</li> <li>• The management believes that it is important for leadership to demonstrate ethical conduct through their actions.</li> <li>• Manager believes role modeling is a valuable tool in demonstrating ethical behavior.</li> </ul>	Lead by Example

Open coding identified two primary perceptions of how role modeling is incorporated into the selected programs. The first perception is that role modeling allows the manager/director to act as a mentor and to help staff develop a stronger sense of ethics. The

second perception identified was that role modeling was a tool by which managers/directors could lead by example and model the ethical practices they wish to see in their staff.

The second strategy to be coded for perceptions was ethics development. The results can be found in Table 35.

Table 35: Perceptions of Ethics Development

Sample Responses to Questions Related to Ethics Development	Categories
<ul style="list-style-type: none"> <li>• Employees are provided with ongoing training on the ethical expectations of the program. All employees and the board of directors must sign the code of ethics during their initial orientation. In addition, the board must sign the code of ethics on an annual basis.</li> <li>• The staff is supposed to be made aware of the ethical and procedural expectations of the program during orientation when they receive the policy and procedure manual. However, it was recently discovered that only half of the manual was copied. The program manager is currently developing a training that will be incorporated into the regularly scheduled staff meetings.</li> <li>• Currently, one program is in the process of brainstorming the values of the organization. Once this list is completed, a new training program promoting the values of the organization will be instituted. This training will be conducted at the orientation for all new hires. All employees are advised of both the policies and code of ethics during their initial orientation.</li> </ul>	On-going process
<ul style="list-style-type: none"> <li>• Expects employees to abide by the rules and regulations set forth in the employee manual.</li> <li>• The program director states that employees are made aware of the ethical expectations of the program at the time of hire. They participate in a face-to-face employee orientation where ethics is discussed.</li> <li>• Acting ethically relates to whether or not staff follows the policies set forth in the employee manual. Beyond following procedures, each person “must go back to their own individual morals and ethics and behave accordingly.”</li> <li>• The ethical expectations are written out in their policy manual. The program manager states, “I just expect the people are going to act ethically.”</li> </ul>	Initial/New Hire Training Only

Open coding identified two primary perceptions of ethics development. First, some of the interviewees believed that ethics development was the responsibility of the program and that all employees needed training during their initial new hire orientation as well as on-going

exposure to ethics training during regularly scheduled staff meetings or some other venue. The second perception some interviewees had of ethics development was that employees should come into the program with their own set of values and beliefs and the responsibility of the program was to provide initial training during new hire orientation.

The results of the open coding for ethics enforcement and review are found in Table 36.

Table 36: Perceptions of Ethics Enforcement and Review

Sample Responses to Questions Related to Ethics Enforcement and Review	Categories
<ul style="list-style-type: none"> <li>• All staff are given both positive and negative feedback regarding their performance and behavior during their annual performance review. The program director of this program states, “If I don’t tell you, how are you going to correct it?”</li> <li>• Program has recently instituted a whistle blower policy where stakeholders are encouraged to report unethical behavior. In addition, this program manager believes, “when things aren’t dealt with in a timely manner, the work environment becomes toxic.” She states that she has an open-door policy and offers training when staff fall short of program expectations.</li> <li>• The consequences of not behaving ethically include a formal review process.</li> </ul>	Training Opportunity
<ul style="list-style-type: none"> <li>• Ethical behavior is a part of the annual performance review. If there is a breach of ethical behavior by any staff member, the program manager will follow the rules set forth in the employee handbook which provides a clear description of the rules of conduct as well as the consequences for not abiding by the rules.</li> <li>• Manager does not hesitate to terminate an employee when they behave unethically particularly when there have been repeated attempts at correcting unacceptable behavior. The program manager argues that one of the consequences of not behaving ethically is that clients will feel that they are being disrespected and not valued by the program. She argues, “If we let them down, how are we any different than everyone else in their lives who have disappointed them in the past?”</li> <li>• This program director believes that if the ethical breach is severe enough, it should lead to immediate termination.</li> </ul>	Progressive Discipline

Open coding identified two primary perceptions of ethics development and review. The first perception was that this strategy allowed for a training opportunity for staff who may fall short of ethical expectations of the program. This could also provide the program with

information needed to develop a new policy in order to address this issue in the employee handbook to lessen the likelihood of this situation repeating itself. The second perception of ethics enforcement and review was that any ethical breach would be dealt with just as any other type of discipline problem. Employees responsible for the breach would be subject to the steps of progressive discipline leading up to termination, or if the breach was severe enough, immediately terminated.

Table 37 shows the results of the open coding for empowerment.

Table 37: Perceptions of Empowerment

Sample Responses to Questions Related to Empowerment	Categories
<ul style="list-style-type: none"> <li>• “They have to have buy-in to the outcome. Program will be more successful with buy-in.”</li> <li>• Manager suggested that it is important to empower staff to offer suggestions and if the program is able, make changes accordingly.</li> <li>• Manager stated, “I work for them...the overall continuity of care is better for our clients (when staff are empowered). When staff are happy, clients are happy!”</li> <li>• Program manager sees connection between empowerment and performance outcomes and believes that when people feel a sense of ownership of the program, they will participate more leading to better programs and better results.</li> </ul>	Creates Buy-In/Sense of Ownership
<ul style="list-style-type: none"> <li>• The program director believes in the “ethics of involvement” stating that if “you have an interest in the work that we do, then you have the right to be involved.”</li> <li>• This program believes, “when we empower our clients, the stronger we become and the more able we are to meet our goals.”</li> </ul>	Tool for improving service delivery
<ul style="list-style-type: none"> <li>• All stakeholders are invited to provide input in the strategic planning process, but it is up to the board of director to “put all the pieces together” and develop the plan.</li> </ul>	Limited

Open coding identified three primary perceptions of empowerment. First, managers/directors viewed empowerment as a tool to create “buy-in.” One program director believes that by allowing staff and other stakeholders to be involved in the planning process, they will take ownership of the program and its outcomes and want to work harder to make the

program successful. The second perception was that empowerment was a tool for improving service delivery. One director stated, “When you empower staff and not stifle their creativity, you get amazing results.” The third and final perception of empowerment was that it is important but it should be limited based on the role each stakeholder plays in the program. Each separate group of stakeholders has a different expertise and should only be called upon for input when necessary. Table 38 shows the results of open coding for stewardship.

Table 38: Perceptions of Stewardship

Sample Responses to Questions Related to Stewardship	Categories
<ul style="list-style-type: none"> <li>• According to the program director, “this program belongs to the community, and we are going to do whatever it takes to build a stronger community.”</li> <li>• Director believes that stewardship is primarily related to being responsible with the resources entrusted to his organization.</li> </ul>	Ensures Perpetuity
<ul style="list-style-type: none"> <li>• The program manager believes that it is important to align oneself with a cause and be a part of the solution. When this happens, she reports, “you share in a camaraderie with fellow travelers who share your passion for the cause.”</li> <li>• The program director explains stewardship as, “if someone is here for the right reasons that fit within the mission of the program, they are more willing to go the extra mile to provide the services.”</li> </ul>	Improves Morale
<ul style="list-style-type: none"> <li>• The program manager states, “stewardship should be the bedrock of what we do.” This program manager believes that stewardship is, “the balance of being sure we are meeting the needs of the community and ensuring we are protecting our assets and ensuring perpetuity.” This, she says, is directly related to the program’s mission and promotes longevity of staff.</li> <li>• The program manager believes that in order to be a good steward, one must balance the needs of the organization and the community with protecting the assets. By promoting the values and mission of the organization, staff will stay longer because, “people stay because of the mission and the client not because of the management.”</li> <li>• Manager believes that it is important for those who work in the nonprofit sector to be prudent with the resources of their programs. Additionally, the manager believes that although many people who choose to work in the nonprofit sector truly want to help others, they must receive a “psychological paycheck” or they will not give it their all.</li> </ul>	Ensures Perpetuity/Improves Morale



Open coding revealed three primary perceptions of stewardship. First, stewardship was perceived to be a tool to ensure that the program was meeting the needs of the community and that perpetuity of program was being ensured by being fiscally responsible with the funds entrusted to them. Second, stewardship was perceived as a tool to improve staff morale. One manager argued that when employees believe in the mission of their program and see the difference they are making they get an “emotional paycheck.” She continues by arguing that employees who believe in the mission and values of the program are usually the employees who are regarded more highly by the clients and who achieve a greater percentage of their performance outcomes. Third, stewardship was perceived to be a combination of both a tool to ensure perpetuity and to improve morale. One manager argued that in order to be a good steward, one must balance the needs of the organization and the community with protecting the assets. When this balance is met, the manager suggests, staff are happier, the needs of the community being met, and the financial future of the program is being safeguarded.

Transparency was the sixth and final strategy to be open coded. The results can be found in Table 39.

Table 39: Perceptions of Transparency

Sample Responses to Questions Related to Transparency	Categories
<ul style="list-style-type: none"> <li>• The program director states, “you must be ready, willing, and able to be open.” She believes in providing constant updates by communicating “regularly and often.”</li> <li>• The program manager states, “We run a quality program with nothing to hide.” Manager considers transparency to be an integral part of their success and longevity in this community.</li> <li>• Manager believes that her primary responsibility is to be transparent to the board of directors by “connecting the dots” for them regarding the various aspects of the program. Transparency to the staff means that staff is given the information they need that is pertinent to their jobs. Finally, transparency to volunteers and clients means to be accessible. The program director believes that the most important thing clients and volunteers need to know is that “we are in the office or available by phone during office hours. They need to know that we are accessible and that we will do our best to answer their questions.”</li> </ul>	Openness
<ul style="list-style-type: none"> <li>• This program manager says that they are required to be transparent because they are federally funded. Transparency to this program comes in the form of newsletters sent to donors, annual reports, and granting access to the minutes from board meetings.</li> </ul>	Mandated Requirement
<ul style="list-style-type: none"> <li>• This program manager believes in “laying it all out on the table.” He/she states, “In order to have the best chances for success, you need to be 100% transparent. The less transparent you are, the less likely you are to meet your goals.” He/she argues that the underlying value of transparency is trust and that “you can’t trust someone if you feel they are hiding something.”</li> <li>• Manager believes in the importance of transparency in promoting trust between the program and its stakeholders. However, manager cautioned that transparency was on a “need to know” basis.</li> <li>• The program manager warns that although it is important to be transparent, “we need to be careful of how we represent ourselves in the community. There sometimes can be a disconnect between what we say we do and what we actually do.” When this occurs, he/she argues, clients will feel betrayed and begin to not trust the program.</li> </ul>	Trust

Open coding revealed three primary perceptions of transparency. First, transparency was viewed a willingness to expose the program to public scrutiny or being “open”. One program manager argued that it is important to not only tell people what worked, but it is equally important to tell people what did not work. The second perception was that transparency was

simply a requirement mandated by federal funding. However, this interviewee added that because of the intense monitoring that comes with federal funding, “the community can trust that we are doing what we said we were going to do.” The third and final perception of transparency was that it related to trust. Some of the managers argued that stakeholders need to be able to trust that the program is doing what it says it is going to do. One manager suggested that “there sometimes can be a disconnect between what we say we do and what we actually do.” When this occurs, she argues, clients will feel betrayed and begin to not trust the program.

After open coding the perceptions of the importance of each ethical strategy, axial coding was done. Axial coding relates the various categories created during open coding into subcategories. Where open coding identifies categories (also known as phenomena) which have the ability to explain themselves, subcategories provide a more complete explanation about the phenomena “such as when, where, why, who, how, and with what consequences” (Strauss and Corbin, 1998: 125). This analysis will discuss the “how” and “with what consequences.”

The “how” will be discussed in terms of “how important” each category is perceived to be in achieving program performance outcomes. Table 40 provides a list of the subcategories created for each phenomenon divided by program and by strategy. Axial coding identified three subcategories which provide insight into the perceived importance of each ethical strategy: very important, to important, to not important. Perceptions were categorized as “Very Important” if the interviewee discussed the importance of the strategy in question and also provided examples of how it was incorporated in their program. Perceptions were categorized as “Important” if the interviewee discussed the importance of the strategy in question but did not or could not provide examples of how it was currently incorporated in their program or if the strategy has only recently been incorporated into their program. Perceptions were categorized as “Unimportant” if

the interviewee discussed the strategy in a superficial way neither expressing its importance nor providing clear examples. Perceptions were categorized as “Very Unimportant” if the interviewee either did not discuss the strategy or implied that the strategy was not important.

A review of Table 40 reveals that empowerment was the only strategy perceived to be “Very Important” by 100% of the program directors/managers interviewed. It is also interesting to note that although transparency was the only ethical strategy shown to have an impact on performance outcomes, only 57% of the managers/directors interviewed perceived it to be “Very Important.”

Another interesting finding in Table 40 is the disparity between the perceived importance of ethics development and ethics enforcement and review. It appears that although 86% of the managers/directors interviewed perceived ethics enforcement and review (the use of progressive discipline techniques or the provision of training opportunities to correct behavior) to be “Very Important,” only 14% perceived ethics development to be “Very Important.”

Table 40: Subcategories of the Perceived Importance of Various Ethics Enhancement Strategies

Program	Role Modeling (Mentor and Lead by Example)	Ethics Development (On-going and Initial Training)	Ethics Enforcement and Review (Training Opportunity and Progressive Discipline)	Empowerment (Buy-in, improve service, limited)	Stewardship (Perpetuity, morale, combination)	Transparency (Openness, mandate, trust)
One	Important	Unimportant	Very Important	Very Important	Important	Important
Two	Very Unimportant	Very Important	Very Important	Very Important	Important	Very Important
Three	Very Important	Unimportant	Very Important	Very Important	Important	Important
Four	Important	Unimportant	Very Important	Very Important	Very Important	Very Important
Five	Very Important	Important	Important	Very Important	Very Important	Very Important
Six	Very Important	Unimportant	Very Important	Very Important	Very Important	Important
Seven	Very Important	Important	Very Important	Very Important	Unimportant	Very Important
% of “Very Important”	57%	14%	86%	100%	43%	57%

This leads to the discussion of “with what consequences.” The subcategories identifying varying levels of perceived importance for each phenomenon were created but that does not tell the entire story about the relationship between ethical strategies and performance outcomes. This will be discussed in the following section on selective coding.

The third step in the Grounded Theory process is selective coding. Selective coding involves integrating and refining the theory. The first step in integrating theory is deciding on the central category which represents the theme of the research (Strauss and Corbin, 1998). The theme of this research is to examine the relationship between ethical strategies and nonprofit programs’ performance outcomes. It was implied in the quantitative analysis section of this research that with the exception of transparency, no statistically significant relationship exists between the various ethical strategies and performance outcomes. This discussion on selective coding will review the subcategories created during the axial coding process and compare them to whether or not each program met its performance outcomes and add insight into the relationship between perceived importance and use of each ethical strategy and the ability to meet performance outcomes. Table 41 presents the subcategories and whether or not each program met its performance outcomes.

A review of Table 41 appears to show that there is not a conclusive relationship between the perceived importance of each ethical strategy and the ability to meet performance outcomes. For example, 100% of the program managers/directors surveyed perceived Empowerment to be “Very Important” yet only 71.4% of the programs met 100% of their outcomes. Similarly, four program managers/directors perceived Ethics Development to be “Unimportant.” Of those four programs, three met 100% of their outcomes and one did not. Therefore, it is difficult to

determine the consequences of the perceived importance of each ethical strategy in terms of performance outcomes met.

Table 41: Subcategory and Performance Outcome Relationship

Program	Role Modeling	Ethics Development	Ethics Enforcement and Review	Empowerment	Stewardship	Transparency	Performance Outcomes Met
One	Important	Unimportant	Very Important	Very Important	Important	Important	Yes
Two	Very Unimportant	Very Important	Very Important	Very Important	Important	Very Important	Yes
Three	Very Important	Unimportant	Very Important	Very Important	Important	Important	Yes
Four	Important	Unimportant	Very Important	Very Important	Very Important	Very Important	No
Five	Very Important	Important	Important	Very Important	Very Important	Very Important	Yes
Six	Very Important	Unimportant	Very Important	Very Important	Very Important	Important	Yes
Seven	Very Important	Important	Very Important	Very Important	Unimportant	Very Important	No

Empowerment was the only strategy perceived to be “Very Important” by every program director/manager interviewed. It is because of this unanimous perception that empowerment along with transparency will be the only two strategies discussed in the following section. Transparency is included because it was implied to have a statistically significant relationship with the achievement of performance outcomes during quantitative analysis.

Regardless of whether or not empowerment was perceived to create buy-in, improve service delivery, or was offered on a limited basis, each interviewee believed it was very important to seek stakeholder involvement. When the stakeholders of a nonprofit program are given the opportunity to become involved in the decision making of the program through the ethical strategies that encourage transparency, they are empowered to make decisions regarding programs and services within their community (Harley, Stebnicki, and Rollins, 2000). When

these individuals experience success, they begin to feel competent. This feeling of competency makes the individual feel good about himself or herself, and they recruit their friends and family to be a part of the process (Berryhill and Linney, 2000; Weick, 1984). When individuals are given the opportunity to work for a cause and make decisions on issues that impact their community, they feel a sense of ownership and are more vested in the outcome (Boyd, 2000).

One program manager discussed both transparency and empowerment during the interview process. She believed that the two strategies were inextricably related. According to the program director, by being transparent and providing information to stakeholders, “you are empowering your staff, your board, and volunteers to be a part of the solution.” She argues that transparency and empowerment go hand in hand because “knowledge is power. When you give people the information to do their jobs and do them correctly, you empower them to be successful.”

The qualitative analysis enriched this research by adding insight into how practitioners perceived each ethical strategy. In particular, this analysis better explained the relationship between transparency and performance outcomes with respect to “openness” and “trust.” This relationship will be discussed further in this section because transparency was the only ethical strategy implied to have a significant relationship with the achievement of performance outcomes.

### *Transparency - Openness and Honesty*

As discussed earlier, “openness” and “trust” were identified as two primary perceptions of transparency during open coding. Being willing to tell the truth relates to how honest one is willing to be. Common wisdom suggests that being transparent means being open and honest. A



review of the literature adds insight into these two terms and leads to a better understanding of the relationship between transparency and performance outcomes.

The Panel on the Nonprofit Sector recommends nonprofit programs be more open with their information. They suggest that programs provide detailed information about how the program operates including information about how program outcomes are evaluated. This information, they recommend, should be disclosed in a variety of ways including in annual reports, on the program's website, or in newsletters (Panel on the Nonprofit Sector, June 2005).

Research suggests that when programs are open to new ideas and suggestions and sincerely seek the opinion of others, the decision-making ability improves and exciting breakthroughs can occur. In her research of openness in health care, Karlene Kerfoot (2004) suggests that information should be shared freely and that the patient (or client) should be the primary source of control, and as mentioned above, when clients and other stakeholders are given some type of control, they are empowered to make decisions regarding programs and services within their community (Harley, Stebnicki, and Rollins, 2000). Openness to new ideas also encourages employees to share their knowledge and expertise which leads to improved morale (Microsoft Corp., February 2006).

Trust is another primary perception of transparency identified through open-coding. Trust can be defined as “an ethical relationship explained in terms of shared ideals and values...fulfilling obligations, performing duties, and behaving appropriately within the context of the relationship” (Feldheim, 2007, p. 257). The level of trust grows and confidence increases when the appropriate behavior is repeated (Korczynski, 2000; Lewicki, McAllister, and Bies, 1998). For example, when the management of a nonprofit program repeatedly exhibits honesty in terms of a sincere commitment to the mission of their program by creating performance

measures that are truly growth measures, asking all the important questions about the program pertaining to what barriers to success exist, reaching for the maximum change, and being willing to stretch, the level of stakeholder trust will grow. With this increase in trust, stakeholders may begin to offer more input and other resources to the program. As one program manager/director stated in the qualitative interviews, “In order to have the best chances for success, you need to be 100% transparent. The less transparent you are, the less likely you are to meet your goals.” He argues that the underlying value of transparency is trust and that “you can’t trust someone if you feel they are hiding something.”

#### *Qualitative Discussion of Capacity of Program Processes and Outcome Relationship*

Results of the multiple regression analysis of Hypothesis eight imply a negative relationship between the capacity of program processes as measured by the PAQS and performance outcomes. Programs with high PAQS scores have been determined to have a more refined measurement system that has met the standard set by the HFUW. According to the Director of Research at the HFUW, “The point is to have a strong measurement system so you can have confidence in your results” (J. Nelson, personal communication, March 6, 2007).

However, there are several factors that may impact performance and the ability of a program to achieve its outcomes (Hatry, 1997; Wang, 2007). The way a program executes its plan impacts whether or not outcomes will be achieved. Simply because a program had a high PAQS score does not mean that they executed their program well. This could lead to a program with a high PAQS score to achieve a low outcome percentage score. Yanow (1996) offers a possible explanation for the “gap” between intentions and actual outcomes. She suggests that the

gap can be explained in many ways: vagueness of language; lack of appropriate incentives for program staff; poor organizational design; and communication problems.

Furthermore, programs could miscalculate and report inaccurate results. This could also lead to a program with a high PAQS score to have a low outcome percentage. For example, one program in the sample achieved one of the highest PAQS scores in the sample, however only met 40% of their performance outcomes. Further examination of their results revealed that this program miscalculated their survey results by using the wrong denominator in their equation.

Conversely, programs with a low PAQS score could achieve a high percentage of their outcomes simply because they executed a poorly written plan well. This is due to the fact that a low PAQS score could be the result of mistakes made on a program's logic model. For example, points are deducted if the model does not flow well or if there are missing components. One program in the sample had one of the lowest PAQS scores yet they managed to meet 100% of their performance outcomes. Upon further scrutiny of their data, it was determined that they received a low PAQS score because their plan was poorly written. For example, their plan received point deductions for the following issues: outcomes were not client focused; did not fully explain indicators or how they would be measured; did not quantify all indicators; and indicators are not "true" indicators – they are outputs. Table 42 lists a few examples of programs which had a negative relationship between their PAQS score and their outcome percentage score and provides an explanation for this relationship.

Table 42: PAQS Score and Outcome Percentage Qualitative Table

Program	PAQS	100% of Outcomes Met	Explanation
1	High	No	Appears to have a problem with not having the right benchmark and raises the question of whether or not benchmarks should include a reasonable margin of error. This program almost met all outcomes but missed each by a few percentage points.
2	High	No	Appears to have a problem with miscalculation. This program miscalculated their survey results by using the wrong denominator in their equation.
3	Low	Yes	Appears to have executed a poorly written plan well. Points were deducted from PAQS score for using double-barreled statements in outcomes and for using broad statements. Additionally, program set low, easy to meet targets. They had a 50% target for all outcomes.
4	Low	Yes	Appears to have executed a poorly written plan well. Points were deducted from the PAQS score for the following: outcomes were not client focused; did not fully explain indicators or how they would be measured; did not quantify all indicators; and indicators are not “true” indicators – they are outputs. Additionally, the results reported were suspect.

A review of Table 42 indicates that regardless of how strong (or weak) a program’s measurement system appears to be, there are several factors that could impact performance. Inappropriate benchmarks, math errors, poorly worded outcomes, and setting easy to meet targets all contribute to a program’s ability to achieve its outcomes.

In addition to the factors mentioned in Table 42, other circumstances may arise that affect a program’s ability to meet performance outcomes. Chen (1990) argues in his discussion of normative outcome evaluation that programs do not stay static. In fact, program goals are affected by changes in “political or organizational climate, policies, program staff, program structure, clients, and so on” (p. 89). This argument validates the problems other programs in the sample experienced (other than problems associated with miscalculation and benchmark

issues) in executing their plans. For example, programs experienced difficulty in meeting outcomes when the executive director left the program or when they had staff and funding cuts. Other programs had a change of focus and needed to re-evaluate their goals in order to better serve their clients.

Another step is needed to more adequately explain the relationship between the capacity of a program's processes and its performance outcomes. Sowa, Selden, and Sandfort (2004) agree and suggest that organizational effectiveness or success of a program should include a multilevel process because of the "complicated interrelationships between possible endogenous and exogenous variables" (724).

The HFUW is currently testing the Measurement Instrument/Results Quality Scale (MIRQS) as the next step in developing and reporting meaningful performance outcomes (See APPENDIX L). The MIRQS scores a program's results taking into account the rigor of its outcomes and indicators, whether or not the indicators (on which the outcomes are based) were based on a national benchmark, baseline data, or industry standards, and whether or not the results were scored and reported accurately.

The MIRQS is still in its draft form, however it is used in this discussion to provide insight into the robustness of each program's performance outcomes. Eleven programs were reviewed using the MIRQS tool. MIRQS scores can range from 19 - 76 or from 26 - 104 depending on whether the program had two or three outcomes. Table 43 provides a list of programs which received a high PAQ score and a low percentage of outcomes met, programs with low PAQS scores and high outcome percentages, and programs that fell in the middle. For the purpose of easier comparison with the MIRQS scores, the PAQS scores were converted into a percentage. As mentioned before, the PAQS scores range between 59 - 84.

Table 43: PAQS, MIRQS, Performance Outcomes Scores

PAQS Score	Total MIRQS	Outcome Percentage
99% (high)	74%	100%
<b>96% (high)</b>	<b>89%</b>	<b>80%</b>
<b>96% (high)</b>	<b>90%</b>	<b>40%</b>
90% (high)	90%	100%
89% (medium)	82%	100%
89% (medium)	93%	67%
82% (medium)	94%	67%
81% (low)	85%	100%
<b>77% (low)</b>	<b>66%</b>	<b>100%</b>
<b>76% (low)</b>	<b>63%</b>	<b>100%</b>
74% (low)	80%	100%

\* Bolded items are the same programs listed in Table 42.

A review of Table 43 appears to indicate a negative relationship between the MIRQS score and outcome percentage. This implies that a higher MIRQS score relates to a lower outcome percentage. A high score of the MIRQS indicates that the program has a strong measurement system and that the targets for its outcomes were based on a recognized standard. This suggests that if a program has robust outcomes based on a national benchmark, baseline data, or industry standard, and that if their response rates are sufficient to establish confidence in the results, the lower their outcome percentage might be. A lower outcome percentage may be expected since the targets, although realistic, may be more difficult to achieve than targets that are not based on anything substantial. Table 44 shows a quantitative analysis of the correlation between MIRQS and performance outcomes.

Table 44: Correlation between Rigor and Achievement of Performance Outcomes

		MIRQS	Outcome Percentage
Kendall's tau_b	MIRQ	1.000	-.616(*)
	Correlation Coefficient		
	Sig. (2-tailed)	.	.017
	N	11	11

\* Correlation is significant at the 0.05 level (2-tailed).

The first step in this analysis is to determine the direction of the relationship. Since the correlation has a negative sign, it appears there is a negative relationship between MIRQS score and the achievement of program outcomes.

The second step in this analysis is to determine the strength of the relationship. A correlation of  $-.616$  indicates a strong negative relationship between the two variables. This relationship is significant at the 0.05 level. This indicates that as the MIRQS score increases, the percentage of performance outcomes met decreases.

The results of the analysis of the MIRQS and performance outcome relationship indicates that the PAQS score should not be used alone as an indicator of a program's ability to achieve performance outcomes and that standards should be used in developing the performance outcomes. The MIRQS is the next step in better understanding all the variables that are a part of supporting programs and ensuring they are not only able to meet their outcomes, but that their outcomes are meaningful and worthwhile to the communities they serve.

According to the qualitative interviews and the literature, these outcomes will be more meaningful if they were developed using the ethical strategies of transparency and empowerment. This is due to the programs' willingness be open and sincerely seek the opinions of stakeholders. When these stakeholders are encouraged and empowered to be involved, they will be able to give the program valuable insight and perhaps a different level of expertise in developing performance outcomes that truly meets the needs of the community it serves.

### Summary

The quantitative findings which imply a significant relationship between transparency and performance outcomes as well as the capacity of a program's processes and performance

outcomes appear to be supported by the information revealed in the qualitative interviews. The qualitative analysis provided a better understanding of the relationship between the various ethics enhancement strategies and the achievement of performance outcomes as well as how each strategy is applied in the sample of nonprofit organizations studied. For example, although it did not have a significant relationship with performance outcomes, empowerment was perceived to be a “Very Important” strategy amongst the managers/directors interviewed. Additionally, transparency was explored in greater detail with respect to the categories of “openness” and “trust.” These two categories were identified as two primary perceptions of transparency during open coding. Finally, this chapter provided a discussion of the negative relationship between program capacity and performance outcomes. The final chapter of this study summarizes the major findings, discusses implications for the nonprofit sector, and suggests areas of future research.



## CHAPTER 6: CONCLUSION

### Introduction

The focus of the dissertation was to determine the relationship of the ethical strategies employed by nonprofit program managers and/or directors and the ability of the program's in meeting their identified outcomes. It attempted to add to the paucity of research on the relationship between ethical strategies and the achievement of performance outcomes in nonprofit programs. Regression analysis performed on archival data as well as survey data collected from 79 managers/directors of nonprofit programs provided evidence that one type of ethical strategy (transparency) influenced program performance outcomes. Additionally, the data indicated that the capacity of a program's processes also influenced program performance outcomes. Qualitative interviews were conducted to expand understanding of the quantitative findings. This chapter will provide an overview of the major findings, discuss the implications this research has for both nonprofit managers/directors and funding agencies, provide an explanation of the limitations of this research, and offer recommendations for future research.

### Summary of Major Findings

Of the eight hypotheses presented in this research, two were supported by the data. First, the data indicated a statistically significant relationship between Transparency and the achievement of performance outcomes. Transparency as an ethical strategy and tool for achieving outcomes is supported by the literature. As Jeavons (2005) suggests, a nonprofit organization must be ready to explain and answer to the public and their stakeholders for their behavior and performance. Light (2002) and Hurd (2005) also argue that nonprofit organizations

must readily disseminate information on their internal workings. By making themselves more accessible, nonprofit programs can gain more input and support from their stakeholders. They can develop a system of accountability and guidelines in order to achieve their outcomes. When the management of a nonprofit program continues to incorporate transparency into their daily operations and make themselves more accessible, the level of stakeholder trust will grow. With this increase in trust, stakeholders may begin to offer more input and other resources to the program.

Information emerged from the interviews presented in Chapter 5 that may provide a better understanding of the quantitative findings that supports a relationship between transparency and performance outcomes. All of the managers/directors interviewed perceived empowerment to be “Very Important.” Empowerment was the only strategy believed to be “Very Important” by all interview participants. A connection can be made, however, between empowerment and transparency. Research suggests that when people are empowered to make decisions regarding programs and services within their community they feel a sense of ownership and are more vested in the outcome (Boyd, 2000; Harley, Stebnicki, and Rollins, 2000). One program manager suggested that a connection between empowerment and performance outcomes existed. She believes that when people feel a sense of ownership of the program, they will participate more leading to better programs and better results.

However, the argument can be made that without transparency, it would be difficult to empower people to be involved in making decisions that impact the program. Transparency gives people the information needed to make informed decisions. As mentioned earlier, one program manager argued that “knowledge is power. When you give people the information to do their jobs and do them correctly, you empower them to be successful.”

The data also supported the hypothesis that there is a relationship between program capacity and the achievement of performance outcomes. However, this relationship was proven to be negative. Programs scoring high on the PAQS were assumed to have a high capacity measurement system that, according to the Director of Research at the HFUW, puts them in a good position to meet their performance outcomes. Since, however, the PAQS score is a measure of the capacity of each program's proposed measurement system and not a measure of the rigor of their outcomes or the quality of its results, a next step needed to be identified to provide a better understanding of all the variables that impact the ability of a program to meet its performance outcomes. According to Reisman (1994), it is simply not enough for a program to meet its outcomes. Those outcomes should be based on benchmarks developed through extensive research. Kearns (1996) agrees and argues there needs to be a system in place to ensure programs have the capacity to achieve their performance outcome measures and that these measures were developed following mandated or a professionally recognized procedure.

A review of archival data from the HFUW provided insight into the negative relationship between capacity of program processes and achievement of performance outcomes and provided the groundwork to develop and administer the Measurement Instrument/Results Quality Scale (MIRQS). Although still in a draft form, the MIRQS added insight into the importance of benchmarking and proper data collection techniques when determining whether or not a program has met its performance outcomes.

The incorporation of the MIRQS into nonprofit program planning processes requires the program to be transparent in terms of being honest in developing outcomes. For example, when the management of a nonprofit program is honest about developing performance outcomes that are true measures of success, they begin by asking all the important questions about the program

pertaining to what barriers to success exist, they seek and incorporate the input of stakeholders, and they make the required changes in their programs in order to meet the more rigorous performance outcomes.

### Implications for Practice

The findings of this study have important implications for nonprofit program managers/directors as well as leaders in the fields such as Social Work, Health Services, and Criminal Justice. First, regardless of the field in which they practice managers/directors need to understand the importance of exposing themselves and their programs to public scrutiny. They must be willing to share information with their boards, staff members, clients, funding agencies, the community, and anyone else who has a stake in the program.

The interview data suggests that being transparent conveys a message of trust. The interviewees suggested that when a program is willing to share information, they are telling their stakeholders that they have nothing to hide. One manager argued that “In order to have the best chances for success, you need to be 100% transparent...you can’t trust someone if you feel they are hiding something.” Increased trust may lead to an increase in support, not only in the form of financial donations, but also in the form of volunteer participation, more staff input, and better partnerships with other organizations. All of these benefits of transparency may lead to the development of more rigorous outcomes that are based on national or industry standard and community input. In addition, transparency may lead to a greater degree of accuracy and honesty when reporting outcomes.

Results of the interviews also suggest that transparency comes in different forms: newsletters; annual reports; emails; invitations to events; memos to staff; staff meetings; and

informal conversations. Program managers/directors should understand that it is necessary to share information with stakeholders in a way they are able to receive. Only then will the stakeholders be able to respond and possibly add valuable insight or give valuable suggestions to the program. This encourages participation and empowers stakeholders to be involved, and according to the interviews, empowerment was perceived to be “Very Important” by all managers/directors participating in the interview process.

While it is understood that it is not always feasible or wise to share every bit of information that passes through the program, it is important to put forth the effort and develop a plan that allows program managers/directors to share information in a timely manner with their stakeholders. It may be easier to share good news, but it is equally important to share the bad. One program manager suggested during the interviews, “this program belongs to the community, and we are going to do whatever it takes to build a stronger community.” If “whatever it takes” includes sharing bad news or information that does not reflect kindly on the program, program managers/directors must overcome the urge to keep this information a secret and share it with the appropriate stakeholders who can then provide the manager/director with valuable advice that may prevent a small problem from growing. Additionally, stakeholder input may add to the ability to create measures that are truly in-line with community needs and which show a sincere commitment to the mission of the program.

Another major implication for program managers/directors is that more attention must be paid to researching appropriate targets for their performance outcomes. While it may be easier to seemingly pull a target out of thin air, targets must be based on based on a national benchmark, baseline data, or industry standard. If, for example, a program meets a target they randomly set at 50%, one must question whether or not this is truly making a difference in the life of the client

or the community at large. If research based targets are not a part of a nonprofit program's plan, then the program manager/director may need to re-evaluate why the program exists and whether or not the program is mission-driven or funding-driven. Additionally, special attention must be paid to ensuring that results are not only calculated and reported accurately, but that response rates are sufficient to establish confidence in the results.

### Implications for Funding Agencies

The findings from this study also have important implications for those who fund nonprofit programs. Funding agencies have a vested interest in ensuring the programs they fund are achieving their outcomes. Since the data indicates that there is a relationship between transparency and the achievement of performance outcomes, then funding agencies are in the unique position to require the programs they fund to share vital information about their programs in a timely and efficient manner. Funding agencies might want to re-examine the types of information they require their grantees to share. In addition, funding agencies might want to consider how the information is shared, when it is shared, and with whom it is shared. Additionally, since transparency and empowerment are somewhat linked, funding agencies may want to review how their grantees involve their stakeholders in making decisions that impact the program.

Another important implication for funding agencies involves how they evaluate the success of a program. Simply because a program has met their outcomes does not necessarily mean that they are making an impact particularly if the target is set well below the national benchmark, baseline data, or industry standard. Funding agencies may want to consider requiring their grantees to provide an explanation of how their targets were established, or

funding agencies may wish to develop their own targets for the programs they fund based on some pre-determined standard. This would allow for easier and possibly more accurate comparisons of similar programs funded.

### Policy Implications

This research creates policy implications for both practitioners and funding agencies. Two important policy implications emerge for practitioners. First, an internal policy may be developed with respect to transparency. Leaders in the nonprofit sector, the social work field, criminal justice, and health services may want to develop specific policies relating to information sharing and community/stakeholder input. Secondly, leaders in these fields may want to develop standards on how outcomes are developed and on these outcomes are based.

A standard on outcome development is important, and if leaders in these fields do not take the initiative to develop a policy on this issue, they may find a standard imposed on them by their funding sources. Funding agencies may begin to require the programs they fund to abide by national or industry standards when development performance outcomes. Funding agencies may also decide to create their own performance outcome measures and impose these specific measures on all of the programs they fund. A uniform standard set by the funder may allow for easier comparisons between the programs they fund.

### Implications for the Field

Those in the field of research will find this study significant because it adds to the paucity of research on the ethical strategy/outcome relationship in nonprofit programs. The contributions this study makes to theory relates primarily to transparency and outcome measurement. This

study suggests that more attention needs to be paid to the development of rigorous outcomes. This study also suggests that the more transparent a program is the more likely it is to sincerely seek and incorporate the input from others in developing program outcomes that are based on a national benchmark, baseline data, or industry standard. In addition, this study has the potential to expand theory development. For example, this study has the potential to contribute to contingency theory, equity theory of motivation, and organizational development.

### Limitations

A few important limitations of this study need to be discussed. First, the sample size was small. This could lead to a high standard error. Second, the results of this study are not generalizable since it reflects a specific population during a specific time period. Another limitation is that this study did not address how long each program has been in existence. This information could be relevant because programs that have been operating effectively for a longer period of time may have better community support and be more likely to achieve their outcomes. In addition, this study did not take into consideration an organization theory which may have added insight into the relationship between ethical practice and the achievement of outcomes. The remaining limitations of this study will be discussed in terms of how the data was gathered: survey; interviews; and archival data.

#### *Survey Limitations*

While there are many benefits to survey research including the fact that it makes gathering data from large samples feasible, it also has limitations. Specifically, survey research may have problems because it is based on self-report. The questions in this survey dealt with sensitive issues regarding one's perception of their own use of various ethics enhancement



strategies. A person completing the survey may have been tempted to answer questions in a more positive manner than is actually true. For example, one question in the survey asks, “When making decisions that impact my organization, I am guided by ethical principles.” Survey participants may be tempted to “Agree” or “Strongly Agree” with this statement when in reality, they may not actually do this.

Another limitation with this research was sample size. Although over 50% of the sample population completed and returned surveys, the data would have yielded more reliable results regarding the impact of ethics enhancement strategies on the achievement of nonprofit performance outcomes if the percentage of returned and usable surveys was higher.

#### *Interview Limitations*

One of the main problems associated with the interviews in this study is similar to the limitation of survey research. The interviews are also based on self-report. The information gained during this process is indirect and filtered through the views of the managers/directors being interviewed. Additionally, the responses may have been biased by the researcher’s presence. For example, the interviewees may have edited their comments to reflect themselves and their organizations in a more favorable view. Another limitation is that some managers/directors may have been more articulate about this issue. Some of the interviewees were able to speak about ethics and how it impacted their programs in a more perceptive manner than other interviewees.

#### *Archival Data Limitations*

There are two limitations to the archival data: accuracy and completeness. The outcome data used in this research was dependent upon the self-report each program submits to the

HFUW. If the program reported that they had met 100% of their outcomes, then that is what was included in this study regardless of whether or not the program had actually met 100% of their outcomes. The second problem was that some of the reports were incomplete. This became a problem when calculating the PAQS score and MIRQS score for each program. If the program was missing information needed, the consultant was not able to get a complete and accurate score.

### Recommendations for Future Research

This study focused on a select group of nonprofit programs funded by the HFUW. Future research should focus on broader group of nonprofit programs. For example, future research could include nonprofit programs funded by other United Ways from across the country or on all nonprofit programs from the Central Florida area not just the programs funded by the HFUW. Future research could also be conducted using the same survey in other sectors. For example, the survey could be administered in health service agencies, police departments, or to leaders in the social work field.

Also, since the PAQS tool has only been used by the HFUW, future research could focus on establishing the validity and reliability of the tool. There are three methods of future research that could be used. First, the study could be replicated with the same group of programs in a different time frame, perhaps another two to three years. Second, the study could be conducted with other programs in other parts of the country using the PAQS. This would allow for comparisons of programs from different parts of the country. Third, a new tool could be created to measure the capacity of a program's processes.

Since transparency as an ethical strategy appears to have an impact on performance outcomes, more research is needed to explore what information is being shared and how nonprofit programs are sharing this information with their stakeholders. This may be a qualitative study to discover the “best practices” in transparency that could be used as guidelines for both funding agencies and nonprofit program managers/directors to develop standards or policies related to information sharing. It would also be interesting to study which methods of being transparent are most effective and have to most impact on performance outcome achievement.

Another area of future research with respect to ethical strategies is a comparison of nonprofit programs with public organizations (possibly city governments). Research conducted by Feldheim and Wang (2002) focused on the use of ethics enhancement strategies in city governments. In their research, ethics enhancement strategies included role modeling, ethics development, and ethics enforcement and review. The current research added the strategies of empowerment, stewardship and transparency. Future research could focus on the similarities and differences in city government and nonprofit sector employee perceptions of ethical strategies.

There may also be an opportunity for further research in exploring the relationship between service type, program capacity, and performance outcome achievement. It would be interesting to study the impact of service type (such as whether a nonprofit program works with children or seniors or whether it provides emergency services or services to disabled individuals) on the achievement of performance outcomes.

Research could also be conducted on the impact of external factors from the community on the ethical strategy/outcome relationship. It would be interesting to study the impact of factors such as the overall economy of an area, the unemployment rate, and the median family

income. These external factors may impact the ability of a nonprofit program to achieve its outcomes.

Future research could also utilize an efficiency analysis. An efficiency analysis could provide researchers and leaders in the nonprofit sector with information necessary to develop and analyze programs that are designed to meet the needs of the community, benefit clients, and reduce expenditures.

As mentioned above, this study has the potential to expand theory. Future research could focus on contingency theory, equity theory of motivation, and organizational development. Contingency theory emphasizes the importance of the personal characteristics of the manager/director and the demands of a situation (or contingencies) are in designing a program to meet (George and Jones, 2002). Future research could explore how managers develop program outcomes taking into account the contingencies that impact their programs such as their own personal characteristics (education, experience, and ethical practices), funding agency requirements, organizational ethical expectations, and stakeholder expectations.

Equity theory of motivation examines how employees compare their efforts and rewards with others in similar situations (Gordon, 2002). Future research could explore how nonprofit programs compare their input/output ratio with other similar nonprofit programs and examine what the impact is when there is a discrepancy. For example, research could examine what the impact is when one program with robust performance outcome measures compares its output with another program with easier performance outcomes measures.

The organizational development process consists of several steps that are important for successful change management: forces for change; performance outcomes; diagnosis of the problem; selection of appropriate intervention; limiting conditions; implementation of the

method; and evaluation of the method (Gibson, Ivancevich, Donnelly; 2000, Shoemaker, 1995).

Future research could focus on the organizational development process as it relates to how the manager/director of a nonprofit program implements change based on internal factors (behavior and processes) and external factors (funding agency requirements, stakeholder expectations, and funding). Additionally, future research could examine how managers/directors seek and utilize stakeholder input in diagnosing the problem and selecting, implementing, and evaluating the intervention.

A final consideration for future research involves performance outcomes. One of the lessons learned in this research is that it is not enough to gauge a program's success merely on the basis of whether or not they met their performance outcomes. These outcomes may not be accurate or well researched. Future research should focus on how to more accurately measure a program's success. This measure would include not just whether or not they met their outcomes, but on the capacity of the program's processes and the rigor of the performance outcome measures.

In summary, the key points to take away from this research relate to the issues of transparency and performance outcome development. Transparency is an important tool in not only performance outcome achievement but also in program development. The willingness to be transparent allows programs to gain input and feedback from stakeholders and leads to the development of programs and performance outcomes that are more mission related and more in-line with the needs of the community. The second key point is that programs can not be judged merely on whether or not they achieved their performance outcomes. Attention must also be paid to the rigor of their performance outcomes. Standards should be used in developing the performance outcomes. There needs to be a better understanding of all the variables that are a

part of supporting programs and ensuring they are not only able to meet their outcomes, but that their outcomes are meaningful and worthwhile to the communities they serve.

## APPENDIX A: SURVEY INSTRUMENT

Survey of Ethics Enhancement Strategies in Nonprofit Programs

This is a survey of the managers/directors of the nonprofit programs funded by the Heart of Florida United Way. Only aggregate results will be reported. You are under no obligation to complete the survey, however, your cooperation is greatly appreciated. If you would like a copy of the final results, I would be happy to provide one for you.

Thank you for your cooperation.

**Please use the self-addressed envelope for your response.**

University of Central Florida  
Ph.D. in Public Affairs Program  
Stephanie Loudermilk Krick, MPA  
407-273-4901  
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Introduction. Please tell us a little about yourself:

1. Are you the program manager of your organization? Yes / No  
*If no, what is your position?* \_\_\_\_\_
2. How many years have you been in this position? \_\_\_\_\_
3. How many years have you worked for this program? \_\_\_\_\_ Years
4. How many years have you worked in the nonprofit sector? \_\_\_\_\_
5. What is your highest level of education? Circle one:

High school degree      Some College (no degree)      AA degree      Bachelors  
 Master's Degree      Other \_\_\_\_\_

Question 1: Please evaluate the following ethics tools in your program. Please use the following scale:

5 = Strongly Agree      3 = Neutral      1 = Strongly Disagree  
 4 = Agree      2 = Disagree      0 = Don't know or can't say

*Statements:*

- [ ] It is important for managers to demonstrate ethical conduct.
- [ ] I require my subordinates to be familiar with ethics.
- [ ] Promoting ethical conduct is an important part of my job.
- [ ] My management style emphasizes stakeholder participation.
- [ ] It is important to hold individuals accountable for their performance.
- [ ] My organization has a code of ethics.
- [ ] We regularly conduct workshops in which ethics are discussed.
- [ ] We require ethics training for all managers/supervisors.
- [ ] We review our ethical conduct on a regular basis.
- [ ] I require that managers/supervisors provide moral leadership.
- [ ] Employees are encouraged to discuss ethical issues with superiors.
- [ ] It is important to keep the stakeholders informed of decisions that affect them.

Question 2: The following statements concern stakeholder participation in the decision making in your program. Please use the following scale:

5 = Strongly Agree      3 = Neutral      1 = Strongly Disagree  
 4 = Agree      2 = Disagree      0 = Don't know or can't say

*"In my program, staff/board members/volunteers/clients are involved in the following..."*

	Staff	Board Members	Volunteers	Clients
strategic planning process _____	[ ]	[ ]	[ ]	[ ]
budgeting process _____	[ ]	[ ]	[ ]	[ ]
program planning _____	[ ]	[ ]	[ ]	[ ]
ensuring activities of program				
fit the mission _____	[ ]	[ ]	[ ]	[ ]
nomination of board members _____	[ ]	[ ]	[ ]	[ ]

overseeing finances_____	[ ]	[ ]	[ ]	[ ]
identifying program goals				
and objectives_____	[ ]	[ ]	[ ]	[ ]
developing strategies to meet				
program goals_____	[ ]	[ ]	[ ]	[ ]
evaluating program achievements____	[ ]	[ ]	[ ]	[ ]

Question 3: The following statements concern Stewardship. Please use the following scale:

5 = Strongly Agree                      3 = Neutral                      1 = Strongly Disagree  
 4 = Agree                                      2 = Disagree                      0 = Don't know or can't say

- [ ] Treating others ethically is an important value in management.
- [ ] It is important for managers to be willing to accept blame when they fail.
- [ ] When making decisions that impact my organization, I am guided by ethical principles.
- [ ] Doing what is fair and honest is more important than doing what is expedient.
- [ ] Keeping the stakeholders informed about our work is important.
- [ ] I seek and depend on the suggestions of employees.
- [ ] I seek and depend on the suggestions of board members.
- [ ] I seek and depend on the suggestions of volunteers.
- [ ] I seek and depend on the suggestions of clients.

Question 4: Please evaluate the following statements concerning the openness of records in your program. Please use the following scale:

5 = Strongly Agree                      3 = Neutral                      1 = Strongly Disagree  
 4 = Agree                                      2 = Disagree                      0 = Don't know or can't say

“In my program, we inform staff/board members/volunteers/clients about...”

	Staff	Board Members	Volunteers	Clients
service goals and objectives_____	[ ]	[ ]	[ ]	[ ]
activities and services provided_____	[ ]	[ ]	[ ]	[ ]
performance measures of activities				
(outputs)_____	[ ]	[ ]	[ ]	[ ]
performance measures of results				
(outcomes)_____	[ ]	[ ]	[ ]	[ ]
client satisfaction survey results____	[ ]	[ ]	[ ]	[ ]
program budget_____	[ ]	[ ]	[ ]	[ ]
comparisons to other similar				
programs_____	[ ]	[ ]	[ ]	[ ]

Question 5: Please evaluate the following statements concerning the Empowerment of stakeholders in your program. Please use the following scale:

5 = Strongly Agree                      3 = Neutral                      1 = Strongly Disagree  
4 = Agree                                      2 = Disagree                      0 = Don't know or can't say

“In my program, we...”

- are committed to the empowerment of staff members.
- are committed to the empowerment of members of the board of directors
- are committed to the empowerment of volunteers.
- are committed to the empowerment of clients.
- engage in decision-making practices that minimize power differentials among staff members
- engage in decision-making practices that minimize power differentials between clients and staff
- encourage the participation of program beneficiaries in program development and evaluation
- engage in activities to increase employee job satisfaction
- encourage staff members to become advocates for improvements in services and policies

Question 6: Finally, please answer the following questions.

1. How many employees does the program have? Full-time - \_\_\_\_\_ Part-time - \_\_\_\_\_
2. Where is your program located? \_\_\_\_\_ County, Florida / \_\_\_\_\_ Zip Code
3. What is your annual budget? \_\_\_\_\_
4. Do you think there is anything we did not cover? If yes, please add your comments:

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***Thank YOU! - Please return the survey to sender in the envelope provided.***

***Stephanie Loudermilk Krick  
4491 Yachtmans Court  
Orlando, FL 32812***

APPENDIX B: PROGRAM ACCOUNTABILITY QUALITY SCALE (PAQS)

## Program Accountability Quality Scale (PAQS)

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Agency \_\_\_\_\_

Program \_\_\_\_\_

### Rating Scale

4 = Strongly Agree/Very Good Performance—only minor revisions, if any

3= Agree/Good Performance—some strengths, some areas need revision

2= Disagree/Fair Performance—few strengths, major revisions required

1= Strongly Disagree/Poor Performance—lacking strengths, insufficient information provided

## LOGIC MODEL

### Definitions:

**Resources** - The program’s essential ingredients. Resources dedicated to or consumed by the program.

**Activities** - What the program does with the resources to fulfill its mission. (How does staff spend their time?)

**Outputs** - The direct products of the program activities. (How many people does the program serve? For what period of time?)

**Outcomes** - Benefits for program participants. What is the program trying to accomplish?

**Goals** - The MISSION. What is the larger impact?

### Resources:

Are the following resources listed (*not scored, use to answer questions 1-3*):

Service providers	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Program setting	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Community factors	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Collaborations	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Service technologies	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Funding sources	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Participants	Yes <input type="checkbox"/>	No <input type="checkbox"/>

1) Most areas of resources are addressed. 1   2   3   4

2) The resources seem comprehensive. 1   2   3   4

3) The resources seem to match this type of program. 1   2   3   4

Comments:

**Total Score:**

**Activities:**

4) The activities logically link to the outputs listed. 1 2 3 4

5) There are sufficient activities to achieve the outcomes. 1 2 3 4

Comments:

**Total Score:**

**Outputs:**

6) The numbers of participants are identified for each activity. 1 2 3 4

7) The numbers of events/processes are listed (*dose*). 1 2 3 4

8) Time frames are given for outputs (*duration*). 1 2 3 4

Comments:

**Total Score:**

**Outcomes:**

9) The outcomes logically link to the goal(s). 1 2 3 4

10) The outcomes are written as change statements. 1 2 3 4

11) The outcomes are truly outcomes rather than activities or outputs. 1 2 3 4

Comments:

**Total Score:**

**Goal(s):**

12) The program goals indicate the intended effect of the program on the need of the population. 1 2 3 4

13) The program goals describe the broad community impact. 1 2 3 4

Comments:

**Total Score:**

**INDICATORS**

14) The indicators are stated in specific and measurable terms. 1 2 3 4

15) The indicators are valid measures of outcomes. 1 2 3 4

16) The indicators will efficiently measure progress toward achievement of the outcomes. 1 2 3 4

17) The indicators are important to the changes program planners want to measure. 1 2 3 4

Comments:

**Total Score:**

**EVALUATION PLANS**

18) The data collection method will generate reliable information. 1 2 3 4

19) The evaluation plan can be implemented with available resources. 1 2 3 4

20) The evaluation plan is designed to measure progress toward outcomes in an efficient manner. 1 2 3 4

21) The evaluation plan is realistic. 1 2 3 4

Comments:

**Total Score:**

## Outcome Measurement System Summary Sheet

<b>Section</b>	<b>Score</b>
Resources	
Activities	
Outputs	
Outcomes	
Goals	
Logic Model Score (a)	
Indicators Score (b)	
Evaluation Score (c)	
Total Score (a+b+c)	

**Summary Comments:**

Reviewer: \_\_\_\_\_



## APPENDIX C: PILOT STUDY SURVEY INSTRUMENT

Survey of Ethics Enhancement Strategies in Nonprofit Programs

This is a survey of the managers/directors of the nonprofit programs funded by the Heart of Florida United Way. Only aggregate results will be reported. You are under no obligation to complete the survey, however, your cooperation is greatly appreciated. If you would like a copy of the final results, I would be happy to provide one for you.

Thank you for your cooperation.

**Please use the self-addressed envelope for your response.**

University of Central Florida  
Ph.D. in Public Affairs Program  
Stephanie Loudermilk Krick, MPA  
407-273-4901  
[stephanieloud@aol.com](mailto:stephanieloud@aol.com)

Introduction. Please tell us a little about yourself:

1. Are you the program manager of your organization? Yes / No  
*If no, what is your position?* \_\_\_\_\_
2. How many years have you been in this position? \_\_\_\_\_
3. How many years have you worked for this program? \_\_\_\_\_ Years
4. How many years have you worked in the nonprofit sector? \_\_\_\_\_
5. What is your highest level of education? Circle one:

High school degree                  Some College (no degree)                  AA degree                  Bachelors  
 Master's Degree                  Other \_\_\_\_\_

Question 1: Please evaluate the following ethics tools in your program. Please use the following scale:

5 = Strongly Agree                  3 = Neutral                  1 = Strongly Agree  
 4 = Agree                  2 = Disagree                  0 = Don't know or can't say

*Statements:*

- [ ] It is important for managers to demonstrate ethical conduct.
- [ ] I require my subordinates to be familiar with ethics.
- [ ] Promoting ethical conduct is an important part of my job.
- [ ] My management style emphasizes stakeholder participation.
- [ ] It is important to hold individuals accountable for their performance.
- [ ] My organization has a code of ethics.
- [ ] We regularly conduct workshops in which ethics are discussed.
- [ ] We require ethics training for all managers/supervisors.
- [ ] We review our ethical conduct on a regular basis.
- [ ] I require that managers/supervisors provide moral leadership.
- [ ] Employees are encouraged to discuss ethical issues with superiors.
- [ ] It is important to keep the stakeholders informed of decisions that affect them.

Question 2: The following statements concern stakeholder participation in the decision making in your program. Please use the following scale:

5 = Strongly Agree                  3 = Neutral                  1 = Strongly Agree  
 4 = Agree                  2 = Disagree                  0 = Don't know or can't say

*"In my program, staff/board members/volunteers/clients are involved in the following..."*

	Staff	Board Members	Volunteers	Clients
strategic planning process _____	[ ]	[ ]	[ ]	[ ]
budgeting process _____	[ ]	[ ]	[ ]	[ ]
program planning _____	[ ]	[ ]	[ ]	[ ]
ensuring activities of program				
fit the mission _____	[ ]	[ ]	[ ]	[ ]
nomination of board members _____	[ ]	[ ]	[ ]	[ ]

overseeing finances_____	[ ]	[ ]	[ ]	[ ]
identifying program goals				
and objectives_____	[ ]	[ ]	[ ]	[ ]
developing strategies to meet				
program goals_____	[ ]	[ ]	[ ]	[ ]
evaluating program achievements____	[ ]	[ ]	[ ]	[ ]

Question 3: The following statements concern Stewardship. Please use the following scale:

5 = Strongly Agree	3 = Neutral	1 = Strongly Agree
4 = Agree	2 = Disagree	0 = Don't know or can't say

- [ ] Treating others ethically is an important value in management.
- [ ] It is important for managers to be willing to accept blame when they fail.
- [ ] When making decisions that impact my organization, I am guided by ethical principles.
- [ ] Doing what is fair and honest is more important than doing what is expedient.
- [ ] Keeping the stakeholders informed about our work is important.
- [ ] I seek and depend on the suggestions of employees.
- [ ] I seek and depend on the suggestions of board members.
- [ ] I seek and depend on the suggestions of volunteers.
- [ ] I seek and depend on the suggestions of clients.

Question 4: Please evaluate the following statements concerning the openness of records in your program. Please use the following scale:

5 = Strongly Agree	3 = Neutral	1 = Strongly Agree
4 = Agree	2 = Disagree	0 = Don't know or can't say

“In my program, we inform staff/board members/volunteers/clients about...”

	Staff	Board Members	Volunteers	Clients
service goals and objectives_____	[ ]	[ ]	[ ]	[ ]
activities and services provided_____	[ ]	[ ]	[ ]	[ ]
performance measures of activities				
(outputs)_____	[ ]	[ ]	[ ]	[ ]
performance measures of results				
(outcomes)_____	[ ]	[ ]	[ ]	[ ]
client satisfaction survey results____	[ ]	[ ]	[ ]	[ ]
program budget_____	[ ]	[ ]	[ ]	[ ]
comparisons to other similar				
programs_____	[ ]	[ ]	[ ]	[ ]

Question 5: Please evaluate the following statements concerning the Empowerment of stakeholders in your program. Please use the following scale:

5 = Strongly Agree                      3 = Neutral                      1 = Strongly Agree  
4 = Agree                                      2 = Disagree                      0 = Don't know or can't say

“In my program, we...”

- are committed to the empowerment of staff members.
- are committed to the empowerment of members of the board of directors
- are committed to the empowerment of volunteers.
- are committed to the empowerment of clients.
- engage in decision-making practices that minimize power differentials among staff members
- engage in decision-making practices that minimize power differentials between clients and staff
- encourage the participation of program beneficiaries in program development and evaluation
- engage in activities to increase employee job satisfaction
- encourage staff members to become advocates for improvements in services and policies

Question 6: Finally, please answer the following questions.

1. How many employees does the program have? Full-time - \_\_\_\_\_ Part-time - \_\_\_\_\_
2. Where is your program located? \_\_\_\_\_ County, Florida / \_\_\_\_\_ Zip Code
3. What is your annual budget? \_\_\_\_\_
4. Do you think there is anything we did not cover? If yes, please add your comments: \_\_\_\_\_

*Thank YOU! - Please return the survey to sender in the envelope provided.*

*Stephanie Loudermilk Krick  
4491 Yachtmans Court  
Orlando, FL 32812*

APPENDIX D: COVER LETTER I

March 24, 2006

Dear Nonprofit Leader:

I am a Ph.D. student at the University of Central Florida, and I am currently writing my dissertation. My dissertation research will be in two parts. Part one involves a survey of nonprofit leaders. I am asking that you participate in this brief survey because you have been identified as a manager/director of a program funded by the Heart of Florida United Way. I believe the survey asks important, useful questions in determining the ethics enhancement strategies employed by leaders in nonprofit programs. The second part of my research involves the analysis of data at the Heart of Florida United Way. Once your survey is returned, your program outcome data you submitted to the Heart of Florida United Way will be analyzed to determine the quality of and the achievement of your program's outcomes. This research is significant because limited research has been conducted on the impact of the ethics of nonprofit organizations on the quality and achievement of their program outcomes.

You do not have to answer any question you do not wish to answer, and providing answers to the questions is completely voluntary on a question by question basis. There are no anticipated risks for participating in this study. Although, this study does ask for potentially sensitive information, you as a participant are not expected to answer every question if it makes you feel uncomfortable. You will not be penalized for refusing to answer a question. Additionally, the only way your organization will be identifiable is through a number generated by a coding system that I have created and only I have access to. No one, including those at the Heart of Florida United Way, will have access to this coding system nor will they know who or which organizations returned the surveys. Only aggregate results of the survey will be reported. Therefore, completion of this survey is in no way a benefit or a risk to your organization as far as your relationship with the Heart of Florida United Way is concerned.

If you have any questions about this research project, please contact me at 407-273-4901. My faculty advisor, Dr. Mary Ann Feldheim, can be reached at 407-823-2604 or by email at [mfeldhei@mail.ucf.edu](mailto:mfeldhei@mail.ucf.edu). Research at the University of Central Florida involving human participants is carried out under the oversight of the Institutional Review Board (IRB). Questions or concerns about research participants' rights may be directed to the Institutional Review Board Office, IRB Coordinator, University of Central Florida, Office of Research and Commercialization, 12443 Research Parkway, Suite 302, Orlando, FL 32826-3252. The telephone number is (407) 823-2901.

I realize this survey will take approximately fifteen minutes of your valuable time to complete, but the result should be worth the effort. Enclosed please find a postage paid envelope in which to return the survey. By returning the survey, you consent to participate in the study. To be useful, your response must be received by April 11, 2006.

Thank you for your consideration.

Stephanie Loudermilk Krick

APPENDIX E: COVER LETTER II



May 8, 2006

Dear Nonprofit Leader:

My name is Stephanie Krick, and I am a Ph.D. student at the University of Central Florida in the process of writing my dissertation. You should have received a survey from me a little over a month ago. In an effort to increase participation, I am sending out the survey again. Please consider taking about 15 minutes to complete the survey. Your participation would be greatly appreciated.

As explained in the first mailing, my dissertation research will be in two parts. Part one involves a survey of nonprofit leaders. I am asking that you participate in this brief survey because you have been identified as a manager/director of a program funded by the Heart of Florida United Way. I believe the survey asks important, useful questions in determining the ethics enhancement strategies employed by leaders in nonprofit programs. The second part of my research involves the analysis of data at the Heart of Florida United Way. Once your survey is returned, your program outcome data you submitted to the Heart of Florida United Way will be analyzed to determine the quality of and the achievement of your program's outcomes. This research is significant because limited research has been conducted on the impact of the ethics of nonprofit organizations on the quality and achievement of their program outcomes.

You do not have to answer any question you do not wish to answer, and providing answers to the questions is completely voluntary on a question by question basis. There are no anticipated risks for participating in this study. Although, this study does ask for potentially sensitive information, you as a participant are not expected to answer every question if it makes you feel uncomfortable. You will not be penalized for refusing to answer a question. Additionally, the only way your organization will be identifiable is through a number generated by a coding system that I have created and only I have access to. No one, including those at the Heart of Florida United Way, will have access to this coding system nor will they know who or which organizations returned the surveys. Only aggregate results of the survey will be reported. Therefore, completion of this survey is in no way a benefit or a risk to your organization as far as your relationship with the Heart of Florida United Way is concerned.

If you have any questions about this research project, please contact me at 407-273-4901. My faculty advisor, Dr. Mary Ann Feldheim, can be reached at 407-823-2604 or by email at [mfeldhei@mail.ucf.edu](mailto:mfeldhei@mail.ucf.edu). Research at the University of Central Florida involving human participants is carried out under the oversight of the Institutional Review Board (IRB). Questions or concerns about research participants' rights may be directed to the Institutional Review Board Office, IRB Coordinator, University of Central Florida, Office of Research and Commercialization, 12443 Research Parkway, Suite 302, Orlando, FL 32826-3252. The telephone number is (407) 823-2901.

I realize this survey will take approximately fifteen minutes of your valuable time to complete, but the result should be worth the effort. Enclosed please find a postage paid envelope in which to return the survey. By returning the survey, you consent to participate in the study. To be useful, your response must be received by May 26, 2006.

Thank you for your consideration.

Stephanie Loudermilk Krick

APPENDIX F: INSTITUTIONAL REVIEW BOARD APPROVAL FOR SURVEY



THE UNIVERSITY OF CENTRAL FLORIDA  
INSTITUTIONAL REVIEW BOARD (IRB)

*IRB Committee Approval Form*

**PRINCIPAL INVESTIGATOR(S):** Stephanie Loudermilk Krick #06-3301  
(Supervisor: Mary Ann Feldheim, Ph.D.)

**PROJECT TITLE:** Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida

- New project submission  Resubmission of lapsed project # \_\_\_\_\_
- Continuing review of lapsed project #  Continuing review of # \_\_\_\_\_
- Study expires  Initial submission was approved by expedited review
- Initial submission was approved by full board review but continuing review can be expedited
- Suspension of enrollment email sent to PI, entered on spreadsheet, administration notified \_\_\_\_\_

**Chair**

Expedited Approval  
 Dated: 2/27/2006  
 Cite how qualifies for expedited review:  
 minimal risk and # 7

Exempt  
 Dated: \_\_\_\_\_  
 Cite how qualifies for exempt status:  
 minimal risk and \_\_\_\_\_

Expiration  
 Date: \_\_\_\_\_

**IRB Reviewers:**

Signed: [Signature]  
 Dr. Sophia Dziegielewska, Vice-Chair

Signed: \_\_\_\_\_  
 Dr. Jacqueline Byers, Chair

Signed: \_\_\_\_\_  
 Dr. Tracy Dietz, Designated Reviewer

Complete reverse side of expedited or exempt form

- Waiver of documentation of consent approved
- Waiver of consent approved
- Waiver of HIPAA Authorization approved

**NOTES FROM IRB CHAIR (IF APPLICABLE):** FIRST REVIEW, 2/23/2006

[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

APPENDIX G: INSTITUTIONAL REVIEW BOARD APPROVAL FOR INTERVIEW



# UCF IRB Addendum/Modification Request Form

This addendum form does NOT extend the IRB approval period or replace the Continuing Review form for renewal of the study.

**INSTRUCTIONS:** Please complete the upper portion of this form and attach all revised/new consent forms, altered data collection instruments, and/or any other documents that have been updated. **The proposed changes on the revised documents must be clearly indicated by using bold print, highlighting, or any other method of visible indication. Attach a highlighted and a clean copy of each revised form.** This Addendum/Modification Request Form may be emailed to [IRB@mail.ucf.edu](mailto:IRB@mail.ucf.edu) or mailed to the IRB Office: ATTN: IRB Coordinator, 12201 Research Parkway, Suite 501, Orlando, FL 32826-3246 or campus mail 32816-0150. Phone: 407-823-2901 or 407-882-2276, Fax: 407-823-3299.

- **DATE OF ADDENDUM:** 10/25/06 to IRB# 06-3301 IRB Addendum # 3938
- **PROJECT TITLE:** "Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida"
- **PRINCIPAL INVESTIGATOR:** Stephanie Krick
- **MAILING ADDRESS:** 4000 Central Florida Blvd., HPA Bldg. II, Suite 138, Orlando, FL 32816
- **PHONE NUMBER & EMAIL ADDRESS:**  
skrick@mail.ucf.edu
- **REASON FOR ADDENDUM/MODIFICATION:** Addition of Interviews to methodology in order to gain a more in depth understanding of the ethics enhancement strategies employed by the managers/directors of the nonprofit programs in the sample population.
- **DESCRIPTION OF WHAT YOU WANT TO ADD OR MODIFY:** I want to add interviews to the methodology of my research. I will invite members of my sample population to participate in an interview where I will ask them questions related to the survey in order to get more in depth answers than I could get by just using survey data. Participants will be selected based on three criteria: scores from the survey; score of the quality of their program; and the percentage of their outcomes met. I will explain to the participants that their participation is voluntary and that their identity will be kept confidential. I will then have each participant complete a consent form prior to answering any questions. I've attached the questions I plan to ask as well as the consent form.

**SECTION BELOW - FOR UCF IRB USE ONLY**

Approved     Disapproved  
 Full Board     Chair Expedited

Tracy Dues  
 IRB Chair Signature  
 \_\_\_\_\_  
 IRB Member/Designated Reviewer

11/27/06  
 Date  
 \_\_\_\_\_  
 Date

## APPENDIX H: INFORMED CONSENT FOR INTERVIEWS

Informed Consent

**Please read this consent document carefully before you decide to participate in this study.  
You must be 18 years of age or older to participate.**

***Informed Consent Form***

**Project title:** “Survey of Ethics Enhancement Strategies in Nonprofit Programs in Florida”

**Purpose of the research study:** The purpose of this study is to examine the effects of ethical enhancement strategies on program performance outcomes

**What you will be asked to do in the study:** Following a brief overview of the study, you will be asked questions related to the ethics enhancement strategies employed by you and your program.

**Time required:** One (1) hour.

**Risks:** There are no risks associated with this study.

**Benefits/Compensation:** There is no compensation or other direct benefit to you for participation.

**Confidentiality:** Your identity will be kept confidential. Your information will be assigned a code number. The list connecting your name to this number will be kept in a locked file in my office. When the study is completed and the data have been analyzed, the list will be destroyed. Your name will not be used in any report.

**Voluntary participation:** Your participation in this study is voluntary. There is no penalty for not participating. You have the right to withdraw from the study at any time without penalty. You do not have to answer any question you do not wish to answer, and providing answers to the questions is completely voluntary on a question by question basis. There are no anticipated risks for participating in this study. Although, this study does ask for potentially sensitive information, you as a participant are not expected to answer every question if it makes you feel uncomfortable. You will not be penalized for refusing to answer a question. Additionally, the only way your organization will be identifiable is through a number generated by a coding system that I have created and only I have access to. No one, including those at the Heart of Florida United Way, will have access to this coding system nor will they know who or which organizations returned the surveys. Only aggregate results of the survey will be reported.

**Whom to contact if you have questions about the study:** Stephanie Krick, Department of Public Administration, College of Health and Public Affairs, (407) 823-0661 or Dr. Mary Ann Felheim, Faculty Supervisor, Department of Public Administration at (407) 823-2604 or by email at mfeldhei@mail.ucf.edu.

**Whom to contact about your rights in the study:** Research at the University of Central Florida involving human participants is carried out under the oversight of the Institutional Review Board (UCF). For information about participants’ rights please contact: Institutional Review Board, University of Central Florida, Office of Research and Commercialization, 12443 Research Parkway, Suite 302, Orlando, FL 32826-3252 or by telephone at (407) 823-2901.

- I have read the procedure described above.
- I voluntarily agree to participate in the procedure.
- I am at least 18 years of age or older.

\_\_\_\_\_/\_\_\_\_\_  
 Participant / Date

\_\_\_\_\_/\_\_\_\_\_  
 Principle Investigator

## APPENDIX I: INTERVIEW QUESTIONS



## Interview Questions

ID #: \_\_\_\_\_

Date: \_\_\_\_\_

- 1) 100% of managers/directors surveyed agreed or strongly agreed that it is important for managers to demonstrate ethical conduct.
  - 1) What is your definition of acting ethically?
  - 2) How do you demonstrate ethical conduct in your organization?
- 2) How are employees made aware of them?
- 3) Explain how your organization holds individuals accountable.
- 4) What are the consequences of not behaving ethically?
- 5) How important is it for each of these groups to be involved in the planning, evaluation, and oversight of your program? Give examples of how each of these groups are involved.
  - 1) Staff
  - 2) Board Members
  - 3) Volunteers
  - 4) Clients
- 6) How do you feel about the relationship between the empowerment of stakeholders to be involved in program decision-making and the achievement of program outcomes?
- 7) Stewardship theory recognizes that the internal values of public service and altruism could be motivational factors for nonprofit organizations. Researchers suggest that the repeated and reinforced teaching of altruistic values within an organization will lead to an environment that supports and encourages its employees to exhibit steward-like behaviors. Researchers go on to suggest that stewards will always act in the best interest of the organization. Therefore, when employees are acting in the best interest of the organization and the clients it serves, one could conclude that the quality of the program processes improves and the likelihood of outcome achievement increases. Please discuss your thoughts on this. Do you agree with this statement? Why or why not?
- 8) How does your organization promote altruistic values within the organization?
- 9) The level of an organization's willingness to be transparent or open relates to the level of trust between that organization and its stakeholders. How does this statement relate to your organization?
- 10) How do you or your organization keep the stakeholders informed of decisions that affect them?

APPENDIX J: TESTING FOR HETEROSCEDASTICITY AND MULTICOLLINEARITY  
FOR HYPOTHESES 1, 2, 3, 4, 6, 7

### Testing for Multicollinearity in Hypothesis One

Tolerance and Variance Inflation Factor (VIF) can both be used as a measure of multicollinearity. Gujarati (2003) explains that as the value of VIF gets closer to 10, the more likely there is to be a problem with multicollinearity. He also explains that the closer tolerance is to zero, the more likely there is to be a problem with multicollinearity. A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data. Table 26 shows the correlation values of the independent variables used in this hypothesis. The tolerance for each of the independent variables in Hypothesis 1 is not close to zero, and the VIF for each variable is well below ten (in fact, all were below 5) meaning that there is not likely to be a problem with multicollinearity.

Table 45: Correlation Matrix for Hypothesis One

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	TotalEthicsStrat	.806	1.241
	Years in Program	.454	2.203
	Years in NP Sector	.482	2.074
	Education	.767	1.304
	Focus Area	.726	1.377
	Agency Budget	.862	1.160
	Program Budget	.785	1.274
	% of FR and Admin		
	Costs to Agency Budget	.823	1.216
	PAQ Score	.907	1.103

a Dependent Variable: OutcomePercentage

### Testing for Heteroscedasticity in Hypothesis One

A review of the scatterplot in Figure 10 indicates that heteroscedasticity was not a problem for the data in Hypothesis One. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

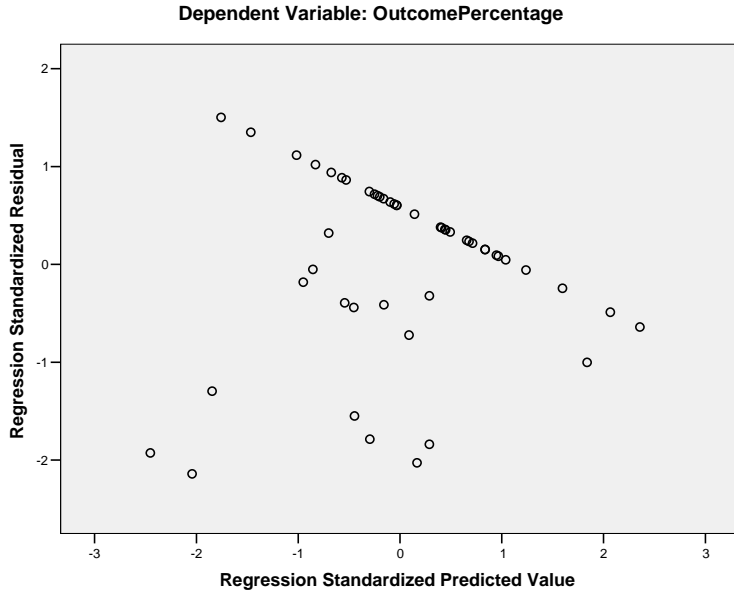


Figure 10: Data Scatterplot for Hypothesis One

*Testing for Multicollinearity in Hypothesis Two*

A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data because the tolerance for each independent variable was not close to zero, and the VIF was between 1 and 2 for each variable. Table 46 shows the correlation values of the independent variables used in this hypothesis.

Table 46: Correlation Matrix for Hypothesis Two

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	RoleModel2	.837	1.195
	Years in Program	.596	1.677
	Years in NP Sector	.626	1.598
	Education	.792	1.262
	Focus Area	.825	1.212
	Agency Budget	.782	1.279
	Program Budget	.803	1.246
	% of FR and Admin Budget	.823	1.216
	PAQ Score	.971	1.030

a Dependent Variable: OutcomePercentage

*Testing for Heteroscedasticity in Hypothesis Two*

A review of the scatterplot in Figure 11 indicates that heteroscedasticity was not a problem for the data in Hypothesis Two. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

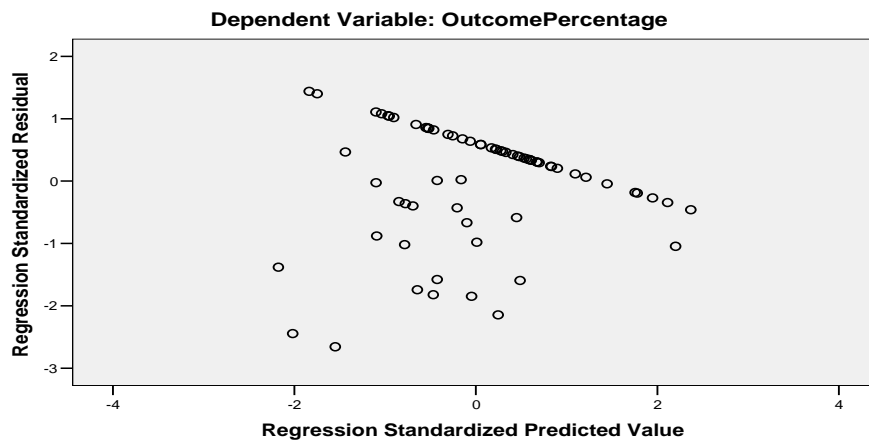


Figure 11: Data Scatterplot for Hypothesis Two

*Testing for Multicollinearity in Hypothesis Three*

A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data. The lowest tolerance value is .591, and the VIF value for each variable falls between 1 and 2. Table 47 shows the correlation values of the independent variables used in this hypothesis.

Table 47: Correlation Matrix for Hypothesis Three

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	EthicDev	.786	1.273
	Years in Program	.591	1.691
	Years in NP Sector	.672	1.488
	Education	.770	1.299
	Focus Area	.873	1.145
	Agency Budget	.700	1.430
	Program Budget	.803	1.246
	% of FR and Admin	.791	1.264
	Costs to Agency Budget	.791	1.264
	PAQ Score	.940	1.064

a Dependent Variable: OutcomePercentage

*Testing for Heteroscedasticity in Hypothesis Three*

A review of the scatterplot in Figure 12 indicates that heteroscedasticity was not a problem for the data in Hypothesis Three. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

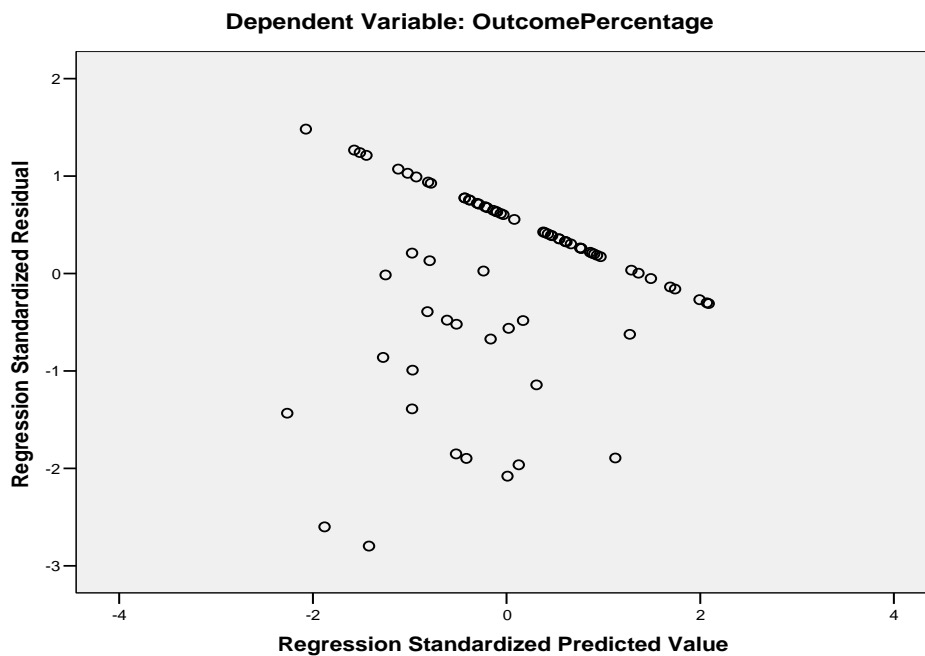


Figure 12: Data Scatterplot for Hypothesis Three

*Testing for Multicollinearity in Hypothesis Four*

A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data because all tolerance values were well above zero and all VIF values were between 1 and 2. Table 48 shows the correlation values of the independent variables used in this hypothesis.

Table 48: Correlation Matrix for Hypothesis Four

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	EthicsReview2	.887	1.128
	Years in Program	.600	1.668
	Years in NP Sector	.657	1.522
	Education	.769	1.301
	Focus Area	.847	1.180
	Agency Budget	.792	1.262
	Program Budget	.803	1.245
	% of FR and Admin Costs to Agency Budget	.855	1.169
	PAQ Score	.949	1.054

a Dependent Variable: OutcomePercentage

*Testing for Heteroscedasticity in Hypothesis Four*

A review of the scatterplot in Figure 13 indicates that heteroscedasticity was not a problem for the data in Hypothesis Four. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

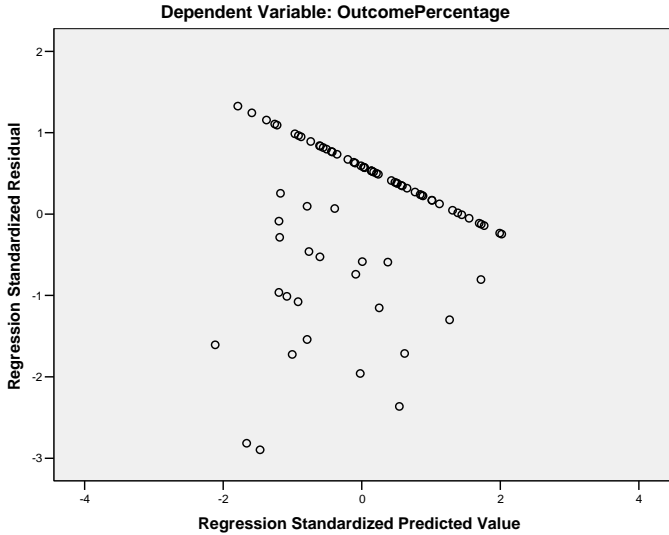


Figure 13: Data Scatterplot for Hypothesis Four

*Testing for Multicollinearity in Hypothesis Six*

A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data because all tolerance values were well above zero and all VIF values fell between 1 and 2. Table 49 shows the correlation values of the independent variables used in this hypothesis.

Table 49: Correlation Matrix for Hypothesis Six

Model		Collinearity Statistics	
		Tolerance	VIF
1	Stewardship2	.779	1.283
	Years in Program	.569	1.759
	Years in NP Sector	.639	1.564
	Education	.701	1.427
	Focus Area	.796	1.256
	Agency Budget	.903	1.107
	Program Budget	.801	1.248
	% of FR and Admin	.840	1.190
	Costs to Agency Budget		
	PAQ Score	.844	1.184

a Dependent Variable: OutcomePercentage



*Testing for Heteroscedasticity in Hypothesis Six*

A review of the scatterplot in Figure 14 indicates that heteroscedasticity was not a problem for the data in Hypothesis Six. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

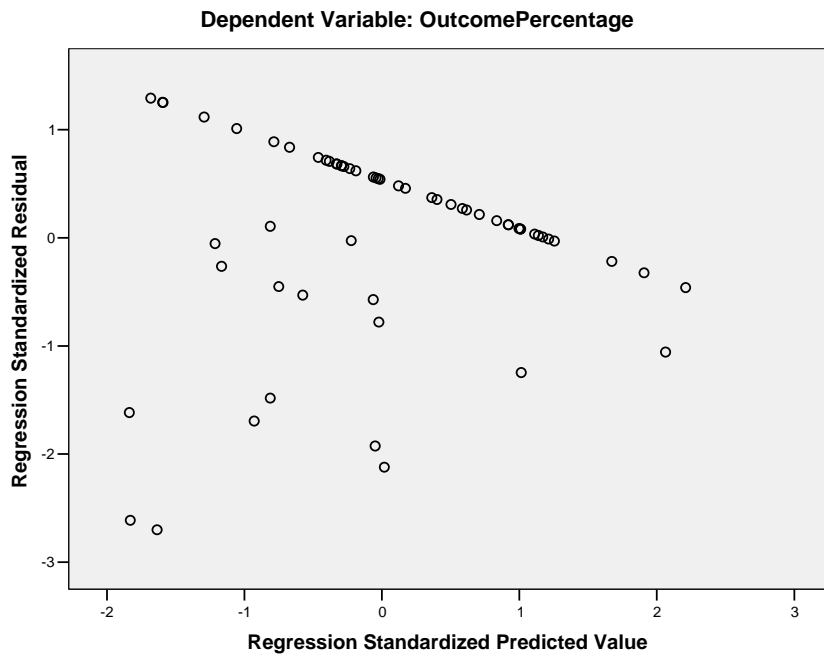


Figure 14: Data Scatterplot for Hypothesis Six

*Testing for Multicollinearity in Hypothesis Seven*

A review of the correlation matrix indicates that there is not a problem of multicollinearity with the data because all tolerance values were well above zero and all VIF values fell between 1 and 2. Table 50 shows the correlation values of the independent variables used in this hypothesis.

Table 50: Correlation Matrix for Hypothesis Seven

Model		Collinearity Statistics	
		Tolerance	VIF
1	EmpowerGen	.678	1.475
	Years in Program	.508	1.968
	Years in NP Sector	.561	1.784
	Education	.595	1.682
	Focus Area	.823	1.215
	Agency Budget	.901	1.109
	Program Budget	.757	1.322
	% of FR and Admin Costs to Agency Budget	.791	1.264
	PAQ Score	.923	1.084

a Dependent Variable: OutcomePercentage

*Testing for Heteroscedasticity in Hypothesis Seven*

A review of the scatterplot in Figure 15 indicates that heteroscedasticity was not a problem for the data in Hypothesis Seven. The variance of the residuals about the predicted dependent variable scores are constant for each observation.

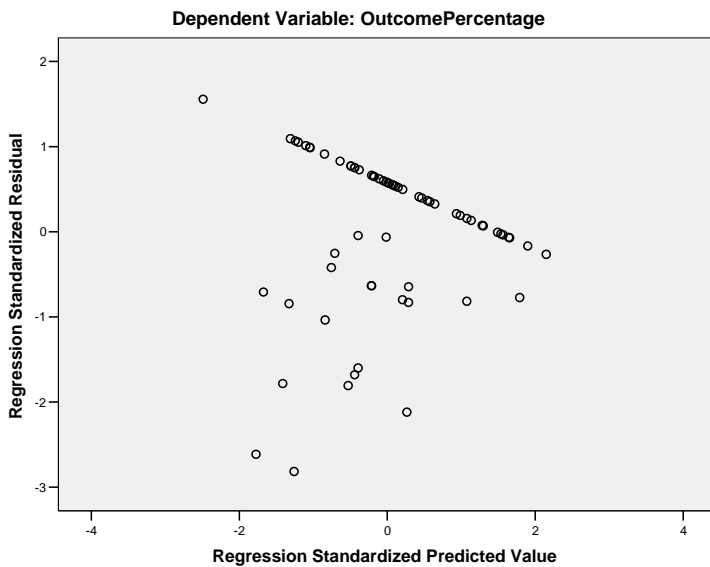


Figure 15: Data Scatterplot for Hypothesis Seven

## APPENDIX K: OVERVIEW OF INTERVIEWS

## Program One

### *Description*

Program One has the largest program budget out of all programs participating in the qualitative interviews. It also has one of the highest program budgets of all the programs in the study. Program One spends between 15% - 25% of their overall budget on fundraising and administrative costs. Program One met their performance outcomes, and it has a low PAQS score.

### *Definition of Acting Ethically*

Program One defines acting ethically as modeling the values of integrity, respect, fairness, consistency, and professionalism. The management of this program believes that it is important for leadership to demonstrate ethical conduct through their actions. Role modeling is an important strategy in this organization.

### *Consequences of Not Behaving Ethically*

Program One expects employees to abide by the rules and regulations set forth in the employee manual. All employees are advised of both the policies and code of ethics during their initial orientation. In addition, all staff are given both positive and negative feedback regarding their performance and behavior during their annual performance review. When there is a breach of ethics, it is dealt with directly as soon as possible. The program director of Program One states, "If I don't tell you, how are you going to correct it?"

The program director explained that it is important to follow the rules and ethical expectations of the program, and if a behavioral or ethical problem continues, they will follow the rules of progressive discipline. Progressive discipline begins with a verbal warning,

progresses to written warnings, and then ultimately, if problem is not corrected, leads to termination.

### *Importance of Stakeholder Involvement*

Program One stresses the importance of stakeholder involvement. From the Board of directors to the staff, volunteers, and clients, Program One believes that each can play a major role, and invites each group of stakeholders to be involved in the strategic planning process. The program director of Program One states, “they have to have buy-in to the outcome. Program will be more successful with buy-in.” This program director believes that by allowing staff and other stakeholders to be involved in the planning process, they will take ownership of the program and its outcomes and want to work harder to make the program successful.

### *Stewardship*

Program One believes that it is important for those who work in the nonprofit sector to be prudent with the resources of their programs. Additionally, Program One believes that although many people who choose to work in the nonprofit sector are committed to the mission of their organizations and truly want to help others, they must receive a “psychological paycheck” or they will not give it their all. In other words, they not only must believe that their work is making a difference, but they also must receive words of acknowledgement and encouragement from their supervisors.

### *Level of Transparency*

Program One believes in the importance of transparency in promoting trust between the program and its stakeholders. However, it cautioned that transparency was on a “need to know” basis. The program director explained that it is not necessary for everyone to know everything

about the program. For example, unless a volunteer was also a big financial contributor to the program, then that volunteer had no need to know anything about the budget.

The program director mentioned that she was satisfied with the level of transparency for the program. She also explained that it needed to, “go both ways...I am as open as I can be and expect staff to do the same.”

## Program Two

### *Description*

Program Two has a low program budget and a low percentage of fundraising and administrative costs. Program Two also has a high PAQS score, and it met its performance outcomes.

### *Definition of Acting Ethically*

Program Two defines acting ethically as “acting to the letter and spirit of the law.” The program director believes that it is important to go the extra distance to be ethical and above board. She states that it is difficult to define ethical behavior but suggests, “you know when someone isn’t behaving ethically.”

The program director of Program Two demonstrates ethical behavior by being open, inclusive, encouraging people to challenge the processes, and taking ownership when things do not turn out as well as expected. She has a “no surprises” policy. This means that she believes in the importance of being open and honest with the program’s stakeholders by giving them all the information they need to know “before they know they need it.”

Program Two provides ongoing training on the ethical expectations of the program. All employees and the board of directors must sign the code of ethics during their initial orientation. In addition, the board must sign the code of ethics on an annual basis. Program Two has recently

instituted a whistle blower policy where stakeholders are encouraged to report unethical behavior.

### *Consequences of Not Behaving Ethically*

Although she believes she is inexperienced in the area of ethical misconduct, the program director of Program Two states, “when things aren’t dealt with in a timely manner, the work environment becomes toxic.” She states that she has an open-door policy and offers training when staff fall short of program expectations.

Program Two has only had to deal with one instance of ethical misconduct in the last twenty years. This incident related to conflict of interest when the board member in question did not disclose a close personal relationship with a potential benefactor of the program. Once she was made aware of this situation, the program director immediately took action. Ultimately, the board member resigned. The development of their code of ethics emerged as a result of this situation.

### *Importance of Stakeholder Involvement*

“Everyone is an essential piece of the machinery,” according to the program director. She explained that all stakeholders were invited to participate in the strategic planning process as well as the fundraising task force. The program director believes in the “ethics of involvement” stating that if “you have an interest in the work that we do, then you have the right to be involved.” She continues by suggesting that this program would not be able to serve the needs of the community without everyone’s involvement.

### *Stewardship*

According to the program director, “this program belongs to the community, and we are going to do whatever it takes to build a stronger community.” She continues by arguing that

although her program has a nonprofit status, it is not just the nonprofit sector that is concerned about the community. “Nonprofit is a tax-status, not a management style! Both the nonprofit and private sectors have to look out for our clients and community.”

### *Level of Transparency*

Transparency is valued in Program Two. The program director states, “you must be ready, willing, and able to be open.” She believes in providing constant updates by communicating “regularly and often.” She thinks that it is important to not only tell people what worked, but it is equally important to tell people what did not work.

She suggests that just because an organization sends out a newsletter, this does not mean they are communicating. A newsletter, according to her is “a short walk to the garbage can.” Communication requires the program to communicate in a manner that is going to be acceptable to all stakeholders. This is why she not only sends out a newsletter, she also emails information and sends invitations to annual meetings and other special events.

According to the program director, by being transparent and providing information to stakeholders, “you are empowering your staff, your board, and volunteers to be a part of the solution.” She argues that transparency and empowerment go hand in hand because “knowledge is power. When you give people the information to do their jobs and do them correctly, you empower them to be successful.”

## Program Three

### *Description*

Program Three has a low budget, but a high percentage of their budget is spent on fundraising and administrative costs. This program has a medium PAQS score and has met their performance outcomes.



### *Definition of Acting Ethically*

The program director of Program Three firmly believes in balancing the need for privacy of the program and its various stakeholders with honesty. She defines acting ethically as the “sharing of information in a timely, accurate manner that provides for confidentiality in dealings with sensitive information.”

She believes that ethical behavior can be demonstrated in several different ways. First, in the community, ethical behavior can be demonstrated by verbally supporting the program, its mission, and the decisions of the board of directors. She adds that in order to demonstrate ethical behavior with the staff, she must “filter information that is relevant and pertinent to their jobs and give it to them in a timely and understandable manner.” Finally, she demonstrates ethical behavior with the board of directors by giving them information before they need it. She anticipates their needs.

### *Consequences of Not Behaving Ethically*

The program director states that employees are made aware of the ethical expectations of the program at the time of hire. They participate in a face-to-face employee orientation where ethics is discussed. In addition, ethical behavior is a part of the annual performance review. If there is a breach of ethical behavior by any staff member, the program manager will follow the rules set forth in the employee handbook which provides a clear description of the rules of conduct as well as the consequences for not abiding by the rules.

One example of an ethical breach occurred when an employee who was acting on behalf of the program, entered into a contract with a close friend. She, however, neglected to disclose this relationship to the organization. This situation was dealt with immediately by the program manager who spoke with the employee about the conflict.

The program manager believes it is her responsibility to help her staff develop a stronger sense of ethics by role modeling appropriate behavior. She says her personal motto is, “care enough to confront.” She believes that by confronting staff, she is allowing them to discuss the situation openly and providing them with an opportunity to grow ethically.

#### *Importance of Stakeholder Involvement*

The program director explains that it is important that each group of stakeholder be involved but at different levels. For example, everyone is invited to provide input in the strategic planning process, but it is up to the board of director to “put all the pieces together” and develop the plan. Other ways stakeholders are involved include: end of program evaluation completed by both clients and volunteers and development of the outcome measurement process by staff members. The program manager believes that the staff is empowered to make changes that fit within the mission of the program.

#### *Stewardship*

The program director of Program Three explains stewardship as, “if someone is here for the right reasons that fit within the mission of the program, they are more willing to go the extra mile to provide the services.” She continues by stating that it is important for management to show staff that they are valued and that the services they provide are needed by the community. She believes that if staff feel they are valued and doing something worthwhile, they will be more empowered to do their jobs.

#### *Level of Transparency*

The program director of Program Three agrees that transparency is an important strategy. Transparency, however, to this program director means different things to different stakeholders. She believes that her primary responsibility is to be transparent to the board of directors by

“connecting the dots” for them regarding the various aspects of the program. Transparency to the staff means that staff is given the information they need that is pertinent to their jobs. Finally, transparency to volunteers and clients means to be accessible. The program director believes that the most important thing clients and volunteers need to know is that “we are in the office or available by phone during office hours. They need to know that we are accessible and that we will do our best to answer their questions.”

#### Program Four

##### *Description*

Program Four has a high budget and a low percentage of fundraising and administrative costs. Program Four also has a medium PAQS score and did not meet its performance outcomes.

##### *Definition of Acting Ethically*

For program manager of Program Four, acting ethically related to whether or not staff was following the policies set forth in the employee manual. Beyond following procedures, she stated that each person “must go back to their own individual morals and ethics and behave accordingly.”

This program manager believes in the value of role modeling in demonstrating ethical behavior. She also said it was important to put everything in writing and ensure the policy and procedure manual is up-to-date. She explained that if things were not in writing, it is more difficult to enact penalties when there is a breach of ethical behavior.

##### *Consequences of Not Behaving Ethically*

All staff participate in a standardized orientation and are given an employee handbook when they begin to work for this program to make them aware of what is expected of them. The consequences of not behaving ethically include a formal review process. A group made up of

senior management addresses all issues of misconduct as they occur. If needed, this group would also develop a new policy in order to address this issue in the employee handbook to lessen the likelihood of this situation repeating itself.

### *Importance of Stakeholder Involvement*

The program manager argued that it is extremely important for all stakeholders to be involved to the extent possible because involvement encourages “buy-in.” The board of directors for this program has less involvement in the day to day dealings and focuses more on long range planning. The program manager is currently looking for more ways to get the board involved.

According to the program manager, the staff of this program need to be involved in evaluation in order to better understand its importance. In addition, this manager suggested that it is important to empower staff to offer suggestions and if the program is able, make changes accordingly. This is particularly true in programs which have state and federal mandates that make the program feel inflexible.

### *Stewardship*

The program manager states, “stewardship should be the bedrock of what we do.” This program manager believes that stewardship is, “the balance of being sure we are meeting the needs of the community and ensuring we are protecting our assets and ensuring perpetuity.” This, she says, is directly related to the program’s mission and promotes longevity of staff. She believes that staff will stay with the program longer if they believe in the mission. She implies that longevity of staff positively impacts performance outcomes because there are less breaks in service and more time is devoted to program planning and improvement versus hiring and training new employees.

### *Level of Transparency*

This program manager says that they are required to be transparent because they are federally funded. She also states that because of the intense monitoring that comes with federal funding, “the community can trust that we are doing what we said we were going to do.”

Transparency to this program comes in the form of newsletters sent to donors, annual reports, and granting access to the minutes from board meetings. This program also has an open door policy for anyone who wants to gain more information about the program. In addition, clients are given and asked to sign the program’s policies at in-take.

### Program 5

#### *Description*

Program Five has a medium program budget and spends a medium percentage of their overall budget on fundraising and administrative costs. Program Five met their performance outcomes, and it has a medium PAQS score.

#### *Definition of Acting Ethically*

The program director of this program defines acting ethically as being honest and forthright without coercion. She states, “it should be a natural behavior.” She goes on to say that ethical behavior is an understanding of what is right and wrong, and it is based on personal standards that “don’t let you go into that gray area.”

This program manager demonstrates ethical behavior by role modeling. She believes that she can teach people by first doing it herself. She also believes that by modeling inappropriate behaviors like dishonesty, staff will, “lose respect for you, and you may never win it back.”

Staff of this program are supposed to be made aware of the ethical and procedural expectations of the program during orientation when they receive the policy and procedure

manual. However, it was recently discovered that only half of the manual was copied. The program manager is currently developing a training that will be incorporated into the regularly scheduled staff meetings. In addition, all staff will receive a new and complete policy and procedure manual.

#### *Consequences of Not Behaving Ethically*

According to the program manager, the consequences of not behaving ethically could be disastrous. She explains that ethical breaches could put the program's license in jeopardy. In addition, she suggests that unethical behavior is more consequential for manager or supervisors than it is for staff. She states, "when someone in a leadership position behaves unethically, the consequence is loss of respect making it nearly impossible to motivate staff."

#### *Importance of Stakeholder Involvement*

The program manager believes that it is vital for staff to be involved. She gives staff the opportunity for input. She stated, "I work for them." She considers it her responsibility to encourage their ideas and empower them to be in charge of their respective areas. She believes there is a connection between empowering employees and quality of care. She states, "the overall continuity of care is better for our clients. When staff are happy, clients are happy!"

#### *Stewardship*

The program manager believes that in order to be a good steward, one must balance the needs of the organization and the community with protecting the assets. She also believes that by promoting the values and mission of the organization, staff will stay with the organization longer because, "people stay because of the mission and the client not because of the management."

#### *Level of Transparency*

The program manager states, “We run a quality program with nothing to hide.” In fact, this program proudly displays a sign welcoming visitors and encouraging them to take a tour of the facility. This program has an open door policy and considers transparency to be an integral part of their success and longevity in this community.

## Program 6

### *Description*

Program Six has a low program budget and spends a low percentage of their overall budget on fundraising and administrative costs. Program Six did meet their performance outcomes, and it has a low PAQS score.

### *Definition of Acting Ethically*

The program director of this program defines acting ethically as compliance with formal and informal mandates as well as funder regulations. She demonstrates ethical conduct in how she treats clients. She states, “I always greet clients and thank them for being here. I let them know that they are important.” She also demonstrates ethical conduct by being a servant leader. She says she constantly asks for input from staff members and considers it her responsibility to support them in their efforts.

### *Consequences of Not Behaving Ethically*

The ethical expectations of this program are written out in their policy manual. They have clear guidelines on how to treat employees and clients. The program manager states, “I just expect the people are going to act ethically.” She does not hesitate to terminate an employee when they behave unethically particularly when there have been repeated attempts at correcting unacceptable behavior.

The program manager argues that one of the consequences of not behaving ethically is that clients will feel that they are being disrespected and not valued by the program. She argues, “If we let them down, how are we any different than everyone else in their lives who have disappointed them in the past?”

#### *Importance of Stakeholder Involvement*

The program manager reports that staff and client involvement is critical. Clients are involved through informal conversations and personal relationships with staff. The program manager states, “These informal conversations are a great way to get feedback about our programs in order to assess whether or not we are meeting our clients’ needs.”

Staff are involved in every aspect of program planning. The program manager states, “It is not only important that they are involved, but it is important that the staff are cross-trained as well. Everyone should be able to step-in when needed.”

This program manager sees a connection between empowerment and performance outcomes. She believes that when people feel a sense of ownership of the program, they will participate more leading to better programs and better results.

#### *Stewardship*

The program manager believes that it is important to align oneself with a cause and be a part of the solution. When this happens, she reports, “you share in a camaraderie with fellow travelers who share your passion for the cause.”

The program manager thinks it is important to share success stories of how the program is meeting the needs of the community. This, she states, “gives employees and emotional paycheck.” She continues by arguing that employees who believe in the mission and values of



the program are usually the employees who are regarded more highly by the clients and who achieve a greater percentage of their performance outcomes.

#### *Level of Transparency*

The program manager of Program Six reported that this organization had a low level of transparency. She said that staff often complain to each other and keep important issues from management. The program manager believes that this has created a toxic work environment making it more difficult to motivate and encourage each other.

This program tries to keep the lines of communication open with their clients and funding agencies. They encourage informal conversations and send out annual reports and newsletters. The program manager warns, however, that although it is important to be transparent, “we need to be careful of how we represent ourselves in the community. There sometimes can be a disconnect between what we say we do and what we actually do.” When this occurs, she argues, clients will feel betrayed and begin to not trust the program.

### Program 7

#### *Description*

Program Seven has a low program budget and spends a low percentage of their overall budget on fundraising and administrative costs. Program Seven did not meet their performance outcomes, and it has a medium PAQS score.

#### *Definition of Acting Ethically*

The program director for Program Seven defines ethical behavior as a combination of honesty, integrity, and stewardship of resources. His organization has a code of ethics which promotes these values.

This program director believes that in order to demonstrate ethical conduct, one must “walk the talk.” Everyone, especially those in leadership positions, must follow the policies set forth by the organization. Currently this program is in the process of brainstorming the values of the organization. Once this list is completed, a new training program promoting the values of the organization will be instituted. This training will be conducted at the orientation for all new hires.

#### *Consequences of Not Behaving Ethically*

This program director believes that if the ethical breach is severe enough, it should lead to immediate termination. All issues of ethical misconduct are discussed with the director and written up in the employee’s file. This program, however, according to the program director, does not experience many issues of employee misconduct where ethics are concerned because he states, “we are very clear about our ethics policies up front that it is seldom seen in our organization.”

#### *Importance of Stakeholder Involvement*

One of the strategic goals for this program is to empower the clients to meet their goals. This program believes, “when we empower our clients, the stronger we become and the more able we are to meet our goals.” He continues by stating, “When you empower staff and not stifle their creativity, you get amazing results. However, sometimes leaders are insecure about giving away power, but when you do, awesome things can happen. Staff begin to feel fulfilled in their work because they are given the freedom to do their job.”

#### *Stewardship*

This program director did not see a connection between stewardship and performance outcomes. He believes that stewardship is primarily related to being responsible with the

resources entrusted to his organization. Other than helping the program plan their budget and plan their programming better, he does not see a lot of specific ways stewardship relates to the achievement of performance outcomes.

### *Level of Transparency*

This program manager believes in “laying it all out on the table.” He states, “In order to have the best chances for success, you need to be 100% transparent. The less transparent you are, the less likely you are to meet your goals.” He argues that the underlying value of transparency is trust and that “you can’t trust someone if you feel they are hiding something.”

He explains that to be transparent, one must ask all the important questions about the program pertaining to what barriers to success exist, if any, and what are the resources needed to administer the program. He also says that transparency does not happen naturally. Sometimes people have to be coached because they may fear that complete transparency makes them vulnerable and people may retaliate against them or reject them. He emphasizes the importance of being transparent and encouraging staff to be transparent as well and warns, “if you aren’t transparent, eventually it will come back to bite you!”

APPENDIX L: MEASUREMENT INSTRUMENT / RESULTS QUALITY SCALE (MIRQS)

## Measurement Instrument / Results Quality Scale (MIRQS)

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Agency \_\_\_\_\_

Program \_\_\_\_\_

### Rating Scale

4= Strongly Agree/Very Good Performance—only minor revisions, if any

3= Agree/Good Performance—some strengths, some areas need revision

2= Disagree/Fair Performance—few strengths, major revisions required

1= Strongly Disagree/Poor Performance—lacking strengths, insufficient information provided

## DATA ANALYSIS WORKSHEET

### Definitions:

**Outcomes** - Benefits and changes for program participants' lives. What is the program trying to accomplish?  
What difference does the program make?

**Indicators** - Detailed examples that can be seen, heard, or read that demonstrate  
outcomes are being met or accomplished

**Sample Size** – The number of clients you attempt to measure for each indicator

**Total Completed Results** – The number of clients you actually obtained data on for each outcome

**Baseline or Benchmark** – Internal target based on prior years indicator results; or data based on best practices  
targets

**Indicator Results** – Results reported for all clients in an aggregate form for each indicator

**PAQ's Score 2005-2006:** \_\_\_\_\_

### Data Analysis Worksheet:

Are the following components listed (*not scored, use to answer questions 1-3*):

Outcomes	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Indicators	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Sample Size	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Total Completed Results	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Baseline or Benchmark	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Indicator Results	Yes <input type="checkbox"/>	No <input type="checkbox"/>

- 1) Most areas of components are addressed. 1 2 3 4
- 2) Outcomes on data analysis worksheet match  
evaluation plan / logic model. 1 2 3 4
- 3) Indicators on data analysis worksheet match  
evaluation plan / logic model. 1 2 3 4
- 4) Overall quality of outcomes for this program is high\* 1 2 3 4  
(\*Use PAQ score on outcomes: Scores between 10 -12 = 4; 7 - 9 = 3; 4 - 6 = 2; 0-3 = 1)



were determined. (E.g., based on 3 year average; based on industry standard, national benchmark, etc.)

- |  |   |   |   |   |
|--|---|---|---|---|
| 8) Indicator results are stated in correct terms.<br>(E.g., 75% (150 clients) improved scores on post test by 10 points) | 1 | 2 | 3 | 4 |
| 9) Indicator results are calculated correctly.<br>(E.g., # of clients meeting indicator divided by number measured)      | 1 | 2 | 3 | 4 |
| 10) Indicators and benchmarks are same measure.  | 1 | 2 | 3 | 4 |
| 11) Indicator results achieved / not achieved scored correctly.  | 1 | 2 | 3 | 4 |
| 12) Response rates are sufficient to establish confidence in results.  | 1 | 2 | 3 | 4 |
- Comments:

**Total Score:**

**Outcome 3:**            **Number of indicators:** \_\_\_\_\_

- |   |   |   |   |   |
|---|---|---|---|---|
| 6) The indicators are stated in measurable / quantifiable terms.  | 1 | 2 | 3 | 4 |
| 7) Target /Baselines are stated with explanation of how they were determined. (E.g., based on 3 year average; based on industry standard, national benchmark, etc.) | 1 | 2 | 3 | 4 |
| 8) Indicator results are stated in correct terms.<br>(E.g., 75% (150 clients) improved scores on post test by 10 points)  | 1 | 2 | 3 | 4 |
| 9) Indicator results are calculated correctly.<br>(E.g., # of clients meeting indicator divided by number measured)   | 1 | 2 | 3 | 4 |
| 10) Indicator and benchmark are same measure.   | 1 | 2 | 3 | 4 |
| 11) Indicator results achieved / not achieved scored correctly.   | 1 | 2 | 3 | 4 |
| 12) Response rate is sufficient to establish confidence in results.   | 1 | 2 | 3 | 4 |
- Comments:

**Total Score:**

**Measurement Instrument / Results Quality Scale  
Summary Sheet**

<b>Section</b>	<b>Score</b>
a) Overall Data Analysis Worksheet (5 – 20 points possible)	
b) Outcome 1 ( 7 - 28 points possible)	
c) Outcome 2 ( 7 - 28 points possible)	
d) Outcome 3 ( 7 - 28 points possible)	
Total Score for 3 Outcomes (a+b+c+d) (26 - 104)	
Total Score for 2 Outcomes (a+b+c) (19 - 76)	

Summary Comments:

% of indicators met \_\_\_\_\_

Reviewer: \_\_\_\_\_



APPENDIX M: MULTIPLE REGRESSION OUTPUTS FOR EACH HYPOTHESIS

## Regression - Hypothesis 1

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Total EthicsStrat, Program Budget, PAQ Score, Agency Budget, Focus Area, % of FR & Admin Costs to Agency Budget, Years in NP Sector, Education, Years in <sup>a</sup> Program		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.499 <sup>a</sup>	.249	.081	.26366

a. Predictors: (Constant), TotalEthicsStrat, Program Budget, PAQ Score, Agency Budget, Focus Area, % of FR & Admin Costs to Agency Budget, Years in NP Sector, Education, Years in Program

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.924	9	.103	1.477	.190 <sup>a</sup>
	Residual	2.781	40	.070		
	Total	3.705	49			

a. Predictors: (Constant), TotalEthicsStrat, Program Budget, PAQ Score, Agency Budget, Focus Area, % of FR & Admin Costs to Agency Budget, Years in NP Sector, Education, Years in Program

b. Dependent Variable: OutcomePercentage

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.592	.655		2.432	.020
	Years in Program	.003	.007	.075	.368	.715
	Years in NP Sector	-.003	.005	-.122	-.620	.539
	Education	.005	.037	.021	.137	.892
	Focus Area	.037	.027	.224	1.397	.170
	Agency Budget	5.55E-009	.000	.196	1.329	.191
	Program Budget	2.17E-008	.000	.062	.399	.692
	% of FR & Admin Costs to Agency Budget	-.014	.008	-.262	-1.734	.091
	PAQ Score	-.011	.006	-.267	-1.856	.071
	TotalEthicsStrat	.029	.119	.037	.243	.810

a. Dependent Variable: OutcomePercentage

## Regression - Hypothesis 2

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Role Model2, PAQ Score, Years in Program, Education, Focus Area, % of FR & Admin Costs to Agency Budget, Program Budget, Agency Budget, Years in NP Sector		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436 <sup>a</sup>	.190	.069	.25206

a. Predictors: (Constant), RoleModel2, PAQ Score, Years in Program, Education, Focus Area, % of FR & Admin Costs to Agency Budget, Program Budget, Agency Budget, Years in NP Sector

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.895	9	.099	1.566	.146 <sup>a</sup>
	Residual	3.812	60	.064		
	Total	4.707	69			

a. Predictors: (Constant), RoleModel2, PAQ Score, Years in Program, Education, Focus Area, % of FR & Admin Costs to Agency Budget, Program Budget, Agency Budget, Years in NP Sector

b. Dependent Variable: OutcomePercentage

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.764	.553		3.192	.002
	Years in Program	-.001	.005	-.018	-.122	.903
	Years in NP Sector	.001	.004	.027	.182	.856
	Education	.019	.028	.087	.663	.510
	Focus Area	.026	.019	.171	1.335	.187
	Agency Budget	3.29E-009	.000	.134	1.019	.312
	Program Budget	2.49E-008	.000	.066	.509	.613
	% of FR & Admin Costs to Agency Budget	-.006	.006	-.129	-1.009	.317
	PAQ Score	-.012	.005	-.296	-2.512	.015
	RoleModel2	-.030	.089	-.043	-.338	.737

a. Dependent Variable: OutcomePercentage

### Regression - Hypothesis 3

#### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	EthicDev, % of FR & Admin Costs to Agency Budget, Program Budget, Years in NP Sector, PAQ Score, Focus Area, Education, Agency Budget, Years in <sup>a</sup> Program		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.418 <sup>a</sup>	.175	.057	.25011

a. Predictors: (Constant), EthicDev, % of FR & Admin Costs to Agency Budget, Program Budget, Years in NP Sector, PAQ Score, Focus Area, Education, Agency Budget, Years in Program

#### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.834	9	.093	1.482	.174 <sup>a</sup>
	Residual	3.941	63	.063		
	Total	4.775	72			

a. Predictors: (Constant), EthicDev, % of FR & Admin Costs to Agency Budget, Program Budget, Years in NP Sector, PAQ Score, Focus Area, Education, Agency Budget, Years in Program

b. Dependent Variable: OutcomePercentage

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.699	.434		3.911	.000
	Years in Program	-.001	.005	-.018	-.124	.902
	Years in NP Sector	.002	.003	.074	.529	.599
	Education	.010	.028	.045	.347	.730
	Focus Area	.020	.018	.137	1.122	.266
	Agency Budget	5.48E-009	.000	.251	1.836	.071
	Program Budget	3.11E-008	.000	.082	.644	.522
	% of FR & Admin Costs to Agency Budget	-.002	.005	-.044	-.340	.735
	PAQ Score	-.011	.005	-.282	-2.386	.020
	EthicDev	-.042	.040	-.134	-1.036	.304

a. Dependent Variable: OutcomePercentage

## Regression - Hypothesis 4

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Ethics Review2, Years in NP Sector, Focus Area, PAQ Score, Program Budget, % of FR & Admin Costs to Agency Budget, Agency Budget, Education, Years in <sup>a</sup> Program		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.403 <sup>a</sup>	.162	.048	.24442

a. Predictors: (Constant), EthicsReview2, Years in NP Sector, Focus Area, PAQ Score, Program Budget, % of FR & Admin Costs to Agency Budget, Agency Budget, Education, Years in Program

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.764	9	.085	1.421	.197 <sup>a</sup>
	Residual	3.943	66	.060		
	Total	4.707	75			

a. Predictors: (Constant), EthicsReview2, Years in NP Sector, Focus Area, PAQ Score, Program Budget, % of FR & Admin Costs to Agency Budget, Agency Budget, Education, Years in Program

b. Dependent Variable: OutcomePercentage



**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.621	.441		3.679	.000
	Years in Program	.001	.005	.017	.115	.909
	Years in NP Sector	.001	.003	.033	.235	.815
	Education	.016	.025	.080	.625	.534
	Focus Area	.015	.017	.108	.884	.380
	Agency Budget	5.32E-009	.000	.216	1.708	.092
	Program Budget	3.50E-008	.000	.094	.750	.456
	% of FR & Admin Costs to Agency Budget	-.001	.004	-.033	-.269	.789
	PAQ Score	-.010	.005	-.247	-2.136	.036
	EthicsReview2	-.046	.044	-.124	-1.035	.304

a. Dependent Variable: OutcomePercentage

## Regression - Hypothesis 5

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	PAQ Score, Education, Focus Area, Years in Program, Transparency, % of FR & Admin Costs to Agency Budget, Agency Budget, Program Budget, Years in NP Sector		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.448 <sup>a</sup>	.201	.095	.24269

a. Predictors: (Constant), PAQ Score, Education, Focus Area, Years in Program, Transparency, % of FR & Admin Costs to Agency Budget, Agency Budget, Program Budget, Years in NP Sector

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.005	9	.112	1.896	.067 <sup>a</sup>
	Residual	4.005	68	.059		
	Total	5.010	77			

a. Predictors: (Constant), PAQ Score, Education, Focus Area, Years in Program, Transparency, % of FR & Admin Costs to Agency Budget, Agency Budget, Program Budget, Years in NP Sector

b. Dependent Variable: OutcomePercentage

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.054	.461		2.289	.025
	Transparency	.128	.066	.221	1.929	.058
	Years in Program	.000	.005	-.004	-.032	.975
	Years in NP Sector	.003	.003	.105	.778	.439
	Education	-.001	.025	-.003	-.025	.980
	Focus Area	.014	.017	.097	.834	.407
	Agency Budget	4.14E-009	.000	.186	1.570	.121
	Program Budget	2.50E-008	.000	.065	.540	.591
	% of FR & Admin Costs to Agency Budget	-.001	.004	-.041	-.349	.728
	PAQ Score	-.012	.005	-.302	-2.690	.009

a. Dependent Variable: OutcomePercentage

## Regression - Hypothesis 6

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Stewardship2, % of FR & Admin Costs to Agency Budget, Agency Budget, Focus Area, Years in NP Sector, Program Budget, PAQ Score, Education, Years in Program <sup>a</sup>		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.439 <sup>a</sup>	.193	.048	.25179

a. Predictors: (Constant), Stewardship2, % of FR & Admin Costs to Agency Budget, Agency Budget, Focus Area, Years in NP Sector, Program Budget, PAQ Score, Education, Years in Program

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.758	9	.084	1.329	.246 <sup>a</sup>
	Residual	3.170	50	.063		
	Total	3.928	59			

a. Predictors: (Constant), Stewardship2, % of FR & Admin Costs to Agency Budget, Agency Budget, Focus Area, Years in NP Sector, Program Budget, PAQ Score, Education, Years in Program

b. Dependent Variable: OutcomePercentage

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.757	.492		3.570	.001
	Years in Program	.001	.006	.025	.146	.885
	Years in NP Sector	.000	.004	.008	.052	.958
	Education	.009	.032	.041	.271	.787
	Focus Area	.026	.021	.175	1.230	.224
	Agency Budget	5.78E-009	.000	.200	1.498	.140
	Program Budget	2.62E-008	.000	.074	.524	.602
	% of FR & Admin Costs to Agency Budget	-.002	.005	-.059	-.423	.674
	PAQ Score	-.014	.006	-.352	-2.549	.014
	Stewardship2	-.003	.090	-.006	-.039	.969

a. Dependent Variable: OutcomePercentage

## Regression - Hypothesis 7

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Empower Gen, PAQ Score, Program Budget, Agency Budget, Years in NP Sector, % of FR & Admin Costs to Agency Budget, Focus Area, Education, Years in Program <sup>a</sup>		Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.390 <sup>a</sup>	.152	.016	.25710

a. Predictors: (Constant), EmpowerGen, PAQ Score, Program Budget, Agency Budget, Years in NP Sector, % of FR & Admin Costs to Agency Budget, Focus Area, Education, Years in Program

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.663	9	.074	1.115	.368 <sup>a</sup>
	Residual	3.702	56	.066		
	Total	4.365	65			

a. Predictors: (Constant), EmpowerGen, PAQ Score, Program Budget, Agency Budget, Years in NP Sector, % of FR & Admin Costs to Agency Budget, Focus Area, Education, Years in Program

b. Dependent Variable: OutcomePercentage

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.471	.459		3.206	.002
	Years in Program	-.001	.006	-.022	-.127	.899
	Years in NP Sector	.001	.004	.051	.310	.758
	Education	.005	.032	.023	.144	.886
	Focus Area	.015	.021	.099	.731	.468
	Agency Budget	4.88E-009	.000	.163	1.258	.214
	Program Budget	3.45E-008	.000	.094	.665	.509
	% of FR & Admin Costs to Agency Budget	-.003	.005	-.097	-.701	.486
	PAQ Score	-.012	.005	-.296	-2.310	.025
	EmpowerGen	.049	.057	.127	.849	.400

a. Dependent Variable: OutcomePercentage

## Regression - Hypothesis 8

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	PAQ Score <sup>a</sup>	.	Enter

a. All requested variables entered.

b. Dependent Variable: OutcomePercentage

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.237 <sup>a</sup>	.056	.044	.24809

a. Predictors: (Constant), PAQ Score

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.282	1	.282	4.582	.035 <sup>a</sup>
	Residual	4.739	77	.062		
	Total	5.021	78			

a. Predictors: (Constant), PAQ Score

b. Dependent Variable: OutcomePercentage

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.567	.334		4.684	.000
	PAQ Score	-.010	.004	-.237	-2.141	.035

a. Dependent Variable: OutcomePercentage



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