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# Value of Not-for-profit Sector in NT [Stage 1]

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NT Council of Social Service (NTCOSS) Initiative



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## FOCUS GROUP REPORT

## **Introduction**

Northern Territory Council of Social Services (NTCOSS) engaged Prof. Ram Vemuri and Dr Abhishek Shukla of the School of Business at Charles Darwin University to assess the contribution of the Not for profit sector (NFPS) in the Northern Territory. NFPS is addressed by many different names such as “third sector”, “voluntary sector” and “social economy”. Not for Profit sector is very diverse and boundaries defining the sector are fuzzy. They deliver services to their members, clients or to the community through operations in multiple fields, for example in welfare, education, sports, arts, culture and emergency services, building or maintaining community endowments such as biodiversity, cultural heritage and artistic creations, advocacy and/or political activities. Also, they are envisaged as organisations promoting redistribution, reciprocity and/or cooperative spirit.

## **Aims of the project**

This project aims to comprehensively measure the contribution of NFPS to the Northern Territory. More specifically, this project determines appropriate NT relevant measures to evaluate the sector’s contribution to the Northern Territory in order to better influence government policy and programs towards the sector.

In order to conduct a thorough evaluation of NFPS, this project has been organized into three stages. They are as follows:

- Stage I – Identification of variables to appropriately measure NFPS in the Northern Territory.
- Stage II – Capturing value of NFPS.
- Stage III – Impact assessment of NFPS in the Northern Territory.

This report focuses on Stage I. It is therefore necessary to adopt a broad definition of NFPS as those comprising the following features:

- practice non-distribution of profits to members of the organisation
- a formal governance structure independent from government
- have an autonomy in decision-making and
- primarily work through voluntary participation by members (Salamon and Anheier 1997; ABS 2002).

In addition to identification of variables to measure the contribution of NFPS to the Northern Territory, this report also contributes to the development of a questionnaire to help determine economic and social value of the sector’s contribution to the Northern Territory as required by latter stages.

## Measurement of NFPS in NT

Measuring the contribution of NFPS holistically has several challenges. These include:

- difficulty of measuring intangible contributions
- producing comparable results
- possibility that measurement may encourage organisations to focus on activities which are easier to measure rather than those which deliver the greatest social benefit and lastly
- expense of undertaking measurement.

To fully assess the contribution of the sector, measures should include economic, social, cultural and environmental costs and benefits accruing at the individual, group or broader community level.

These challenges emphasise the importance of developing a commonly agreed framework which:

- can be used, or adapted for use, by any organisation within the NFPS (including those that lack the resources to undertake comprehensive measurement or evaluation)
- is sufficiently rigorous to enable meaningful comparisons to be made between not only organisations within the sector, but also with organisations in other sectors.
- recognises that not all contributions may be quantifiable.

In responding to these challenges, a framework was needed that is flexible enough to acknowledge the diverse activities, organisational forms and unique contributions made by not for profit organizations.

This project used Impact Mapping (IM) to determine the contribution (value) of NFPS in the Northern Territory. IM is a strategic planning technique which provides a logical structure through which the operational decisions of not for profit organizations can be traced to their outcomes. Input and output measures generally provide insights into activities which when aggregated provide scale and scope of the sector. Explicitly identifying links between the resources used by the sector, activities undertaken and the subsequent results of those activities (impact) would provide a reliable framework for measuring contribution of the not for profit sector.

## Methodology

Interest in measuring the contribution of the not-for-profit sector has been prompted by the sector's increased share in economic activity and increasing appreciation of the social benefits it delivers. At the same time there is an increasing demand by Not for Profit Sector to measure its contribution in order to improve organisational performance and demonstrate the merit of their activities to philanthropic and government funders.

In 2005, NTCOSS produced a series of fact sheets which described the sector in such ways as employment and volunteer numbers and compared the sector to other industries. These fact sheets were updated in 2011. While this information has been useful, it doesn't take the next step in researching the social and economic impact of the NGO sector in the NT.

In order to capture the contribution of the NFPS, NTCOSS undertook an initiative in collaboration with School of Business, Charles Darwin University (CDU) to truly capture the contribution of NFPS using a more inclusive research technique known as Impact Mapping.

Two focus groups were conducted to identify a comprehensive set of measures for conducting valuation of input, activities and output as per the impact mapping framework. Organisations were selected to attend the focus group sessions from an NGO list supplied by NTCOSS to CDU. Participants were from a broad range of organisations including AOD, disability, housing, legal and child and family sector. Large, medium and small organisations were also included along with indigenous and mainstream organisations and other peak bodies. While we were only able to run focus groups in Darwin, organisations with a reach across the NT were included.

A total of 21 managers and CEO's from various not for profit sector in the Northern Territory participated over two different sessions. These focus groups provided collective ideas for the improvement of existing measures and also helped in identifying missing variables. In addition, focus groups also provided insights into the not for profit sectors through in-depth conversations with relevant participants.

## **Impact Mapping of Not For Profit Sector**

### **Research Aim I: Identification of comprehensive set of measures for conducting valuation of NFPS**

There were four distinct levels at which analysis for measuring contribution of NFPS was done as per Impact Mapping.

They are:

- *Objectives*

The first step of Impact Mapping is to determine primary and secondary objectives of an organization. This includes analysis of the vision and mission of the organization and determination of its key goals in service delivery.

- *Inputs*

Information was sought on the processes by which activities are delivered and the types of resources used. Input based measures are a necessary initial step in the evaluation of contribution of the not for profit organizations in the sector.

- *Outputs*

Outputs are defined as the intended results of not for profit activities. In the context of this study, outputs try to capture the full benefits to the recipient over and above the market evaluation. They may relate to behaviour, skills, knowledge, attitudes, values, condition, or other attributes as well (United Way of America, 1996, p. 2).

- *Impacts*

Assessing impacts is the most important level in terms of measuring contribution. It encompasses the causal relationship between objectives, inputs and outputs. A proper assessment of impacts include determination of immediate, short term and long term consequences of investing inputs to generate outputs as per the objectives of the organization.

## Results

Each of the above levels were discussed at length at two focus groups. Results and their analysis are discussed below:

### Objectives

After two focus group meetings, the following were identified as objectives of the Not for Profit Sector in the Northern Territory:

- Advocacy
- Policy Development / Monitoring
- Direct Services
- Education and Awareness
- Community Development
- Early Intervention / Prevention
- Sector Development

There was a consensus at the focus group that all identified objectives are important and should be accounted for when measuring the value of the NFPS. However, not all objectives were considered primary for each organization. Hence two further tests were done to identify most important objective (categorical analysis) and to order identified objectives in terms of priority for NFPS (rank analysis).

### Categorical Analysis

In addition to listing objectives, respondents were asked to split the above objectives into Primary, Secondary or Unrelated categories based on their individual organizations. This was done to get an understanding of the importance of each identified objective. Findings are plotted in the table 1.

**Table 1: Categorical Analysis of Objectives**

Objectives	Respondents							
	A	B	C	D	E	F	G	H
<b>Advocacy</b>	S	P	P	P	S	S	S	P
<b>Policy Development/ Monitoring</b>	S	P	P	S	S	S	S	P
<b>Direct Services</b>	P	P	Unrelated	P	P	P	P	Unrelated
<b>Education and Awareness</b>	S	P	S	P	P	P	P	S
<b>Community Development</b>	P	S	S	S	S	P	P	S
<b>Early Intervention/Prevention</b>	P	S	Unrelated	P	S	P	P	Unrelated
<b>Sector Development</b>	S	S	S	S	S	Unrelated	P	S

Legend: A-H: Respondents

P: Primary Objective

S: Secondary Objectives

Table 1 suggests that Direct Services and Education & Awareness were the two most important objectives. They were followed by Early Intervention/Prevention and Advocacy. Sector Development was the least prioritized objective by the two focus groups.

### Rank Analysis

A confirmatory rank analysis was undertaken to identify the order of objectives based on their importance to the organization.

Respondents were also asked to rank listed objectives based on their importance. Results are shown in Table 2.

Results were confirmed with Direct Services ranking at the top of list of objectives. Direct service delivery either to people outside the organisation (such as “social support for children, parents and wider community” or “emergency services”) or to members (this may include the “opportunity to participate in worship” through a religious organisation or the “benefits of providing education sessions” to train employees) was the primary objective of most organizations in the NFPS.

It is not surprising to note that sector development was the least favoured objective. Most organizations were more focussed on direct services with clients and saw sector development (including their own internal development) as a secondary objective.

**Table 2: Rank Analysis of Objectives**

Objectives	Respondents								Rank
	A	B	C	D	E	F	G	H	
<b>Advocacy</b>	5	2	2	4	3	5	6	2	<b>4</b>
<b>Policy Development/ Monitoring</b>	6	4	1	5	7	6	7	1	<b>6</b>
<b>Direct Services</b>	1	1	M	1	1	1	1	M	<b>1</b>
<b>Education and Awareness</b>	4	3	3	3	2	3	2	3	<b>2</b>
<b>Community Development</b>	3	6	4	6	4	4	3	5	<b>5</b>
<b>Early Intervention/Prevention</b>	2	5	M	2	5	2	4	M	<b>3</b>
<b>Sector Development</b>	7	7	5	7	6	7	5	4	<b>7</b>

Legend: M: Missing Information

## Inputs

After two focus group meetings, the following were identified as key inputs (resources) of the Not for Profit Sector in the Northern Territory:

- Volunteers
- Government funding
- Independent funding/non-government funding
- Sales
- Donations
- Staff
- Assets & Equipment
- Intangible resources
- Networking (Informal)
- Partnership (Formal)
- Taxation Benefits

After agreeing upon the above input categories, respondents were asked to rank them on a Likert scale from 1 to 5 (1 = Most Important; 3 = Neutral; 5 = Not Important). Results are shown in Table 3.

Government Funding and Staff were identified as the two most important resources for Not for Profit Sector in the Northern Territory. Intangible resources (standard deviation: 0.535) came in next followed by informal networking.

Standard measures of input (resources) like Sales, Assets and Equipment and Independent Funding were a lot lower in rank. This confirmed a widely held view that NFPS is different in

its resource base to other sectors of the economy and relies very heavily on Government and people who work for them.

**Table 3: Rank Analysis of Inputs**

Inputs	n	Mean	Std. Dev.
Volunteers	8	2	1.309307
Government Funding	8	1	0
Independent Funding/non-government Funding	8	2.625	1.187735
Sales	8	2.75	1.581139
Donations	8	3.5	1.069045
Staff	8	1	0
Assets and Equipment	8	2.125	0.834523
Intangible resources	8	1.5	0.534522
Networking (Informal)	8	1.75	0.707107
Partnership (Formal)	8	2.25	0.886405
Taxation Benefits	8	2	1.309307

Besides the inputs listed in Table 3, sector and corporate knowledge was one extra input suggested post focus group discussions. It doesn't appear as an individual item in Table 3 as it is possibly included within the input "Staff". However it is important to explicitly measure tacit or implicit knowledge within organizations combined with experience of staff members with respect to the pace of change of the sector. Hence sector knowledge is believed to be a crucial input variable in the evaluation of NFPS.

In the determination of the contributions of NFPS, all of the above inputs need to be assessed.

## Outputs

After two focus group meetings, the following were identified as key outputs of the Not for Profit Sector in the Northern Territory:

- Counselling/ Mediation
- Case Management
- Training and

- Professional Development
- Community Development/Capacity Building
- Accommodation
- Collaboration
- Advocacy
- Funding Administration
- Policy Development
- Governance

The above outputs were agreed upon unanimously and no further analysis was required for identified outputs. Researchers felt that all of the identified outputs are equally important in the determination of the value of NFPS and hence ranking was not required.

## Impacts

After two focus group meetings, the following were identified as key impacts of the Not for Profit Sector in the Northern Territory. Impacts were classified into the following two broad categories:

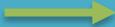
- Internal impacts – It refers to the combined effect of objectives, inputs and outputs on the organization itself. Most organizations evolve over a period of time and they adapt their internal offerings, work processes and service delivery through interplay of three levels of impact mapping. It’s important to take this into consideration when we are determining the value of NFPS as a whole.
- External impacts- It refers to the influence of objectives, inputs and outputs on the environment in which the organization operates. As organizations evolve, they impact on their working environment, both positively and negatively through what they are trying to achieve. This is an important determinant in evaluating value of NFPS.

In addition to these two categories, impacts as reported by participants of the two focus groups were split into three time periods, namely – Immediate, Short Term (less than 12 months) and Long Term (more than 12 months).

### Internal Impacts

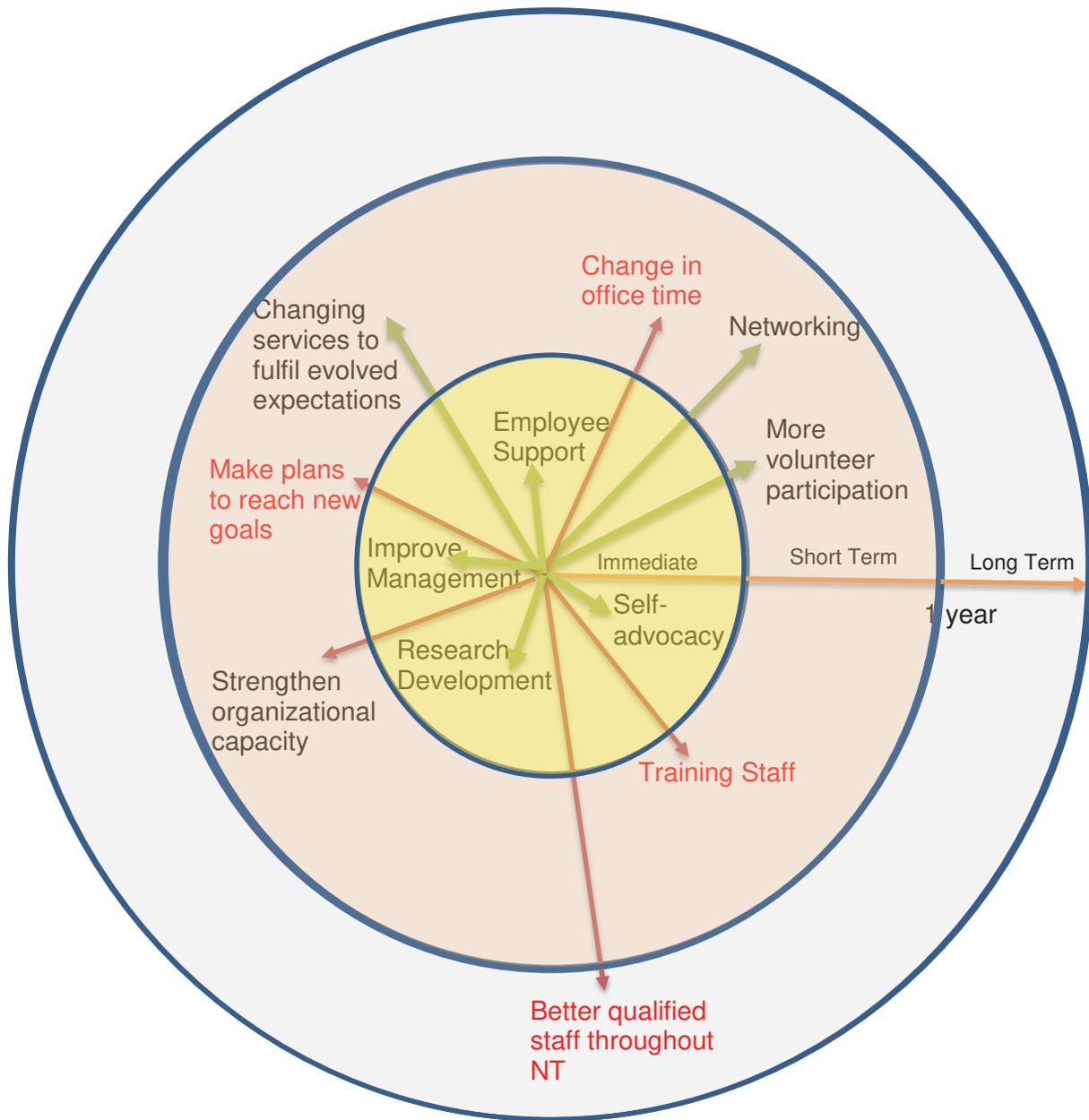
Internal impacts are pictorially represented in Figure 1 and explained below in Table 4

**Table 4: Legend and colour coding for Figure 1**

Internal Impacts			
	Immediate (innermost circle)	Short term (centre circle)	Long Term (outermost circle)
<b>Intended</b> 	Improve management	Networking	
	Research development	More volunteer participation	
	Self-advocacy	Changing services to fulfil evolved expectations	
	Employee support	Strengthen organizational capacity	

Internal Impacts			
	Immediate (innermost circle)	Short term (centre circle)	Long Term (outermost circle)
Unintended →		Training staff	Better qualified staff throughout NT
		Make plans to reach new goals	
		Change in office time	

Figure 1: Immediate, Short Term and Long Term Internal Impacts of NFPS



## External Impacts

External impacts are pictorially represented in Figure 2 and explained below in Table 5

	External Impacts		
	Immediate (innermost circle)	Short term (centre circle)	Long Term (outermost circle)
<b>Intended</b>	Help disadvantaged	Awareness and relief	Change of Perception
	Safety for children and women	Increase in donations	Less use of Government resources
	Provide accommodation	Networking	Less anti-social behaviour
	Employment for community		Strong Aboriginal Sector
	Education sessions for families, parenting and life skills		Justice for all
	Provide help in crisis		
<b>Unintended</b>	Fair Justice	Improved Health	Better government policy
	Social Support	Strengthen community	Rebuild lives
		Innovation	
		Advocacy	

Figure 1 and 2 contains three concentric circles with the following descriptions:

- The innermost circle represents “an immediate time period” which is usually defined from time zero to 6 months.
- The centre circle represents “short term period” which is usually defined between 6 months and 1 year
- The outermost circle represents “long term period” which is usually defined to be over 1 year.

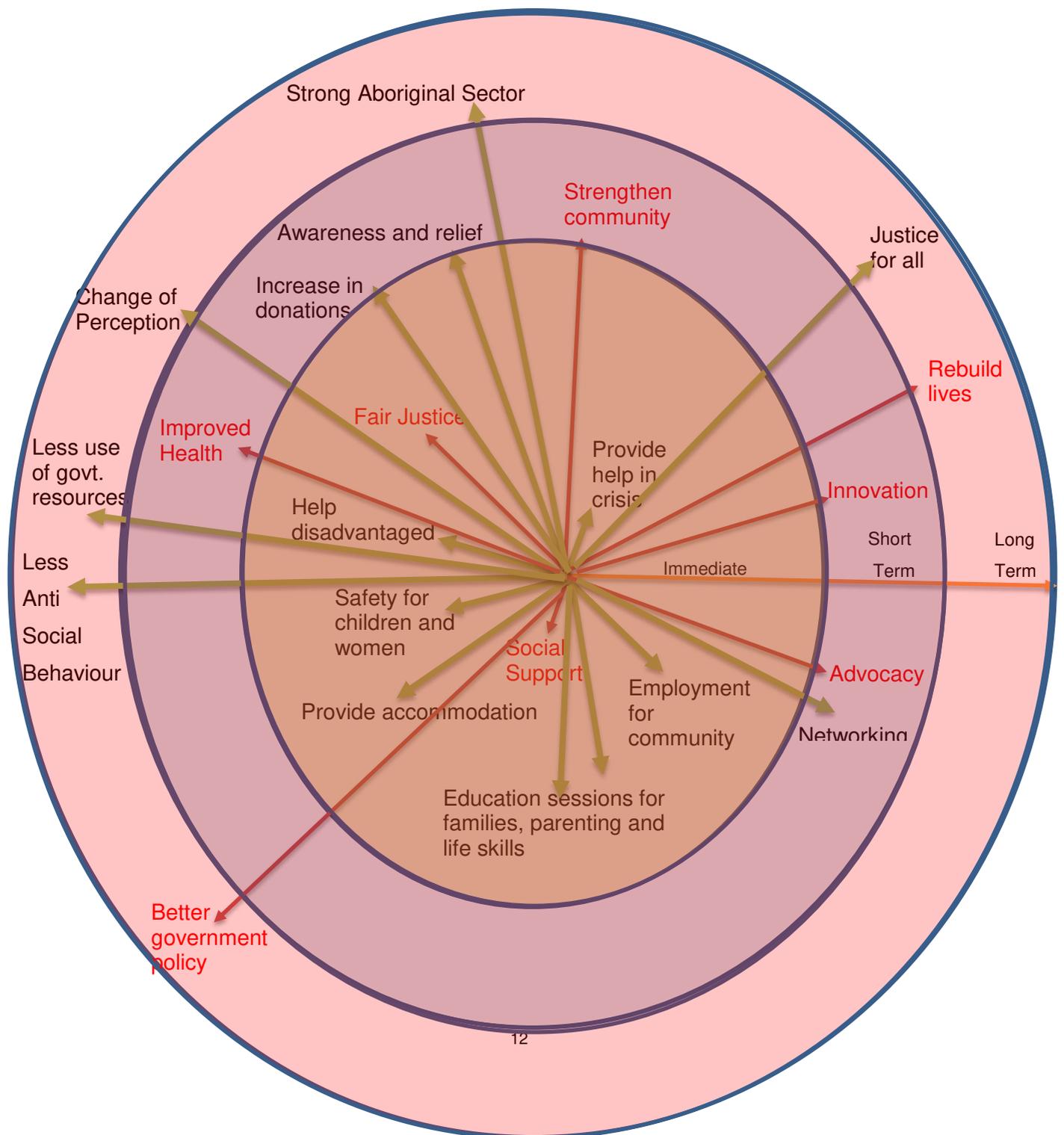
As indicated in Table 4 and 5, green and red arrows indicate intended and unintended impacts respectively. In addition to this colour coding, the length of the arrow approximates the time period even more finely than three time periods stated above. For example, the green line leading to “Self-Advocacy” (in the innermost circle- Figure 1) is short and implies that it takes very little time for organizations to start creating impact through self-advocacy. A long red line leading to “Better government policy” (in the outermost circle – Figure 2) indicates that it takes over a year to generate such impact.

An analysis of Figure 1 and 2 shows that organizations in NFPS in NT not only generated intended impacts from their objectives and outputs but also produced some unintended benefits (denoted in red). Internal and external impact generated from three levels of impact mapping shows considerable planned and unplanned changes in the organization (as listed in a tabular form in Table 4 and 5).

In order to measure the value of the NTFS in NT, it is important to accurately measure impact of organizations on the sector (external) and on organizations themselves (internal) in the sector. Internal and external impacts as captured through Table 4 & 5 and Figure 1 & 2 is a major improvement on existing models of evaluation because it captures the dynamic nature of the impacts.

Questionnaire development should incorporate all elements of internal and external impact as identified. Measurement of the NFPS will be quantified for immediate and short term time periods and this will highlight the need for the unquantifiable long term policy impacts.

**Figure 2: Immediate, Short Term and Long Term External Impacts of NFPS**



## Appendix A

### Acknowledgement

Special thanks to all participants who have made this study a success. We would like to acknowledge the support of the Not for Profit Sector at large and several organizations in particular who sent their representatives to the focus groups. While we are unable to thank them individually due to privacy reasons, their contribution is much appreciated. Thank you for taking the time to meet with us and also for sharing your perspective. The wealth of information provided during each of the focus group discussions was invaluable to the formation of this report. We greatly appreciate the assistance we received from NTCOSS and Prof. Vemuri from Charles Darwin University for his valuable input.

## Appendix B

### Schedule – Stage I

<b>Activity</b>	<b>Timeline</b>
<b>Initial meeting between NTCOSS and CDU</b>	<b>June 2013</b>
<b>Proposal Development</b>	<b>July -August 2013</b>
<b>Proposal Presentation</b>	<b>August 2013</b>
<b>Focus Group 1</b>	<b>September 2013</b>
<b>Focus Group 2</b>	<b>October 2013</b>
<b>Data Analysis</b>	<b>October – November 2013</b>
<b>Report Presentation to NTCOSS</b>	<b>January 2014</b>
<b>Finalized Report for publication</b>	<b>February 2014</b>