

# **An Evaluation of the Impact of InterAction's PVO Standards on Small Member Organizations**

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## **(ABSTRACT)**

*InterAction is a coalition of over 160 non-profit organizations that has become the United States' leading advocate for humanitarian aid. To join this influential group, members must demonstrate annually that they are in compliance with InterAction's rigorous PVO Standards. This paper evaluates the impact of these Standards on member organization, in the areas of organizational effectiveness and organizational learning. This evaluation was completed using a retrospective longitudinal study on an experimental group. Data was collected through personal interviews with three member organizations and analyzing secondary data from annual reports. The results of this limited data illustrate that annual compliance with InterAction's PVO Standards provides an opportunity for an organization to learn about itself. It is only when members of an organization take advantage of this opportunity and apply this knowledge that it could increase its level of effectiveness.*

## **Introduction**

InterAction is a coalition of over 160 humanitarian aid organizations, which has become the United States' leading advocate for humanitarian aid. In order to join this influential group of non-profit organizations, members must demonstrate annually that they are in compliance with InterAction's rigorous Private Voluntary Organization (PVO) Standards. These Standards seek to demonstrate InterAction member's commitment to ethical service delivery and accountability to stakeholders. InterAction has claimed that these Standards have had a large impact on the actions of its members (InterAction 1993, 27).

This paper seeks to evaluate this impact on small InterAction members, specifically in the areas of increasing levels of effectiveness and organizational learning. The paper will first describe InterAction, its services, and membership. It will then examine InterAction's PVO Standards and detail the claims of impact resulting from the Standards made by InterAction. The paper then describes the ideal methodology to be used for this study, a quasi-experimental retrospective design, which would compare a control and experimental group. However, due to constraints on this design a limited retrospective longitudinal study on an experimental group was conducted. This allowed the collection of qualitative and quantitative types of the primary and secondary data. The paper then analyses this data and describes the results. The results of this limited data illustrate that annual compliance with InterAction's PVO Standards provides an opportunity for an organization to learn about itself. Finally, the paper will conclude with an examination of how this opportunity relates to organizational standards, organizational learning, and levels of organizational effectiveness.

## **InterAction's Mission and Services**

Founded in 1984, InterAction is a coalition of more than 160 US-based relief, development, environmental, and refugee agencies that work in over 100 countries. This coalition has become the United States' leading advocate for humanitarian aid to the world's developing countries. The member organizations are committed to a set of "rigorous ethical standards to ensure accountability to donors, professional competence and quality of service" (InterAction 2000, 1). These ethical standards are InterAction's Private Voluntary Organization (PVO) Standards [hereinafter the "Standards"]. The Standards seek to improve the governance, finance, and communication of member organizations with the US public, and must be met

before an organization can become a member. This is only one of the methods InterAction uses in working towards its mission, which is:

InterAction, a membership association of US private voluntary organizations, exists to enhance the effectiveness and professional capacities of its members engaged in international humanitarian efforts. InterAction seeks to foster partnership, collaboration, and leadership among its members as they strive to achieve a world of self-reliance, justice, and peace (InterAction 2000, 1).

Once the Standards are met, InterAction offers a myriad of benefits to members. These services include:

- *Enhanced Collaboration*: InterAction promotes collaboration with peers on numerous issues through policy-focused meetings.
- *Networking and Information Sharing*: InterAction provides a variety of forums for members to meet, network, skill-build, and share information. From its annual Washington DC forum to the CEO Retreat to its e-mail distribution lists, InterAction members are able to communicate and learn from each other on current issues and events.
- *Capacity Building on Cutting-Edge Issues*: To aid members, InterAction offers technical assistance and support on integrating topics such as gender equality, NGO security training, and civil-military relations language into an organization's codes.
- *Access to Top Decision Makers*: InterAction has contacts that provide access to the top-level officials and meetings of the U.S. government and international organizations including the US White House, US Congress, US Department of State, World Bank, and UNDP.

- *Increased Exposure:* Through its website, InterAction promotes its member organizations. The website receives up to 35,000 hits per day and during disasters averages up to 80,000 visitors per day.
- *Credibility and Public Trust:* The Standards have become internationally recognized as a reputable seal of excellence. Members' adherence to these Standards illustrates their increased credibility to the public.
- *Representation and Advocacy:* InterAction members influence public policy on a variety of levels including meeting with key members of Congress and the Administration in order to establish a dialogue between international organizations and policy makers.
- *Media Strategy and Press Relations:* Members receive information and training on proactive media and public relations techniques.

## **Membership**

In order to take advantage of these benefits, prospective members must be non-profit humanitarian aid organizations. InterAction also refers to these organizations as private voluntary organizations (PVOs). Internationally, non-profits are often referred to as non-governmental organizations (NGOs). These organizations, en masse, are usually classified as the third sector, which is viewed as existing outside the realm of government and as distinct from the private sector. Third sector organizations are usually distinguished by their non-profit status and their value-based orientation (Hudock 2001). They are also different from grassroots organizations in that they are not membership organizations, but are instead intermediary organizations that offer funding and other forms of support to communities and other organizations in order to promote development (Hulme and Edwards 1997). For the purposes of this paper, non-profits and PVOs will be defined as any size organization, either secular or religious-based that have tax-exempt status under section 501 (a) of the US Internal Revenue Code.<sup>1</sup>

PVOs that wish to join InterAction must provide detailed information about their leadership, staff, and financial situation (see Appendix 1). This includes, for example,

enumerating the positions in the organization held by women and minorities, the sources of the organization's funding, descriptions of collaborations with other PVOs, and three letters of recommendation from current InterAction Members. PVOs must also be willing to pay annual dues based on 0.15 percent of their direct internationally-related expenses or at least \$1,000 a year. Most importantly, a PVO must certify it is in compliance with the Standards, establishing that the PVO exemplifies the organizational characteristics important to InterAction. These include having an active governing board and clearly defined programs and goals, as well as a demonstration of a high level of professionalism and professional expertise when accomplishing organizational goals (InterAction 2001). Over 160 organizations have currently met the stringent Standards and have become members of InterAction (see Appendix 2). The next section examines the Standards in more detail.

## **InterAction PVO Standards**

### *History*

InterAction was created when two separate organizations, The American Council for Voluntary Agencies for Foreign Service and Private Agencies in International Development, joined together (InterAction 2000, 1). It was their hope that by merging, they could double their power and influence (Rosso, interview, 9/25/2001). During this time period, literature was published which disparaged the entire non-profit sector for the mistakes of a few PVOs. Historically, the non-profit sector's legitimacy stemmed from its "representation of pluralistic, participatory, and non-economic motivations of charity...and its protection [of] society from the threat of a vast bureaucratic and stifling government" (Estes, Binney and Bergthold 1989, 23). However, as early as 1989, evidence emerged indicating that the non-profit sector was losing its legitimacy with the American public. After examining macro and micro level indicators, Estes, Binney, and Bergthold (1989) concluded that the non-profit sector was experiencing a challenge to its legitimacy. In the mid 1990s, hard proof that some non-profit organizations were not as legitimate as they seemed was available. Three of the most notable cases are the United Way of America, the NAACP, and the Foundation for New Era Philanthropy. In 1995, the former president of the United Way was imprisoned for stealing \$1.2 million of the organization's money. But when it was revealed that he still received his \$460,000 compensation package, the news caused a drastic drop-in revenue and forced the lay-off of 100 employees (Herzlinger

1996).<sup>2</sup> In 1994, the NAACP sustained a similar blow to its donations when it was revealed that the organization's executive director had been fired after he gave \$332,000 of the association's funds to a former employee to settle a sexual harassment claim (Herzlinger 1996). However, the most damaging case to the non-profit sector concerned the Foundation for New Era Philanthropy. Essentially a Ponzi scheme, the executive director promised that anonymous donors would match every dollar given to him by charitable organizations and philanthropists. In 1995, he admitted that these donors did not exist and that over \$175 million were missing. Only two days after the revelation, with its assets frozen and legal action taken against it, New Era liquidated all assets to settle with creditors under Chapter 7 of the bankruptcy code (Kearns 1996, 4-9).<sup>3</sup>

PVOs found a few bad apples were spoiling the bunch by affecting donations and volunteerism. InterAction responded to these criticisms by establishing a bar of excellence for the NGO community, while at the same time setting InterAction members apart from other organizations. The Standards "were created because there was no such thing like it before. This seal of accountability would then show the general populous that PVOs are living up to a standard, which was meant to build trust with the public and government. This increase in trust would help to increase donations from the public or funding from the government, since they could depend on these organizations" (Rosso, interview, 9/25/2001) (see Appendix 3). As such, the Standards seek to ensure and strengthen public confidence in the integrity, quality, and effectiveness of member organizations and their programs.

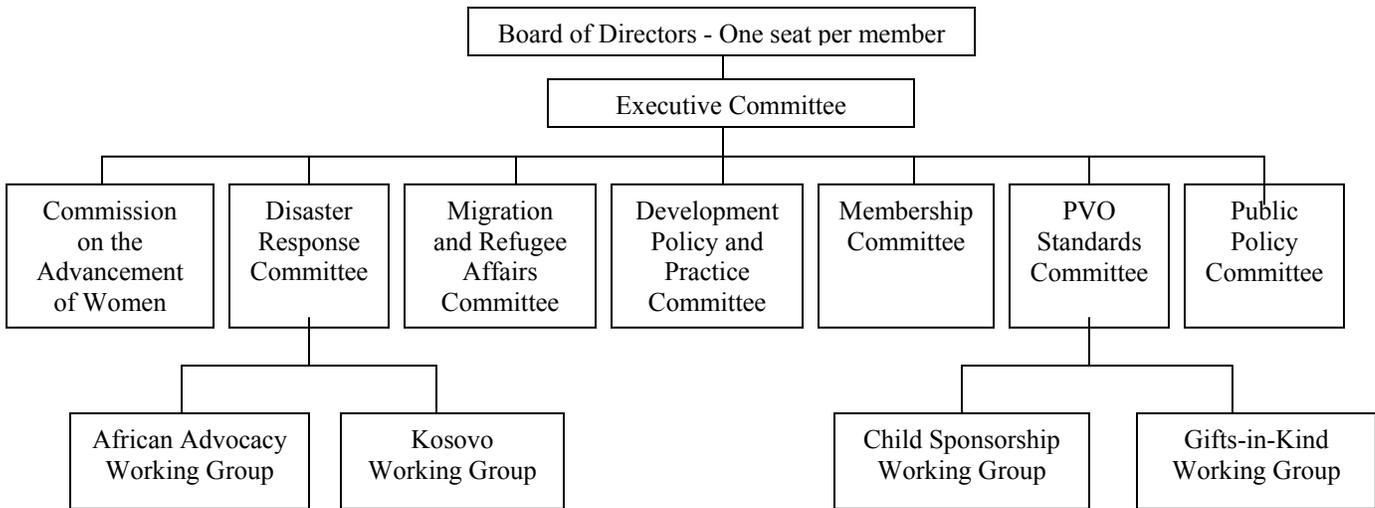
### *Content of the Standards*

The content of the Standards reflect the way in which InterAction hopes to increase and strengthen public confidence in the non-profit sector (see Appendix 4). Since many of the past scandals in the non-profit sector have focused on leadership decisions and financial problems, the Standards naturally start with these areas. First, the Standards describe the type of governance necessary for membership. This focuses mainly on having an impartial, informed, and fair Board of Directors. The Board should have the ultimate responsibility for the governance of the organization and not possess any conflicts of interest with organizational affiliations. Second, organizational integrity is addressed to ensure that member operations are conducted with reliability and truthfulness. For example, members are required to have a written

standard of conduct for their directors, employees, and volunteers (InterAction 1993, 6). Third, an annual audit by an independent CPA is required as the basis for legitimating finances by ensuring that members have used funds appropriately. Fourth, members are expected to commit to full, honest, and accurate disclosure of relevant information in order to increase the transparency of the organization. Fifth, members are required to apply best management practices appropriate to the operation and mission of the organization. Sixth, the Standards promote gender and diversity equity in hiring. Seventh, the Standards outline program guides, which promote diversity in the application of program services, particularly during civil conflict and disaster response. Eighth, a set of public policy standards expects members to have clear policies that describe the conditions for involvement in advocacy or lobbying activities. Ninth, the implementation guidelines require members to complete an annual report, audit, and checklist of the Standards by the end of each calendar year. Moreover, a Standards Committee has been established in order to respond to any credible complaint of non-compliance from other members and to remove members from InterAction. Finally, there is a Guidelines section to better implement the Standards.

As described above, the main themes of the Standards include transparency, financial auditing, diversity promotion, and ethical organizational actions. Moreover, these are themes that were created by member organizations and have been added by members. The Standards are a creation of members' experiences and knowledge, as developed through an evolving process. For example, additional language to the Standards (such as the sixth section on gender and diversity) was developed in a working group of the PVO Standards Committee. This Committee, like the other six InterAction committees, is comprised of member organizations. After the working group creates the language and it is approved by the Standards Committee, it must then pass the Executive Committee. From there, the Board must approve all changes to the Standards (Chart 1). It is through this member driven approach that the diversity section was added (Rosso, interview, 9/25/2001).

**Chart 1: InterAction Membership Organizational Chart**



*Impact of the Standards*

As mentioned earlier, InterAction seeks to foster partnership, collaboration, and leadership in the non-profit community in order to speak as one voice to achieve a world of self-reliance, justice, and peace (InterAction 2000, 1). To meet these goals InterAction created the Standards, which “exist to enhance the effectiveness and professional capacities of its members engaged in international humanitarian efforts. This suggests that in order to become compliant with the Standards, an organization has to increase its level of effectiveness and professional capacity. However, this does not assume that an organization will continue to increase its effectiveness level once it reaches the compliance benchmark, although the concept of continued growth could be inferred from the language and spirit of the Standards. *Have member organizations increased their levels of effectiveness by becoming compliant with the Standards and have they been able to continue to increase these levels? Specifically, what has been the impact of complying with the Standards on InterAction members?*

InterAction states in its literature that, “the Standards are a highly visible, professional statement that enhances credibility with donors, governments, other NGO consortia, and the public at large” (InterAction 1993, 27). Furthermore, Lori Rosso, Director of Member Relations at InterAction claims that, “The impact of the Standards is quite large. ... The Standards have helped with the debate in the development community over many different standards. ... By setting high standards and abiding by them we are giving our members creditability” (Rosso, interview, 9/25/2001). InterAction and its staff see increasing credibility with donors as one of

the main ways that the Standards have had an impact. Thus, by increasing credibility, stemming from being in compliance with the Standards, InterAction assumes it is increasing the effectiveness and professional capacities of its members. When asked if InterAction benchmarks the impacts of its Standards on member organizations, Ms. Rosso said this was not done (Rosso, interview, 9/25/2001). The remainder of this paper seeks to evaluate the impact that the Standards are having on small member organizations. *Specifically, have member organizations increased their level of effectiveness and professional capacities by becoming compliant with the Standards, and has the annual compliance review helped to continue to increase these levels?*

## **Terms**

### *Impact Assessment*

Impact can be defined as the change that occurs after the implementation of something. In the case of the Standards, it would be the change in the level of organizational effectiveness and professional capacities that have occurred since the implementation of the Standards in member organizations (Fowler 1996). However, the problem with impact assessment techniques is that unless they are easily measurable indicators impact is difficult to measure. Second, most of the techniques created in relation to PVOs measure the impact of programs on clients, and there have been very few studies completed concerning the impact on organizations. Finally, those studies completed on organizational impacts have largely dealt with improving an organization's impact through a management technique such as strategic planning or total quality management (Bryson 1995; Nutt and Backoff 1992). While there have been some reviews of organizational standards or codes of conduct, especially in the hospital administration and hospitality sectors (Coughlan 2001), there has been relatively little research done on the impact of organizational standards on the organizations that implement them. Ms. Rosso stated that InterAction has not benchmarked the impact of the Standards (Rosso, interview, 9/25/2001). Thus, without any prior benchmarking to build on, I have chosen to focus on two concepts concerning impacts: organization effectiveness and professional capacity. These are the two goals that InterAction hopes its members will meet by complying with the Standards.

### *Organizational Effectiveness*

Organizational effectiveness is a phrase that is used a great deal in current non-profit literature. Even in business management literature authors frequently discuss how to build an effective business and be an effective leader (Manske 1987; Luke 1998; Tschirhart, 1996). But what does this really mean? InterAction does not provide a definition of organizational effectiveness in its literature. Thus, I have drawn from other sources to create a definition of organizational effectiveness. The Oxford English Dictionary (1995) defines effective as “producing the intended result.” While this is a very simplistic definition, it provides a good base to build from. One could thus say that organizations are effective when their services create the intended result. In other words, when organizations meet their mission and goals, they are being effective.

However, this picture is complicated by Fowler (1996, 174) who posits that, “In other words, unlike governments and businesses (which can be assessed, respectively, in terms of political support and financial returns) nonprofits have no readily acknowledged ‘bottom line.’” Since non-profits are not focused on profit, but rather on more qualitative measures, such as sustainable development, empowerment, and social welfare, it is difficult for them to easily measure their outcomes. Peter Drucker (1990) has also found similar problems in defining the “bottom line” for non-profit organizations. He explains how businesses have profits and financial bottom lines to judge performance, while non-profits do not have this quantitative luxury.

Though the definition may be a bit muddled, all organizations operate at some level of effectiveness. If they did not, they would no longer be in business, because they would not be making any profits or serving any clients. *The question then, is how can organizations increase their level of effectiveness? How can they serve the most possible clients or make the most possible profit within their particular set of circumstances? How does a non-profit organization increase its level of effectiveness?* First, organizations need to determine their current level of effectiveness in order to create a strategy to increase it. There have been several articles written on measuring organizational effectiveness or impact. Many of these articles outline self-assessment techniques<sup>4</sup> or examine a single sector (Fowler 2000). However, there have been

several more general theories and ideas written on measuring organizational effectiveness.

Fowler (1996), citing Rosabeth Kanter<sup>5</sup>, argues that:

- The measurement of organizational effectiveness must be related to a particular context and life stage of the organization.
- Rather than seeking universal measures, it is important to identify appropriate questions that reflect multiple criteria.
- The concept of assessing organizational goals should be replaced with organization uses to recognize the fact that different constituencies use organizations for different purposes.

Drucker (1990) also reviewed the idea of a non-profit bottom line and came to similar conclusions. He believes that in order to create a bottom line for non-profits, performance should be determined and interpreted in the context of the organizational environment. Questions should form the groundwork for the assessment of goals. Moreover, he suggests that, “all of the constituencies [should] agree on what the long-term goals of the institution are (Drucker 1990, 108),” thereby making the process participatory.

In summary, these authors have laid out the groundwork for a general strategy for evaluating the level of organizational effectiveness. The evaluation should be performed in the context of the organization’s environment using measures that are appropriate to the organization’s goals. Furthermore, this process should be a participatory one that includes all stakeholders and focuses on long-range goals. With this general framework in mind, I define organizational effectiveness as the ability of a member organization to fulfill its mission and goals. Any increase or impact on the level of effectiveness will be determined by measuring the organizations level of effectiveness before and after implementing the PVO Standards.

The specifics of this longitudinal study are covered below in the methodology section. Linking effectiveness to mission statements and goals is useful in a number of ways. First, it measures effectiveness at its most basic level – how well the organization is producing the intended end result. Second, since a mission statement is unique to each organization, it allows the measures to be situated in an organization’s distinctive environment. Lastly, the creation of the mission should have been a participatory process. While the Standards do not explicitly call for this, they do demand participation in the creation of programs (InterAction 1993, 7). It would make sense that the creation of the mission should also be done through a participatory

process. However, if this is not the case, it will not affect the outcome of the organizational effectiveness measure, because no matter how the mission was created, it is still the benchmark to which its level of effectiveness is measured against.

### *Professional Capacity Building*

Capacity is the power to contain, experience, or produce something. There are many types of capacity including mental, legal, and physical. One can build mental capacity by reading, studying, or learning, and one can build physical capacity by exercising and lifting weights. Capacity building in relation to the non-profit sector is a process that PVOs use in communities they are serving. Generally, the organization tries to build the capacity of the community through the learning of new skills, such as farming techniques or educating girls. By building a community's capacity it is hoped that it will be able to become a productive, sustainable, and thriving community. Capacity building has also been used to increase the competency of organizations. An example of this is the funding that Northern NGOs, those located in the developed world, have been providing Southern NGOs. This funding is supposed to help Southern NGOs become stronger and more sustainable, in the hopes that they can then better serve the needs of their clients (Hudock 1999; Fowler 2000). Such capacity building often involves training on managing accounts, developing technical and managerial skills, and in building monitoring skills.

InterAction has also used capacity building to strengthen member organizations, with special attention to professional capacity building. While InterAction does not provide a definition of professional capacity, it stresses that the Standards are built to create program quality and individual and staff integrity. InterAction sees building these capacities as essential to increasing the public's confidence in PVOs. Drawing from, Smillie (1996, 195) who has defined a professional "as one who is extremely competent in a job," it is possible to define professional capacities as those things that help an organization increase its aptitude and competency in providing services. This could stem from such things as organizational learning or promoting a diverse workplace. The areas in the Standards that address these capacities include the existence of an independent Board of Directors, performing a standardized annual financial audit, preparing written policies and procedures for staff, and promoting diversity in the workplace and in its programs. After some preliminary work, I have chosen to focus my

conceptualization of professional capacity building on organizational learning. While there are other components of professional capacity, such as creating a quality program, job competency, and public trust, these capacities cannot be created or increased without the presence of organizational learning.

### *Organizational Learning*

There is an enormous literature written on organizational learning and knowledge management. Within this literature, there are numerous theories, hypotheses, and typologies used to describe the types and kinds of learning. Chris Argyris and Donald Schon proposed one of the oldest and well known of these theories in their 1978 book *Organizational Learning: A Theory of Action Perspective* (Yeung et al 1999). In this book, Argyris and Schon propose that learning can be done in two different processes: single-loop learning and double-loop learning. In single loop learning, “there is a single feed-back loop which connects detected outcomes of action to organizational strategies and assumptions which are modified so as to keep organizational performance within the range set by organizational norms. The norms themselves remain unchanged” (Argyris and Schon 1987, 18-9). Thus, organizations study the outcomes their work has produced and make changes on the organizational practices and strategies levels; it is concerned primarily with improving effectiveness. Double-loop learning differs in that the study of outcomes makes organizations change their values or norms along with practices and strategies. Argyris and Schon (1978, 22) define it as, “a double feed-back loop [that] connects the detection of error not only to strategies and assumptions for effective performance but to the very norms which define effective performance.” Ebrahim and Ortelano (2001, 450) provide a good example of the difference between these two loops. For example, “An NGO that seeks to enhance rural living conditions through water resource projects may attempt to improve its performance ... [by] building on past experience to improve procedures for project development [or by] exploring new, untested ways of managing irrigation systems ... [however], an NGO might question and subsequently alter its focus on water resource technologies if it learns that its projects are leading to class differentiation and conflict in a community.” The first method is single-loop learning, while the second is double-loop.

A second practical examination of organizational learning distinguishes between three types of learning: learning by doing, learning by exploring and learning by imitating (Levitt and

March 1988; Levinthal and March 1993; Ebrahim and Ortolano 2001). Learning by doing is something individuals do everyday, learning by trial-and-error. As an organization does something repetitively, it gains experience on producing that product or service and can possibly become more productively efficient. Learning by exploring occurs when organizations try new procedures, practices, or methods in producing their products or services. This involves an organization taking a risk in trying an unproven method and is usually done by an organization experiencing failure in its production and which is thus willing to try something new. The final type of learning, learning by imitating, occurs when organizations mimic the behavior of another organization. This includes the dissemination of methods and procedures from one organization to another by personal contacts or consultants (Levitt and March 1988; Levinthal and March 1993; Ebrahim and Ortolano 2001).

This paper will illustrate that the organizations in this study have demonstrated these three types of learning, either for the first time or at an increased level due to implementing the Standards. Furthermore, the learning that is occurring is in a single-loop pattern, but has the potential to move up to the double-loop pattern. This is not to say that organizations need to move from one loop to the next, only that it is possible.

Thus, in measuring impact, the concepts of organizational effectiveness and organizational learning must be considered. However, these concepts must be operationalized to determine how they will be measured (O'Sullivan and Rassel 1999).

### **Ideal Methodology**

In a perfect world, a quasi-experimental design would be used as the methodology for this study. However, instead of having to expose the experimental group to the independent variable, the researcher will only have to measure any changes that would have occurred, since the independent variable has already been applied. Modifying a quasi-experimental design in this way creates a retrospective longitudinal study, where organizational history is studied to determine impacts. In this study, two groups of humanitarian aid organizations would be selected: a control group and an experimental group. Each group would have the same sample criteria, discussed below, except the experimental group would be members of InterAction.<sup>6</sup> The experimental group would have already been exposed to the independent variable - compliance to the Standards. In order to measure if any changes occurred in either group during the time the

Standards were implemented a retrospective measure must be used. Using personal interviews and secondary data, including annual reports, organizational effectiveness and professional capacity would be measured both before and after the organizations in the experimental group joined InterAction. This would demonstrate any retrospective changes that would have occurred after implementing the Standards. Organizational effectiveness and professional capacity would also be measured for the control group during the same time period. If there were any changes that occurred in both groups, they would then have to be compared to determine their cause. For example, if humanitarian organizations had to comply with new laws, any change that would stem from this would appear in both groups. If these same changes occurred in all the organizations in both groups, it could be cautiously concluded that the changes were due to sectoral changes. Comparing organizations across a sector is also known as comparative performance measurement, which can be used to help an agency communicate its accomplishments and performance in comparison to similar agencies.<sup>7</sup>

However, if changes occurred in the experimental group alone or changes occurred in both groups that could not be connected to sectoral adjustments, a historical analysis of the experimental group organizations would have to be completed. This analysis would review the actions of each organization that experienced changes to determine if these changes stemmed from another cause besides compliance with the Standards. For example, experimental group members who experienced changes may have also complied with other organizational standards from other membership organizations, mandates from their Board of Directors, or increased their funding. Analyzing this history could be completed by interviewing staff members and reviewing organizational publications, such as annual reports. If it was determined that changes were not caused by other historical factors, then it could be cautiously concluded that changes that occurred in the experimental group were the result of compliance with the Standards.

Finally, in order to generalize these results, this three-phased study would be performed in several geographical regions of the United States. The United States would be chosen, because all InterAction members are based in the U.S. The findings from all the different regions could be then generalized to include all small InterAction members or even all the InterAction members.

Using a quasi-experimental design has the advantage of reducing threats to internal validity. O'Sullivan and Rassel (1999, 56) define internal validity as "the evidence that a

specific independent variable such as a program or policy caused a change in an observed dependent variable.” By reducing threats to internal validity a research can then be more confident that the independent variable, and not other factors, caused the observed changes. The main advantage to this design is that it controls for the threats of history and maturation. History is defined as events other than the independent variable that could have caused the observed changes (O’Sullivan and Rassel 1999). This is controlled for through examining the organizational history of the organizations to determine if other factors may have contributed to the observed changes. Maturation is defined as natural changes in the groups that are studied (O’Sullivan and Rassel 1999). This is controlled for through having a control group from the same sector. Thus, it is possible to determine if natural changes in the humanitarian sector, such as meeting new laws, contributed to the observed changes.

### *Constraints*

Unfortunately, there are some limitations on this method that make it impossible for me to complete the entire study at this time. To begin with, regionalizing the study is beyond my current monetary constraints. Second, gaining the historical records of all selected organizations maybe nearly impossible. Several of the organizations I interviewed did not even know when they joined InterAction without doing some in depth research, thus illustrating the low level of organizational history they may have. Furthermore, non-profits are not known for their extensive historical records keeping, thus making the obtaining of other historical records hard to access, if they exist at all. A third limitation is time, which limits my ability to sample and canvass an entire control group for the sectoral phase. In order to contact and survey an entire control group could take four to six months, judging by the time it has taken to do so with the experimental group.

This leaves the option of completing a modified retrospective longitudinal study. This study would consist of determining if members of the experimental group had any changes actually occur after implementing the standards. This section of the study is the most achievable to complete given resource and time constraints. While this is only one part of the study, it may be the most important part. By completing this first phase, I will be able determined if there have been any changes that have occurred after the implementation of the Standards to the experimental group. If there are no changes, there is no reason to continue with the other two

phases. At that point, it would be worthwhile to create a second methodology to determine why the Standards have had no effect. If there have been changes, a control group can be created at a later time in which to compare the experimental group too. It is not necessary to have these two groups studied at the same time, because the independent variable of the Standards has already been applied. All the data collection and analysis is completed on historical data, hence the retrospective aspect of the study. Thus, the comparison of the two groups can be completed at any point since the data has already been created, it just needs to be collected and analyzed.

Therefore, the completing this phase of the study allows for a benchmark measure to be created. However, there are limitations in performing this phase of the study as well. First, obtaining secondary research from groups before they joined InterAction has been difficult, because many of them have not kept annual reports for a sufficient length of time. Moreover, many of these organizations are very busy and do not have the time or patience to ‘dig up’ these reports. Finally, neither InterAction nor the members will give out the annual InterAction compliance reports, though InterAction suggests that I can go through the checklist myself and determine if the organization is in compliance, which does not allow me to determine past compliance.

### **Realistic Methodology**

Given these limitations, I have made the best of my time and efforts and conducted the study in the following manner. I performed a retrospective longitudinal study on an experimental group within the constraints mentioned above.

#### *Sample*

Merriam (1992, 67) points out that, “Selecting the sample is dependent upon the research problem.” The research problem this paper addresses, the impact of InterAction’s PVO Standards on member organizations, defines the population as the 163 members of InterAction. From this population, it is necessary to stratify the sample in order to obtain information that will help solve this problem. I thus choose to do a stratified, non-random sample of the population for several reasons. First, to do in-person interviews, I would have to travel to the site of the organization. Due to my class schedule and other responsibilities my first criteria for the sample was that they must be located in the Washington, DC/Northern Virginia area. Second, I wanted

to have access to the management of each organization since I assumed they would be the ones involved in ensuring compliance. To have access to these managers my second stratification criterion was the organization had to have 10 or less staff members, i.e.: be small organizations. This assumes that the smaller the organization the easier the access to higher-level management. Finally, I wanted to be able to make comparisons across all the organizations, so I wanted them to be involved in the same type of humanitarian aid. My last stratification criterion was that all the organizations be involved in advocacy, since I assumed small humanitarian aid organizations in Washington, DC would probably all do some advocacy work. Thus, my sample criteria, in order from most to least importance, were:

- Located in Washington, DC/Northern Virginia area
- Have a small staff – 10 or less
- Be involved in advocacy

### *Sample Selection*

Out of the 163 InterAction member organizations, 44 are located in the Washington, DC/Northern Virginia area. Out of these 44 organizations, five had a staff of 10 people or less. Since this number was so low, I decided to drop my final criterion of advocacy. From these five, I chose three as primary organizations to interview. Any less than three organizations would just be a comparison to two organizations and would not allow for any generalizing. These three primary organizations all have a staff size of six: America's Development Foundation (ADF), The Citizens Network for Foreign Affairs (CNFA), and The Congressional Hunger Center (CHC). The other two organizations became alternatives: Women's EDGE, with four staff members and Volunteers in Technical Assistance (VITA), with 10 staff members.

To gain the participation of these organizations, I e-mailed and faxed (see Appendix 5) proposals to the three primary organizations. ADF declined to be interviewed feeling that it has not been involved with the Standards long enough.<sup>8</sup> Women's EDGE was contacted next to fill ADF's spot. It too declined, through a phone call, for similar reasons. VITA was contacted next and agreed to be interviewed, as did CNFA. After many phone calls the CHC finally agreed to participate. However, during the interim when CHC was not confirmed, I decided to expand my criterion of small organizations to include those with 15 or less staff members. This was done in order to increase my sample size and hopefully to gain a third organization that would agree to

be interviewed. This increased the sample by seven: The Advocacy Institute, Africare, ANERA, Citizens Democracy Corps, National Peace Corp, Refugees International, SEARAC, and United Way International. Out of these seven only the Advocacy Institute and the National Peace Corp responded. The Advocacy Institute declined to be interviewed, citing that though it is a member of InterAction, the Director feels there have been no effects felt by his organization from the Standards.<sup>9</sup> The National Peace Corp also declined to be interviewed, with the President saying he did not feel he had enough information to constitute an interview, although the Corp had amended its personnel manual to follow more closely the Standards non-discrimination section.<sup>10</sup> Thus, sample size stands at seven: VITA, CNFA, CHC, ADF, Women’s EDGE, the Advocacy Institute, and the National Peace Corp.

**Table 1: Types of Data Collected from Each Organization**

<b>Organization</b>	<b>Primary data: Interviews</b>	<b>Secondary data: Annual reports or other publications</b>
VITA	X	X
CNFA	X	
CHC	X	
ADF		
Women’s EDGE		
Advocacy Institute		X
National Peace Corp		

I have had difficulty collecting data from these organizations (see Table 1). While the data may be quite limited, it did not help that four organizations declined interviews saying they felt there were minimal or no impacts on their organization from the Standards. For this study, this information is quite noteworthy: the heads of over half of my sample organizations felt there were no impacts from the Standards. This insight will be explored further in the results section below.

### *Data Collection*

The collecting of this data was done using both qualitative and quantitative techniques. The qualitative data was gathered, because some “experiences cannot be meaningfully expressed by numbers” (Berg 2001, 3). This is especially true when measuring concepts, since these are difficult to express in figures and numbers. In measuring concepts such as organizational

effectiveness and professional capacity by quantitative research does not capture the rich data and understanding that come from conducting qualitative research. Moreover, “qualitative inquiry [allows] for a focus on meaning in context” (Merriam 1998, 1). This allows the researcher to take environmental factors into account in the results, thus creating a more complete picture.

I chose to do in-person interviews with the management of my sample of InterAction members. There are many different methods in collecting qualitative data. These range from interviews and focus groups to ethnographies and case studies. I chose to use personal interviews as my data collection technique because they allowed me to collect information on behavior that I could not observe and to assess peoples’ feelings and their interpretations on situations. Moreover, it allowed me to probe for additional information that is unique to each organization.

I have also collected quantitative data in the form of annual reports and other pertinent publications from the sample group in order to create a more in-depth longitudinal picture. Moreover, many of the people I interviewed had not been at the organization when the Standards were implemented and could not describe the state of the organization then. Thus, it was necessary to examine secondary data sources. The secondary data sources are in the form of annual reports. Using the forms of qualitative and quantitative data collected enabled the creation of a picture of the organization at these different times. . For each organization in which I have enough data, I use a matrix to demonstrate the current and previous levels of effectiveness and organizational learning.

### *Interview Instrument*

To gather the primary data, I chose to use a semi-structured or semi-standard interview format. In this type of interview the interviewer has a set of questions and topics she wants to discuss, but is free to digress into each topic as she sees pertinent (Berg 2001; Merriam 1992). I felt this type of instrument would provide structure during the interviews while also allowing enough flexibility to tailor the interview to each situation and organization (see Appendix 6 for full interview instrument).

Interview themes concerned the background and history of implementing the Standards, organization effectiveness, professional capacities, and general impacts. Each section started

with a broad question to gain as much information about the organization as possible. From there, I asked secondary probing questions depending on the information given. Although I would have preferred to do in-person interviews with these organizations, all the interviewees requested a telephone interview due to time constraints. While the instrument appears to be lengthy, the longest interview lasted only twenty-five minutes. I was able to gain all the information I needed from conducting one interview each with VITA and CHC (see Appendices 7 and 8). However, I had to interview three people at CFNA in order to have all my questions answered (see Appendices 9–11). However, one of the main disadvantages to interviewing only one person per case is obtaining the perspective of only one person in the organization. Even though one person was able to answer all my questions in two of the cases, having interviewed several people at each organization would have allowed for the interview data to be reinforced or demonstrate areas where co-workers did not agree.

In trying to ensure ethical data collection, I used an implied consent method since I was not able to have an informed consent paper signed, as I was not physically there with the interviewee. To gain implied consent, I described the nature of my work and project, and then asked if the interviewees were still willing to participate. If they said yes, I then asked if I could tape record the interview for my personal use in transcribing the interview for easier analysis. I would certainly have used confidentiality or anonymity techniques if they became necessary or had been asked for (Berg 2001; Merriam 1992).

## **Data and Results**

Since this is a longitudinal study, it is necessary to try to paint a picture of each organization before and after it joined InterAction. Unfortunately, this is not possible to do with all of the organizations due to a lack of secondary data. The following tables summarize the available data to create ‘pictures’ of each organization’s level of effectiveness for different points in time. Furthermore, the types of organizational learning used are also illustrated in tables.

**VITA** (Volunteers in Technical Assistance) joined InterAction in 1993, and I was able to obtain Annual Reports from 1991 and 2000. Moreover, an interview was completed with the president, who joined VITA in 1999. These data were used to create before and after InterAction snapshots (Tables 2 and 3).

**Table 2: VITA 1991 Level of Effectiveness**

Goal	Objective	Outputs	Data Source
To foster self-sufficiency	To provide high quality technical information	<ul style="list-style-type: none"> <li>■ Opened business information center in Chad</li> <li>■ Opened two small information centers in Kenya</li> <li>■ Conducted a telecommunication symposium for the Hungarian Ministry of Communications and the Hungarian Telecommunications Company.</li> </ul>	Annual Report
	To promote enterprise development	<ul style="list-style-type: none"> <li>■ Implemented two enterprise development programs: one in Togo and one in Chad</li> <li>■ Implemented a Business Management Training and Income Generation Program in Kenya</li> </ul>	Annual Report
	To promote increased economic productivity	<ul style="list-style-type: none"> <li>■ Reconstructed 1,428 irrigation systems</li> <li>■ Built 14 new roads</li> <li>■ Erected 13 new bridges</li> </ul>	Annual Report

**Table 3: VITA 2000 Level of Effectiveness**

Goal	Objective	Outputs	Data Source
To improve the quality of life in developing countries by increasing access to information & technology	To provide agriculture & agribusiness services	<ul style="list-style-type: none"> <li>■ Assisted more than 230 ag-related enterprises adopt better ag technologies in Guinea</li> <li>■ In Moldova, with CNFA (another InterAction member), developed first two modules of a three-module training program to teach farmers farm and financial management skills</li> </ul>	Annual Report
	To provide information and knowledge services	<ul style="list-style-type: none"> <li>■ Made over 75,000 pages of publications available on CD-Rom</li> <li>■ Began a six-month pilot program in Mali to disseminate informational programming to reduce ethnic tension in the Timbuktu region</li> </ul>	Annual Report
	To provide international disaster response	<ul style="list-style-type: none"> <li>■ Responded to over 2,500 inquires related to commodity donations for international relief efforts</li> <li>■ Began a public education and donor awareness campaign to target specific groups for donating</li> <li>■ Worked with corporations to develop guidelines for utilization of their products in relief activities</li> <li>■ Posted over 700 situation reports</li> </ul>	Annual Report
	To provide communications services	<ul style="list-style-type: none"> <li>■ Received provisional licenses from the FCC for two satellites</li> </ul>	Annual Report
To empower the poor	To provide business development services	<ul style="list-style-type: none"> <li>■ Created a new training approach methodology: “MicroTraining” which can be used to build new skills, practices, and behaviors.</li> </ul>	Annual Report
	To provide micro-finance services	<ul style="list-style-type: none"> <li>■ Implemented three micro-finance programs overseas</li> </ul>	Annual Report

VITA seems to have expanded the intensity and extensity of its programs between 1991 and 2000 (Tables 2 and 3, outputs). However, simply expanding its efforts does not necessarily demonstrate an increase in its level of effectiveness. An increase in the level of effectiveness would be more accurately demonstrated through the outcomes of these programs. John Bryson characterized the difference between outcomes and outputs as, “outputs are substantive changes while outcomes include symbolic interpretations” (Bryson 1995, 167). The data from the annual reports was focused on explaining the outputs of VITA programs than outcomes. However, Bryson goes on to say that, “both [outcomes and outputs] are important in determining whether a change has been worth the time and effort required to implement it” (Bryson 1995, 167). It is clear from the data that VITA has been able to increase its outputs. While increasing outputs is not a measure of the level of effectiveness as defined earlier in this paper, it does illustrate that VITA is able to increase its productivity by a more effectively using of its resources. Examining the budgets for these two years can demonstrate this. In 1991, the total revenue was \$9,057,516 (VITA 1991), while in 2000 the total revenue was \$3,296,681. Thus, VITA was able to provide more outputs using less money. While is not a definitive measure, it could very cautiously be concluded that VITA was able to increase its level of effectiveness in resources allocation between these two years. However, is this tentative increase in the effectiveness level due to complying with the Standards? It very well could be, but I would argue that there is another factor that has influenced this increase in effectiveness. Another key factor that occurred between these two snapshots was the hiring of a new president, George Scharffenberger (interview). Many times a new president or CEO will make organizational changes when he starts his new job, and these changes can impact the level of effectiveness of an organization, either positively or negatively. This aspect of the organization and its relation to the increase in the level of effectiveness will be explored further below.

In order to increase its level of effectiveness, VITA must have first learned about its current state in order to create a strategy to increase its effectiveness level. VITA is currently learning by doing and learning by exploring (Table 4). Again, learning by doing is learning by trial-and-error. As Levitt and March (1988, 322) explain, “In experimental learning based on trial-and-error learning or organizational search, organizations are described as gradually adopting those routines, procedures, or strategies that lead to favorable outcomes; but the routines themselves are treated as fixed.”

**Table 4: VITA Types of Learning**

Type of Learning	Utilized?	Examples	Data Source
By Doing	Yes	Applying information gained during an annual compliance review	Scharffenberger Interview
By Exploring	Possibly	Changing make-up of Board of Directors to more accurately reflect gender and ethnic diversity described by the standards	Scharffenberger Interview
By Imitating	Yes	Changing the make-up of the Board of Directors due to recommendations from the Standards	Scharffenberger Interview

Performing an annual compliance review for Standards can then be considered a type of learning by doing, because the organization is continuing a routine that leads to favorable outcomes. For example, Mr. Scharffenberger continues to perform the annual compliance reviews not only because he has to in order to continue membership, but also because he finds the Standards “gives [VITA] an opportunity to talk about issues that lie under the Standards. So I think it is extremely helpful. For me, it really has a value to maintain a dialogue on who and what we are” (Scharffenberger, interview, 10/29/2001).

The second type of learning VITA may utilize is learning by exploring (Table 4). March (1991, 71) explains that “exploration includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation.” After reviewing the Standards, Scharffenberger decided that it needed to discover a way to increase the diversity of its Board, and it created a strategy to meet this goal (Scharffenberger, interview, 10/29/2001). Changing the composition of its Board could be a risk filled experiment, but it is difficult to determine if it is without knowing what resulted from the experimentation. Thus, more research would need to be done to determine if this type of learning is currently being used. Scharffenberger does find that, “[The Standards] help [give] me an added push to raise these [diversity] issues with my Board, and I am beginning to see them understand them” (Scharffenberger, interview, 10/29/2001). This illustrates learning by imitating, because VITA is copying behavior it has learned from the Standards. The behavior being copied is the creation of a more diverse Board.

Thus, these types of learning that VITA is engaging in stem from opportunities afforded to it through compliance with the Standards. By completing the annual compliance review, VITA sees it as an opportunity to examine its actions *and* to learn from them. This is illustrated

by Schaffenberger’s comment, “what [the Standards] do is provide an opportunity on an annual basis, and hopefully more often, to really think about some of the issues that are implied in the Standards” (interview, 10/29/2001). Thus, the Standards have provided an opportunity for VITA to learn.

CNFA (Citizens Network for Foreign Affairs) joined InterAction in 1992. I was unable to obtain any Annual reports from the organization, but I was able to construct its current level of effectiveness from information provided on its web page (CNFA 2001) (Table 5).

**Table 5: CNFA Current Level of Effectiveness**

Goal	Objective	Outputs	Data Source
To stimulate international economic growth in developing and emerging world markets	To build partnerships between the public and private sectors	Currently, 19 active private-public partnerships in Ukraine and Moldova	CFNA Web page
	To foster sustainable development	<ul style="list-style-type: none"> <li>■ Extended loans to private farmers – six as of 1999.</li> <li>■ Provided opportunities for about 85 U.S. farmers to sharing their expertise with farmers from other countries.</li> </ul>	CFNA Web page

Since there is not a second snapshot of CNFA’s level of effectiveness, it is impossible to determine if its effectiveness has changed since it became an InterAction member. However, this data could be useful as a benchmark, against which to measure future levels of effectiveness.

CNFA currently appears to be learning from one learning type: by doing (Table 6). Like VITA, CNFA seems to be applying the information it obtains from its annual compliance review to bettering the organization.

**Table 6: CNFA Current Learning Types**

Type of Learning	Utilized?	Examples	Data Source
By Doing	Yes	Applying information gained during an annual compliance review	Hommes Interview
By Exploring	No		Hommes Interview
By Imitating	No		Hommes Interview

However, Caryn Hommes, the Vice President of Operations and Compliance at CNFA, does not believe CNFA obtains its more valuable information from the InterAction Standards review. “We go to a lot of [InterAction] meetings and on a tertiary level they have been helpful for us, but we are compliant with other standards that have provided us with more effectiveness such as the USAID Standards” (Hommes, interview, 10/26/2001).<sup>11</sup> So even though it receives some beneficial impact from compliance, Hommes feels that CNFA has found other learning tools that are more effective.

CHC (Congressional Hunger Center) joined InterAction in 1999. Like CNFA, I was unable to obtain any Annual reports from the organization, but I was able to construct its current level of effectiveness from information provided on its web page (CHC 2000) (Table 7).

**Table 7: CHC Current Level of Effectiveness**

Goal	Objective	Outputs	Data Source
To fight hunger by developing leaders	To bridge the gap between service and public policy by providing specific skills and issue training	<ul style="list-style-type: none"> <li>■ The Mickey Leland - Bill Emerson <i>National</i> Hunger Fellows Program trains twenty participants, over a year, in the skills necessary to contribute to a solution to National hunger, while providing them with personal organizational experience.</li> <li>■ The Mickey Leland-Bill Emerson <i>International</i> Hunger Fellows Program is a two-year initiative that provides ten fellows with anti-hunger policy formulation abroad.</li> </ul>	CHC Web page
	To train leaders at the community, national, and international level about the causes of and solutions to hunger, poverty, and humanitarian needs.		
	To facilitate collaborative efforts between those involved with designing policy and those developing and implementing programs aimed at ending hunger.		

Like CNFA, there is not a second snapshot of CHC’s level of effectiveness, and it is thus impossible to determine if its level effectiveness has changed since it became an InterAction member. However, this data could be useful as a benchmark, against which to measure future levels of effectiveness.

CHC appears to be learning from two learning types (Table 8). In the first, learning by doing, CHC is applying the information it obtained during its annual compliance review. CHC, while in compliance, is seeking to improve the quality of its Board members and to further define the function of the Board.

**Table 8: CHC Current Learning Types**

Type of Learning	Utilized?	Examples	Data Source
By Doing	Yes	Applying information gained during an annual compliance review	Zeigler Interview
By Exploring	No		Zeigler Interview
By Imitating	Yes	<ul style="list-style-type: none"> <li>■ Changing the make-up, function, and structure of its Board of Directors</li> <li>■ Restructuring its management and administrative systems</li> </ul>	Zeigler Interview

CHC, after reviewing the Standards, “decided to focus on just a few areas where [it] needed to become more compliant’ (Zeigler, interview, 11/26/2001). Thus, CHC management saw the Standards as an opportunity to learn about the organization, to create strategies to improve it, and eventually to increase its level of effectiveness. Furthermore, in order to address this issue of non-compliance, CHC is learning by imitating. In order to become more compliant, CHC is imitating the techniques and guidelines defined by the Standards. For example, CHC used the Standards as a guide in setting up their administrative and management structure (Zeigler, interview, 1/26/2001).

**The Advocacy Institute** declined to be interviewed, because the President felt that the Standards had not had an impact on his organization. However, I was able to obtain secondary data from the Institute, from 1995, the year before it joined InterAction and from 2000 (Tables 9 and 10).

**Table 9: The Advocacy Institute Pre-InterAction: 1995 Level of Effectiveness**

Goal	Objective	Outputs	Data Source
To build the capacity of citizen leaders and groups	To provide training sessions for leaders	Held two advocacy training sessions	Annual Report
	To provide expert technical assistance	Published four advocacy guides	Annual Report
To help ‘give birth’ to new organizations with a head start in citizen empowerment	To help ‘give birth’ to new organizations with a head start in citizen empowerment	Launched three new organizations: Smoking Control Advocacy Resource Center, Gas Guzzler Campaign, and the Gun Violence Project	Annual Report

**Table 10: The Advocacy Institute Post-InterAction: 2000 Level of Effectiveness**

Goal	Objective	Outputs	Data Source
To strengthen the capacity of justice advocates	To provide advocacy strengthening programs	<ul style="list-style-type: none"> <li>■ Held seven advocacy training sessions</li> </ul>	Annual Report
	To provide strategic guidance and support	<ul style="list-style-type: none"> <li>■ Published two guides</li> </ul>	Annual Report
	To provide networking	<ul style="list-style-type: none"> <li>■ Continued E-Change – facilitates listserv discussions and program alumni contacts</li> </ul>	Annual Report
To strengthen political, social, and economic justice movements	To promote tobacco control domestically and internationally	<ul style="list-style-type: none"> <li>■ Held two domestic and one international Leadership Fellows Programs for tobacco control professionals</li> </ul>	Annual Report

While the wording for the two goals has changed over five years (Tables 9 and 10), which is not unusual, the main themes seem unchanged. Moreover, it would seem that while the Advocacy Institute has simplified its activities to focus on just a few, it has increased its output level on those activities. For example, it nearly tripled the number of training sessions from two to seven. However, unlike VITA, it is difficult to determine if this increase in outputs occurred because it was able to use its resources more effectively. Revenue for the Advocacy Institute in 1995 was \$1,863,525 (Advocacy Institute 1995), while in 2000 it was \$8,640,316 (Advocacy Institute 2000). Thus, the increase in the outputs could be due to a simple increase in revenue. Furthermore, neither the 2000 or 1996 annual reports mentioned joining InterAction. However, the 2000 Annual Report does describe the Advocacy Institute as receiving a *Leadership for a Changing World* grant. It seems that grant stipulations prompted the Institute to restructure internal controls, to revise staffing arrangements, to reduce overhead by 20 percent, and to seek the counsel of a financial advisor. This suggests that the receiving of grants has caused organizational adjustments and that the Institute has recognized these changes, since they are noted in the Annual Report. Thus, one could cautiously assume that if the Standards were a clear source of organizational change, this would have been mentioned in the 1996 or 2000 Annual Reports.

For the final three organizations, ADF, The National Peace Corp, and the Women’s EDGE, I was unable to obtain any annual reports from the organizations. Moreover, since they

declined to be interviewed, I was unable to obtain any primary data or information on the types of learning in which they are engaged.<sup>12</sup> However, the fact that four organizations declined an interview because they felt there were no significant impacts resulting from the Standards is a noteworthy finding. It seems these organizations have already evaluated the impact the Standards have had on their organizations and have determined it to be small. Moreover, I would argue that these organizations have become caught in what Levinthal and March describe as the success trap. “Sometimes exploitation (learning by doing) drives out exploration. ... Past exploitation in a given domain makes future exploitation in the same domain even more efficient. As a result, organizations discover the short-term virtue of local refinement and the folly of exploration. ... This competency trap is a standard, potentially self-destructive product of learning” (Levinthal and March 1993, 106). Thus, these four organizations may be stuck in a loop of exploitation learning where they continue to repeat their successful behavior patterns, such as continuing their compliance with the Standards by filling out paperwork. This exploitation learning may result in a small increase in the level of effectiveness for these organizations, but I would argue that without balancing this with exploration learning, the organizations may not increase their level of effectiveness in a significant manner. “An organization that engages exclusively in exploitation will ordinarily suffer from obsolescence. ... Survival requires a balance, and the precise mix of exploitation and exploration that is optimal is hard to specify” (Levinthal and March 1993, 105). But how can an organization begin to find this mix?

## **Conclusion**

The annual compliance review for the Standards supplies an opportunity for an organization to begin to find its mix of exploitation and exploration in learning. This annual compliance review mandated by the Standards has all InterAction organizations describe their current level of effectiveness and professional capacity. If this level meets the benchmarks set by InterAction the organization achieves compliance. However, an organization could theoretically stay at the same level of effectiveness forever, and as long as it complies with the Standards it will remain a member of InterAction. It is only when an organization takes advantage of the opportunity created by ensuring yearly compliance that effectiveness levels can be increased. This opportunity is comprised of the time set aside to complete the annual

compliance review and the information collected during the review. First, this information provides a snapshot of the organization at one point in time, which can then be compared to previous snapshots or benchmarks in single-loop or double-loop learning. By comparing the current snapshot to the benchmark and determining what management or system changes should be made to better meet the defined organizational goals would constitute single-loop learning. An organization can then proceed a step further and decide if its goals should be changed – double-loop learning. The second characteristic of this opportunity is the time organizations have already set aside to perform this review. This time can also be used to examine the current state of the organization and create strategies to reach new levels of effectiveness and capacities.

I would argue that from the data on the seven organizations studied, only VITA appears to have taken advantage of this opportunity. The data suggest that VITA's use of the Standards as a tool for dialogue may have been a factor in it increasing its level of effectiveness. I argue that the new VITA president, hired in 1998, may have provided the impetus for VITA to take advantage of this opportunity. Through his leadership VITA compared the current snapshot, which was created for the annual compliance review, to benchmarks or previous snapshots, and from this comparison was able to engage in organizational learning. By examining what procedures were effective, it was able to create a strategy for improving upon those procedures, either through trial-and-error or through exploring new options. It then could apply this newfound knowledge to its processes and increase its level of effectiveness.

In conclusion, organizational standards cannot force an organization to increase its level of effectiveness or to increase its professional learning capacity. Organizational standards that mandate an annual compliance review can only provide an opportunity. Organizational members must then decide to take advantage of this opportunity in order to first learn about their organization and, second, to apply this knowledge to creating strategies, which will increase its level of effectiveness. In order for organizations to seize this opportunity, it may require InterAction to create guidelines demonstrating how to do this. Then, like VITA and CHC currently imitate the Standards, many organizations may be able to seize this opportunity through mimicking these new 'seize the opportunity' guidelines.

This preliminary conclusion needs to be confirmed with much more extensive data collection and analysis. Completing the second and third phases outlined in my ideal methodology would help confirm or refute this conclusion. Moreover, this research creates other

questions to be answered by future studies. Are there other impacts created by the Standards? Is this actually an opportunity? Why does an organization take advantage of this opportunity? Is the same opportunity created by organizational standards that do not mandate an annual compliance review?

## Appendix 1 InterAction's Membership Application

- Organization Name: \_\_\_\_\_
- Contact Person \_\_\_\_\_
- Title: \_\_\_\_\_
- Address: \_\_\_\_\_
- Telephone: \_\_\_\_\_
- Fax: \_\_\_\_\_
- Year Founded: \_\_\_\_\_
- Incorporated in the state of: \_\_\_\_\_
1. Statement of Organizational Purpose
  2. Briefly describe the organization's programs. Include a listing of the location of field offices or regional offices worldwide. (Attach material, in addition to you Annual Report, as appropriate).
  3. Why does your organization wish to join InterAction and how would you and your associated expect to participate?
  4. Describe your governance structure, including: size of Board and Executive Committee; frequency of meetings; establish the voluntary nature of your Board – does any Board member receive compensation for his/her work for the Board?
  5. Number of full time, salaried staff in the U.S. and outside the U.S.
  6. Does your organization have an employment policy regarding staff gender and minority representation?
    - a. Number of senior staff position held by women
    - b. Number of senior staff positions held by minorities
  7. List the name and titles of your Chair of the Board of Directors and Executive Committee members.
  8. Does your Board have a policy regarding Board gender and minority representation?
    - a. Number of Board positions held by women
    - b. Number of Board position held by minorities
  9. Please note at least three PVOs with which your organization has worked in the past two years and describe the collaboration/affiliation.
  10. Do you work with partner organizations overseas? Please describe the manner in which you implement programs.
  11. Please indicate the approximate amount of the following funding sources as a percentage of your total annual income.
    - a. Federal Grants
    - b. Federal Contracts
    - c. Foundation Grants
    - d. Membership dues
    - e. Contributions
    - f. Others
    - g. Explain
  12. Please submit the completed application along with a copy of your organizations:
    - a. By-Laws
    - b. Articles of incorporation
    - c. IRS letter of Tax Exempt Status
    - d. Most Recent Annual report (11 copies)
    - e. Most recent Audited Financial (11 copies)
    - f. Current year's budget as approved by the Board
    - g. PVO Standards Review Form
    - h. 3 Letters of Recommendation from Current InterAction members
  13. Please designate a representative from your organization to be on the Board of Directors

*Note: The InterAction Membership Committee meets quarterly (January, April, July and October). Applications are accepted year round and require the recommendation of the Membership Committee prior to a vote by the InterAction Board of Directors.*

**Appendix 2**  
**InterAction's Membership Listing**

Academy for Educational Development	Committee
ACCION International	Church World Service
ACDI/VOCA	Citizens Democracy Corps
Action Against Hunger/USA	Citizens Network for Foreign Affairs
Adventist Development and Relief Agency	Concern America
The Advocacy Institute	Concern Worldwide
Africare	Congressional Hunger Center
Aga Khan Foundation USA	Counterpart International
Aid to Artisans	Direct Relief International
Air Serv International	Doctors of the World
Amazon Conservation Team	Doctors Without Borders (MSF)
America's Development Foundation (ADF)	The End Hunger Network
American Friends Service Committee	Enersol Associates
American Jewish Joint Distribution Committee	ENTERPRISE Development Int'l
American Jewish World Service	Episcopal Relief and Development
African Medical & Research Foundation	Ethiopian Community Development Council
American Near East Refugee Aid	Food For The Hungry
American ORT	FINCA International
American Red Cross	Floresta
American Refugee Committee	Freedom From Hunger
AmeriCares	Friends of Liberia
Amigos de las Americas; Ananda Marga Universal Relief Team	Gifts in Kind International
Baptist World Alliance	Global Health Council
B'nai B'rith International	Global Links
Bread for the World	Health Volunteers Overseas
Bread for the World Institute	Heart to Heart International
Brother's Brother Foundation	Hebrew Immigrant Aid Society (HIAS)
Campaign for Tobacco-Free Kids	Heifer Project International
CARE	Helen Keller Worldwide
Catholic Medical Mission Board	Holt International Children's Services
Catholic Relief Services	The Hunger Project
Center for International Health and Cooperation (CIHC)	Institute of Cultural Affairs (ICA)
Center of Concern	Interchurch Medical Assistance
Centre for Development and Population Activities (CEDPA)	International Aid
Child Health Foundation	International Catholic Migration Commission (ICMC)
Childreach/Plan International	International Center for Research on Women
Children International	International Development Enterprises
Christian Children's Fund	International Executive Service Corps
Christian Reformed World Relief	International Eye Foundation
	International Institute of Rural Reconstruction

International Medical Corps  
 International Medical Services for Health  
 International Orthodox Christian Charities  
 International Reading Association  
 International Relief and Development  
 International Relief Teams  
 International Rescue Committee  
 International Voluntary Services  
 International Women's Health Coalition  
 International Youth Foundation  
 Islamic American Relief Agency USA  
 Jesuit Refugee Services/USA  
 Katalysis Partnerships  
 Latter-Day Saint Charities  
 Laubach Literacy International  
 Lutheran World Relief  
 MAP International  
 Margaret Sanger Center International  
 Medical Care Development  
 Mercy Corps International  
 Mercy USA for Aid and Development  
 Minnesota International Health Volunteers  
 Mobility International USA  
 National Council of Negro Women  
 National Peace Corps Association  
 Near East Foundation  
 Northwest Medical Teams  
 Obor, The International Book Institute  
 OIC International  
 Operation USA  
 Opportunity International  
 Outreach International  
 Overseas Development Council  
 Oxfam America  
 Pact  
 Partners for Development  
 Partners of the Americas  
 Partners in Health  
 Pathfinder International  
 Pearl S. Buck International, Inc.  
 Physicians for Human Rights  
 Physicians For Peace  
 Planning Assistance  
 Points of Light Foundation  
 Population Action International  
 Population Communications  
 Presbyterian Disaster Assistance and Hunger  
 Program  
 Project Concern International  
 Project Hope  
 Quest for Peace/Quixote Center  
 Refugees International  
 Relief International  
 RESULTS  
 Salvation Army World Service Office  
 Save the Children  
 Service and Development Agency of the  
 African Methodist Episcopal Church  
 SHARE Foundation  
 Sierra Club  
 Solar Cookers International  
 Southeast Asia Resource Action Center  
 (SEARAC)  
 Stop Hunger Now  
 The Synergos Institute  
 Trickle Up Program  
 United Israel Appeal  
 United Jewish Communities  
 United Methodist Committee on Relief  
 United Way International  
 USA For UNHCR  
 U.S. Fund for UNICEF  
 Volunteers in Technical Assistance (VITA)  
 Winrock International  
 Women's EDGE  
 World Concern Development Organization  
 World Education  
 World Learning  
 World Relief  
 World Resources Institute (WRI)  
 World Vision United States  
 YMCA of the USA  
 Zero Population Growth (ZPG)

### **Appendix 3**

#### **Phone Interview with Lori Rosso, Director of Member Relations at InterAction, 9/25/01**

##### **Why were the PVO standards created?**

They were created because there was no such thing like it before. When InterAction was formed in 1984 it was the coming together of two separate organizations that were both doing similar types of things. They thought that if they combined they could double their power, have twice as many members, etc. Once they joined together, they needed to figure out what would differentiate them from other similar organizations. At this same time, there was literature coming out about how NGOs were not all good, there were some bad apples that were ruining the bunch. They wanted to set a bar of excellence for the NGO community. This bar would have members certify on a yearly basis that they were in compliance with these standards. This seal of accountability would then show the general populous that PVOs are living up to a standard and was meant to build trust with the public and government. This increase in trust would help to increase donations from the public or funding from the government, since they could depend on these organizations. At one point, child sponsorship members decided the standards were not rigid enough for their area, so they went and started their own independent, external accreditation process. Thus an external auditor would be hired for all child sponsorship agencies to determine if they meet the PVO standards, especially the sections that were added specifically for them. This defends them against media attacks that showed poor child sponsorship agencies or agencies that were a hoax

##### **When changes or additions are made to the Standards, how is the language created?**

Staff is the implementer of the language, and we only do what the members ask. There are 162 members with 162 board members, an Executive Committee, and regular standing committees. Only the board can overturn an executive committee decision and all standards changes have to be approved by the board. The PVO Standards committee makes the changes in a Working Group. The Working Group drafts the language themselves from their field expertise. Only if they ask for help or research does the staff step in. Small things have been changed, the child sponsoring, gender issues, and gift in kind are being looked at now. Aerdo and WHO have gifts-in-kind standards for pharmaceuticals so the Working Group is trying to collect these different standards that organizations must meet, combine them, and bring them up to the InterAction level. Once the Working Group finishes the revisions, they then give them to the PVO Standards Board, then to the Executive Committee, and finally the full board approves them. Members decide who is in the Working Group. The Chair is elected within the PVO Standards Committee, but membership is voluntary.

It is difficult to have organizations take the compliance issues seriously every year. We are looking at ways to make the process of compliance easier. We have just made a questionnaire that we hope members will be able to use a tool. They can go through the questionnaire to determine if they are in compliance or not. We are also trying to bring more rigors to the process and create a more universal process, though we are not ready to do peer review.

### **What changes have been made to the Standards?**

Gifts-in-kind, emergency response - how organizations will act in the field, gender equity in hiring and program implementation, and child sponsorship standards. Only been making small additions.

### **Is there any external benchmarking done on the impact of the Standards for the sections that are universal to all organizations?**

There is no external benchmarking. Some standards are musts, such as they must file certain papers, but some are subjective, such as they should be non-discriminatory in gender hiring. There is no investigative body ensuring that the in house audits are done correctly. Members can “tattle” on each other if they find another member is not in compliance. We then will help them work to come into compliance for up to a year. After that we will decide if they need to be sanctioned by having their membership revoked.

### **How were the types of organizational changes that the Standards require originally decided on (i.e.: was there any outside consulting help)?**

The original producers of the Standards had been working in the NGO field for years. They drafted the original document by what they saw happening in the NGO community at the time. The difference sections came out of the membership themselves. It was a long process that took several years of going back and forth between the members on what language to use. Now we add to what is there and what we see are weaknesses from members.

### **Do you have an idea of the impact of the Standards?**

The impact of the Standards is quite large. Right now we are trying to figure out how to not paint NGOs in the same broad brush. For instance, yesterday, President Bush made a remark on how charity organization can be fronts for terrorists. These types of broad statements are harmful for all charities. The Standards have helped to control against these statements. The Standards have helped with the debate in the development community over many different standards. The Better Business Bureau has standards, as well as does other organizations, but we are way ahead of the pack. Things that the BBB say are recommended we have as a must have, such as your CEO and Board Chairman not being the same person. By setting high standards and abiding by them we are giving our members creditability. It also makes a big difference with the media. When there is a disaster, we have on our web page who is responding to it – those organizations that are our members. The Post and Times all take that information off our web page and put it in the paper. Other organizations will call and ask why they are not listed on there and it is because they are not a member. They will then want to become a member so they too can be listed and gain the membership benefits.

### **How do you increase your membership?**

We use media forums to advertise ourselves and sell ourselves, but people just know us now. We created an advertising packet to show what are our organizations that we have heard about that we want to ask to join. We let them know about us and how to join, but just because we target them for membership they still need three member recommendations. A lot of word of mouth and having members call other organizations they think might be interested. We get about 100 or so random inquires a year, but about 15 to 30 organizations that we target. We don't want to expand just to expand.

## **Appendix 4**

### **InterAction PVO Standards**

#### **1.0 Preamble**

- 1.1 InterAction, a membership association of US private voluntary organizations, exists to enhance the effectiveness and professional capacities of its members engaged in international humanitarian efforts.
- 1.2 InterAction follows the highest ethical standards in carrying out its mission. We are committed to encouraging professional competence, ethical practices, and quality services.
- 1.3 Each member organization shall adhere to those unique principles of governance, volunteer involvement, support from the private sector, fundraising, service, and programs, which enable it to be accurately described as a private and voluntary organization.

#### **2.0 Governance**

- 2.1 A member organization shall be governed fairly, impartially, and responsibly by an independent Board of Directors and its duly constituted Executive Committee.
- 2.2 Each organization shall have an independent, active, and informed Board of Directors, serving without compensation as directors. The Board shall have policies, which specify the frequency of Board meetings (at least two per year) and adequate attendance by directors (at least a majority on average). The Board may designate an Executive Committee to act in its place as long as the Executive Committee has policy-making authority. The Board shall have policies restricting the number of employees who are voting members of the Board providing limits for directors being related to one another, the Founder, or the Executive Director and establishing limited terms of service for directors and officers.
- 2.3 The Board shall adopt a policy, which prohibits direct and indirect conflicts of interest by members of the Board, employees, and volunteers. Board members, employees and volunteers shall make known to the Board any affiliation they might have with an actual or potential supplier of goods and services, recipient of grant funds, or organization with competing or conflicting objectives. Board members and employees shall absent themselves from discussion and abstain from voting or otherwise participating in the decision on any issue in which there is a conflict of interest. Large or otherwise inappropriate gifts to Board members or staff for personal use shall be forbidden.
- 2.4 Though the Board may delegate to staff, it must accept ultimate responsibility for governance over all aspects of the organization.
- 2.5 The Board shall approve the annual budget, appoint an independent auditor, receive the annual, audited financial statements, and appoint an Audit Committee to review the financial statements and activities of the organization.
- 2.6 The Board shall adopt a policy requiring that no person shall be excluded from participation in the organization, be denied the benefits of the organization, or be otherwise subjected to discrimination by the organization, on the basis of race, color, national origin, age, religion, handicap, or sex. (The preceding sentence notwithstanding, pursuant to Section 702 of the Civil Rights Act of 1984, religious organizations may discriminate in their employment practices with regard to religion only.)
  - 2.6.1 2.6.1 Each agency will develop a written policy that affirms its commitment to gender equity in organizational structures and in staff and board composition. The policy should be fully integrated into an organization's plans and operations.
  - 2.6.2 2.6.2 Each agency will develop a written policy that affirms its commitment to ethnic and racial diversity in organizational structures, in staff and board composition. The policy should be fully integrated into an organization's operations, in a manner consistent with its mission and the constituency it serves.
  - 2.6.3 2.6.3 Each agency will develop a written policy that affirms its commitment to the inclusion of people with disabilities in organizational structures and in staff and board composition. The policy should be fully integrated into an organization's plans and operations, in a manner consistent with its mission and the constituency it serves.
- 2.7 All activities shall be conducted within applicable laws.

### **3.0 Organizational Integrity**

- 3.1 The affairs of the member organization shall be conducted with integrity and truthfulness. The organization's activities shall be open and accessible to scrutiny by its donors, except for personnel matters and proprietary information.
- 3.2 Each organization shall have a written standard of conduct for its directors, employees and volunteers, which they shall commit to follow.
- 3.3 The organization shall endeavor to assure confidentiality to employees desiring it who present evidence of misconduct or other irregularities on the part of anyone associated with the organization.
- 3.4 The organization shall oppose and shall not be a willing party to wrongdoing, corruption, bribery, other financial impropriety, or illegal acts in any of its activities. It shall take prompt and firm corrective action whenever and wherever wrongdoing of any kind is found among its Board, employees, contractors, and volunteers. Ethics standards shall be maintained despite possible prevailing contrary practices elsewhere.
- 3.5 In all of its activities, a member shall respect the dignity, values, history, religion, and culture of all of its constituents.
- 3.6 A member shall recognize that all of its activities impact on the public perception of the PVO community, and that it shares a significant responsibility to enhance the public trust.

### **4.0 Finances**

- 4.1 The finances of a member organization shall be conducted in such a way as to assure appropriate use of funds and accountability to donors.
- 4.2 The organization shall have an annual audited financial statement, conducted by an independent Certified Public Accountant. The audited financial statement shall comply with Generally Accepted Accounting Standards and Requirements according to the AICPA and the FASB. The auditors shall present a "management letter" to the Board of Directors. (Organizations with less than \$100,000 annual income need not have an independent auditor.)
- 4.3 The organization shall complete and file Form 990 annually to the US Government. (Religious organizations are exempt by law from this provision.)
- 4.4 The audited financial statement (and the Form 990, if applicable) shall be provided to any inquirer upon reasonable written request.
- 4.5 An Annual Report including a statement of the organization's purpose, full or summary financial statement, description of the goals, summary of overall program activities, results of the work of the organization, and information about current Board members shall be provided upon written or verbal request.
- 4.6 The organization's combined fundraising and administration costs shall be kept to the minimum necessary to meet the agency's needs. Allocations of expenditures to administration, fundraising, and program services shall reflect the organization's purposes, actual activities, and generally accepted accounting principles.
- 4.7 The organization shall operate a budget approved by the Board. It shall account for funds from the moment they are received until they are used in the project or services. It shall exercise adequate internal controls over disbursements to avoid unauthorized payments. The organization shall not have secret funds and it shall prohibit and unaudited transactions or loans to Board members and to staff.
- 4.8 Contributions shall be used as promised or implied in the fundraising appeal or as requested by the donor. If funds cannot be spent this way, they shall be returned to the donor, or the donor shall be advised of the planned alternative use and given the opportunity to request a return of the contribution. Organizations shall substantiate, upon request that their application of funds is in accordance with donor intent or request. Resources shall not be used as instruments of partisan influence or personal gain.
- 4.9 International currency exchange shall comply with applicable laws, have appropriate Government approvals, and be clearly recorded.

### **5.0 Communications to the US Public**

- 5.1 The member organization shall be committed to full, honest, and accurate disclosure of relevant information concerning its goals, programs, finances, and governance.
- 5.2 Fundraising solicitations shall be truthful, shall accurately describe the organization's identity, purpose, programs, and need, shall only make claims which the organization can fulfill, and shall avoid placing excessive pressure on donors. There shall be no material omissions or exaggerations of fact, no use of misleading photographs, nor any other communication, which would tend to create a false impression or misunderstanding. Information in the organization's appeals should give accurate balance to the actual programs for which the

funds solicited will be used. The organization shall not undertake negative advertising or criticize other member organizations to benefit themselves.

- 5.3 An organization's communications shall respect the dignity, values, history, religion, and culture of the people served by the programs. They shall neither minimize nor overstate the human and material needs of those whom it assists.
- 5.4 If an organization sells, rents, or exchanges the names of its donors, it shall notify the donors of its intention to do so, giving them the option to be eliminated from the list for sale, rent or exchange.
- 5.5 If the organization engages in fundraising events or cause-related marketing, the amount of funds going to the charity shall be clearly described prior to, or in conjunction with, the effort.
- 5.6 Organizations shall control all fundraising activities conducted on their behalf. All fundraising contracts and agreements shall be reduced to writing.
- 5.7 Staff engaged in fundraising and public relations should meet the standards of the National Society of Fundraising Executives and Public Relations Society of America respectively

## **6.0 Management Practice and Human Resources**

- 6.1 A member organization shall endeavor to follow best management practices appropriate to its mission, operations, and governance structure.
- 6.2 A member organization shall periodically reassess its mission and operations in light of the changing world environment through an on-going strategic planning process.
- 6.3 A member organization shall have clear, well-defined, written policies and procedures relating to all employees and volunteers, including host country nationals and expatriates.
  - 6.3.1 Such policies shall clearly define and protect the rights of employees, assuring fair treatment in all matters.
  - 6.3.2 Employee benefits shall be clearly described and communicated, and the organization shall make financial arrangements to protect its ability to honor its obligations to employees.
  - 6.3.3 The organization's expectations of employees shall be clearly defined and communicated.
- 6.4 A member organization shall have policies and procedures to promote gender and minority equity, pluralism, diversity, and affirmative action in recruitment, hiring, training, professional development, and advancement.
  - 6.4.1 Promoting Gender Equity
    - 6.4.1.1 Gender sensitization will be fully integrated into an organization's human resource development program for staff at all levels to improve organizational effectiveness and to promote non-discriminatory working relationships and respect for diversity in work and management styles.
    - 6.4.1.2 Agencies will strive to increase the numbers of women in senior decision-making positions at headquarters and in the field, on Boards of Directors, and on advisory groups where they are currently underrepresented.
    - 6.4.1.3 An important criterion in hiring and personnel evaluation policies and practices will be a demonstrated understanding of gender issues and a commitment to gender equity.
    - 6.4.1.4 Each agency will institute family friendly policies and create an environment that enables both women and men to balance work and family life.
    - 6.4.1.5 Agencies will have policies and practices that support equal pay for equal work.
    - 6.4.1.6 Program and senior staff will be trained in gender analysis for programs planning, implementation, and evaluation.
  - 6.4.2 Promoting Diversity
    - 6.4.2.1 Diversity sensitization will be fully integrated into an organization's human resource development program for staff at all levels in order to promote non-discriminatory working relationships, respect for diversity in work and management styles, and an organizational culture which supports diversity.
    - 6.4.2.2 Agencies will strive to increase ethnic and racial diversity, where there is under-representation, in senior decision-making positions at headquarters, in the field, and on Boards of Directors.
    - 6.4.2.3 An important criterion in hiring and personnel evaluation policies and practices will be a demonstrated understanding of and commitment to diversity issues.
    - 6.4.2.4 Agencies will have policies and practices that support equal pay for equal work.
  - 6.4.3 Promoting People With Disabilities
    - 6.4.3.1 Agencies will strive to increase the numbers of people with disabilities, where there is under-representation, in senior decision-making positions at headquarters, in the field and on boards of directors.
    - 6.4.3.2 In order to embrace diversity in its organizational culture, agencies will integrate disability into the diversity sensitization program within an organization's human resource development program for staff at all levels. This will improve organizational effectiveness, promote non-discriminatory working relationships, and create a respect for diversity in work and management styles.

6.5 A member shall endeavor to recruit and retain staff that combine professional competence with a commitment to service.

## **7.0 Program**

### **7.1 General Program Standards**

- 7.1.1 A member's program shall facilitate self-reliance, self-help, popular participation, and sustainable development, so as to avoid dependency.
  - 7.1.2 Participants from all groups affected should, to the maximum extent possible, be responsible for the design, implementation, and evaluation of projects and programs.
  - 7.1.3 A member shall give priority to working with or through local and national institutions and groups, encouraging their creation where they do not already exist, or strengthening them where they do.
  - 7.1.4 In its program activities, members shall respect and foster human rights, both socio-economic and civil-political.
  - 7.1.5 A member's programs shall respect the dignity, values, history, religion, and culture of the people served.
  - 7.1.6 A member's fundamental concern shall be the well-being of those affected its programs shall assist those who are at risk without political, religious, gender, or other discrimination and a high priority shall be given to strengthening the capacities of the most vulnerable groups, typically women, children, minorities, the disabled, and the very poor.
  - 7.1.7 Where possible, programs shall promote the advancement of the status of women and their empowerment.
  - 7.1.8 In the planning of programs and projects, a member shall consider the full range of potential impacts upon the host country including: the potential to strengthen the capacity of local structures and institutions to absorb constructively financial and other inputs, and where resources exceed capacity, to create new auxiliary structures such as locally controlled foundations or funds the potential for sustaining the program in the future the effect upon the demand and markets for locally produced goods and services the potential for individual and community empowerment and the effects upon the natural environment and ecosystems.
  - 7.1.9 A member shall have defined procedures for evaluating, both qualitatively and quantitatively, its programs and projects. These procedures shall address both the efficiency of the use of inputs, and the effectiveness of the outputs, i.e. the impacts on the program participants, and the relationship of these impacts to the cost of achieving them.
  - 7.1.10 A member shall be willing to share program knowledge and experience with program participants, other agencies, donors, and other constituencies.
  - 7.1.11 Members shall adhere to the professional standards in their field of activity.
- ### **7.2 Promoting Gender Equity**
- 7.2.1 Consistent with its mission and the constituency it serves, members will establish a mechanism, which operates with a mandate from the CEO to promote and monitor the integration of gender equity in programs.
  - 7.2.2 Gender awareness will be integrated into each stage of the program process, from review of project proposals to implementation and evaluation to ensure that projects foster participation and benefits for both women and men. Members will collaborate with local NGO partner organizations in the field on these efforts.
- ### **7.3 Promoting Diversity**
- 7.3.1 Consistent with its mission and the constituency it serves, members will establish a mechanism, which operates with a mandate from the CEO to promote awareness of diversity in programs, where appropriate.
  - 7.3.2 Where appropriate, awareness of diversity issues will be incorporated into each stage of the program process, from review of project proposals to implementation and evaluation to ensure that projects foster participation and benefits for all affected groups. Members will collaborate with partner NGO organizations in the field to integrate diversity issues into their programs.
- ### **7.4 Promoting People With Disabilities**
- 7.4.1 Consistent with its mission and the constituency it serves, members will establish a mechanism, which operates with a mandate from the CEO to promote and monitor the inclusion of people with disabilities in programs.
  - 7.4.2 Disability inclusion strategies will be integrated into each stage of the program process, from review of project proposals to implementation and evaluation to ensure that projects foster participation and benefits for all affected groups, including disabled, men, women and children. Members will collaborate with local NGO partner organizations in the field on these efforts.

- 7.4.3 Member programs and activities should be held in accessible locations to the maximum extent feasible. Organizations will provide training and conference materials in alternative formats as applicable (Braille, sign language interpreters, etc.). Member agencies should plan financially to reasonably accommodate people with disabilities in member programs and activities
- 7.5 Emergency, Civil Conflict and Disaster Response
- 7.5.1 A member shall use its best efforts to ensure that assistance is provided on a non-discriminatory basis. To the maximum extent possible, disaster response should be treated as a humanitarian and non-political matter.
- 7.5.2 Agencies engaged in disaster response will be guided and informed by the Sphere Project's Humanitarian Charter and Minimum Standards in Disaster Response.
- 7.5.3 A member shall affirm that, in responding to disasters for the benefit of civilian populations, its response will be coordinated with other local and international humanitarian organizations in order to ensure prompt action and effective allocation of resources, and to avoid duplication of effort.
- 7.6 Material Assistance
- 7.6.1 Programs involving the provision of emergency and material assistance shall be carried out, to the maximum extent feasible, in a manner intended to undergird and enhance local know-how and productive capacity, to avoid the creation of dependencies, to reduce vulnerability to future disasters, and to lay the basis for longer term development.
- 7.6.2 Materials provided shall be appropriate, based on an assessment of local needs, and sensitive to the local culture and situation. Materials provided shall be appropriate, based on an assessment of local needs, and sensitive to the local culture and situation. Any donations of goods and services will be accessible to disabled men, women, and children.
- 7.6.3 Members involved in the provision of food aid shall be guided and informed by the Representative Food Aid Standards" promulgated by Food Aid Management. A member utilizing gifts-in-kind shall be guided and informed by the "Interagency Gifts-In-Kind Standards Project" of the Association of Evangelical Relief and Development Organizations (AERDO).
- 7.6.4 A member receiving and distributing medical supplies shall be guided and informed by "The Use of Essential Drugs" containing the sixth model list of essential drugs promulgated by the World Health Organization.
- 7.6.5 A member utilizing gifts-in-kind shall have policies that clearly describe the valuation and auditing methods used, including diminution of value based on dating and shelf life establish limits to the number of times that goods will be passed to other PVOs before being passed on to an end user assure that only gifts-in-kind that are related to the basic mission and purposes of the organization, and that are appropriate to the local situation, will be received and disbursed that processing fees will be assessed in relation to the cost incurred, not to the value of the goods involved that gifts-in-kind will be used for the purpose intended by the donor and will not be diverted for financial gain unrelated to the purpose for which the gift was made and that proper documentation will be maintained on all gift-in-kind transactions.
- 7.7 Migration and Refugee Assistance
- 7.7.1 A member involved in migration and refugee affairs shall be guided and informed by the 1951 UN Convention and 1967 Protocol Relating to the Status of Refugees.
- 7.7.2 Those agencies active in the US Reception and Placement Program of Refugee Resettlement shall adhere to the mutually agreed upon Bureau for Refugee Program Guidelines for Participants.
- 7.8 Development
- 7.8.1 Members involved in development assistance shall be guided by the professional standards developed by recognized authorities related to their sectoral areas of discipline. Examples could include, but are not limited to the following: the "Guidelines for Drinking Water Quality" promulgated by the World Health Organization "Housing and Health: An Agenda for Action" promulgated by the World Health Organization the "World Declaration on the Survival, Protection and Development of Children" promulgated by UNICEF and "Learning for All: Bridging Domestic and International Education Conference Report, US Coalition for Education for All".
- 7.9 Child Sponsorship
- 7.9.1 InterAction member agencies (members) involved in child sponsorship use a variety of child-centered approaches to development, which foster mutually beneficial, supportive relationships among peoples from widely varied cultural and economic backgrounds. Their programs shall facilitate self-reliance, self-help, and popular participation. They shall regularly update the status of each sponsored child and report significant changes which impact the child's participation in the program to the sponsor. They shall be

- guided and informed by the principles contained in the United Nations Convention on the Rights of the Child.
- 7.9.2 The resources generated through child sponsorship shall be used and accounted for in a manner consistent with the programs and purposes described in appeals. Where initial appeals to, or ongoing communications with, sponsors promise or imply benefits to specific children, members shall have procedures in place that enable it to document that the sponsored child benefit from any programs or projects supported with their sponsor's funds.
  - 7.9.3 Members engaged in child sponsorship shall adopt policies and practices to ensure that sponsored children and their families benefit in identifiable ways from sponsors' contributions.
  - 7.9.4 Members that pool sponsorship contributions to support child-focused community development projects shall ensure that children in sponsored families are among the principal beneficiaries of these projects.
  - 7.9.5 Members that promise or imply benefits to sponsored children in their marketing materials shall have procedures in place to document that children in sponsored families receive the advertised benefits.
  - 7.9.6 Members shall never knowingly enroll a child or family already enrolled by another sponsorship agency nor shall a member seek more than one sponsor for a child unless this fact is clearly communicated to sponsors.
  - 7.9.7 Members whose primary focus is other than child sponsorship programs shall not use sponsorship purely as a fundraising tool, but shall seek to make their sponsorship programs consistent with the agency's overall mission and purposes.
  - 7.9.8 Members shall have clear policies and procedures to respect the privacy and dignity of sponsored children and their families. Members shall seek to protect sponsors from inappropriate solicitations from sponsored families.
  - 7.9.9 Members shall be truthful in marketing and advertising.
  - 7.9.10 Marketing materials shall be accurate and current in their portrayal of conditions involving families and children depicted in these materials. Promotional appeals and marketing materials that use visual images to solicit donations shall accurately reflect the current work of the member. If historical images are used, the context and year the image was created shall be clearly identified in the appeal.
  - 7.9.11 Members that pool sponsorship contributions to support child-focused community development projects shall note this practice in all sponsorship marketing materials.
  - 7.9.12 Members shall clearly communicate to sponsors their definition of benefit to sponsored children, and shall periodically communicate the indicators used to monitor and evaluate these benefits.
  - 7.9.13 Members engaged in child-focused community development projects shall have clearly defined and publicly stated criteria for establishing partnerships with communities and for fostering community empowerment through participation in the planning of programs and projects.
  - 7.9.14 Members shall have the capacity of providing financial and performance oversight and child monitoring at the local level, whether through a field office structure or through partnerships with local entities. They shall have established policies and procedures for ongoing program monitoring and evaluation.
  - 7.9.15 Members engaged in child sponsorship should develop policies that support the inclusion of children with disabilities and their families in child sponsorship programs and child-focused community development projects.
- 7.10 Development Education
- 7.10.1 The focus of development education efforts should be to engage the US public in the recognition of global interdependence and its long-term impact upon the well being of all societies, and to develop a constituency in support of a constructive US role in the world.
  - 7.10.2 A member involved in development education shall be informed and guided by the "Guidelines for PVOs: An Aid to the Development of Education, Public Information and Fundraising Materials About Africa" from "Toward Partnership in Africa", pp. 146-160, with suitable adaptation to other areas of the world.
  - 7.10.3 A member shall make a clear distinction between its fundraising and development education efforts, especially in its financial reporting, adhering to the relevant positions of the American Institute of Certified Public Accountants (AICPA) regarding the appropriate allocation of the expenses related to these activities.

## **8.0 Public Policy**

- 8.1 A member organization shall have a clear policy describing the circumstances in which it will involve itself in advocacy, public policy, and/or lobbying activities.
- 8.2 Members adopting advocacy and public policy positions shall have an organizationally-approved policy that defines the process for adopting and implementing such positions.

- 8.3 Advocacy, public policy, and lobbying activities by members shall be non-partisan (i.e. not associated with a specific political party) in nature, and shall conform with applicable US non-profit law.
- 8.4 Activities intended to influence public policy in the US or other countries shall be undertaken in accordance with the individual member organization's established policies, and within applicable laws.
- 8.5 In taking public policy positions, member organizations shall be informed and guided by public policy positions unanimously adopted by InterAction.

## **9.0 Implementation**

- 9.1 Self-certification that an agency meets the high ethical Standards is required for membership in InterAction. Each applicant organization accepts responsibility for following these Standards. An organization, which meets the InterAction Standards, may refer in its promotional materials to this fact. InterAction will maintain and make available a current list of qualifying organizations.
- 9.2 Annual filing of the latest annual report, an audited financial statement, and a statement and checklist, by the Chair of the Board of Directors and/or the Chief Executive Officer of the organization, attesting that it meets the high ethical Standards of InterAction will be required and due December 31 of each year.
- 9.3 A Standards Committee shall be elected by the Board and shall consist of members of the InterAction Board and recognized outside experts. The Standards Committee will review and recommend to the Board revisions in the Standards periodically.
- 9.4 The Standards Committee will receive and act upon credible complaints of non-compliance with the standards. Complaints must be in writing and present credible evidence regarding non-compliance with the standards. The organization concerned will receive written notice outlining the alleged violation(s), possible sanctions, and the right to respond. The organization will have the opportunity to respond to the allegations, and to review and respond to all charges and evidence to be considered by the Standards Committee. The organization concerned will also have the right to appear in person before the Standards Committee or its designee. The complaint will be kept confidential to the extent possible, consistent with the obligation to investigate.
- 9.5 If the Standards Committee deems an organization to be not in compliance with the standards, it shall be given a reasonable time to make a serious effort to come into compliance. The Standards Committee may recommend to the executive committee that the membership of organizations, which do not come into compliance with the standards within a reasonable time, be suspended or terminated. When a member agency substantially fails to maintain the standards for admission and continuing membership, and fails or refuses to remedy this situation within a reasonable time, the executive committee may, by majority vote, suspend or terminate the membership of such member. Any organization recommended for suspension or expulsion will be entitled to a hearing before the executive committee prior to suspension or expulsion. In the event of a negative determination by the executive committee, the organization may appeal directly to the board of directors. The Standards Committee will issue a report annually to the members.
- 9.5.1 The Standards covered in the Sections 1,2,3,4, and 5 became effective for membership starting January 1, 1994. Delay in the effective date of any specific Standard, or its application to a specific agency, may be made by vote of the Board of Directors.
- 9.6 The Board of Directors of InterAction may, from time to time, add to or change this set of Standards, subject to 2/3 approval by the members in attendance at a regular meeting of the Board of Directors and with appropriate notice.
- 9.7 InterAction maintains a Resource Center in its main office, which contains a copy of all of the codes and standards developed by other organizations, or coalitions, which are referred to in the InterAction Standards.

## **10.0 Guidelines**

- 10.1 Guidelines represent Standards, which the Board of Directors may, from time to time, promulgated as recommended, but not required Standards.
  - 10.1.1 It is recommended that, wherever applicable, a member organization should meet the standards of the National Charities Information Bureau and the Philanthropic Advisory Service of the Council of Better Business Bureaus.
  - 10.1.2 It is recommended that a member organization should utilize volunteers in its program and fundraising efforts to the greatest extent feasible for its mission and structure. Wherever the organization is composed of, or relies upon local, national, or international affiliates, the US member should expect its affiliates to adhere to private voluntary organization principles within their governance and programs. Each member organization should seek to derive a substantial portion or amount of its funding from sources in the private sector, locally, nationally, and internationally.

- 10.1.3 It is recommended that the Board of Directors should be large enough and meet frequently enough to provide independent, active, and informed decisions. It is recommended that the Board have at least ten members and at least three meetings per year, of which at least one should be of the full Board and the others of the Executive Committee, if the Executive Committee has policy-making authority and consists of at least five persons. It is also recommended that directors not be retained for paid consulting or any other paid activities. One staff person may serve as a voting member of the Board of Directors larger representation of staff on the Board should be limited to large organizations and large, active Boards. Normally, individuals who are related to each other or to the Executive Director or Founder should not serve on the Board of Directors.
- 10.1.4 It is recommended that diversity in the make-up of the Board and staff should be a stated policy of the organization.
- 10.1.5 It is recommended that member organizations actively inform their contributors about the organization's use of funds, including the full and complete exposition of salary and non-salary executive compensation. It is recommended that all donors receive basic information about the organization's finances, based on the most recent audited financial statement. This information could be contained in a receipt or acknowledgement, a subsequent appeal, or a regular report to donors.
- 10.1.6 It is recommended that no more than 35% of expenditures are spent on administration and fundraising costs. Agencies with sources of income, which do not require large fundraising efforts, should have proportionately lower costs.
- 10.1.7 With reference to section 2.7 of the Standards, it is recognized that some organizations, as a matter of conscience, may, as policy, choose not to follow certain laws.
- 10.1.8 Examples of policy issues intended to define and protect the rights of employees, as required by Standard 6.3.1 include: terms of employment and termination grievance procedures right to due process clear job definition and periodic performance appraisals recognition of family responsibility privacy regarding personal matters not directly related to job performance and a safe workplace free from illegal drugs, secondary smoke, environmental hazards, and any form of harassment, racial, sexual, cultural, religious or other.
- 10.1.9 Examples of policy issues to define an organization's expectations of employees, as required by Standard 6.3.3 include: the obligation to protect confidential information relating to the agency's plans and activities the avoidance of conflict of interest situations the maintenance of consistently high professional standards and conduct and avoidance of substance abuse.
- 10.1.10 It is recommended that each member consider adopting a socially responsive investment policy (i.e. investments in stocks, bonds, and other financial instruments), which either contributes to his or her humanitarian objectives, or renders no negative effects on those objectives.

**Appendix 5**  
**Fax for Contacting Sample Organizations**

Amy Polishuk  
510 C Harrell Street  
Blacksburg, VA 24060  
apolishu@vt.edu

October 26, 2001

Director  
Organization  
1629 K St., NW, #200  
Washington, DC 20006

Dear Director:

I write to request your participation in a study on the impacts of InterAction's PVO Standards. I am conducting this study as part of my Master's degree research at Virginia Tech. This study aims to determine how complying with InterAction's PVO Standards has affected organizations. For example, can these organizations now fulfill their mission more effectively? Have they increased their professional capacities? Or are they spending vast amounts of resources to comply and not seeing any results?

What does all this mean for you? It is my understanding that your organization is a member of InterAction and, as such, has complied with InterAction's PVO Standards. I would be very interested in your perspective on the Standards. Participation in the study is very straightforward. It involves me interviewing you or the InterAction liaison on your staff. The interview will cover how you think complying the PVO Standards has affected your organization, including the ability to meet your mission, increase your funding, become more "professional," and gain the trust of funders. I will not ask for any confidential information, and you will be able to review my research before any publication.

I am very excited about this study and hope that you will allow me to interview your organization. Please feel free to contact me with any questions you may have before you make a decision. You can e-mail me at [apolishu@vt.edu](mailto:apolishu@vt.edu) or call 540.552.1128.

I will follow up with a call on Monday. Thank you very much for your time, and I look forward to speaking with you soon.

Very truly yours,

Amy C. Polishuk

**Appendix 6**  
**Interview Instrument**  
**InterAction Member Organization Interview Instrument**

Person being interviewed:

Title:

Organization:

Date

Time:

Location:

I want to first thank you for agreeing to participate in this study on the impacts of InterAction's PVO Standards. I am conducting this study as part of my Master's degree research at Virginia Tech. This study aims to determine how complying with InterAction's PVO Standards has affected organizations. InterAction's goals are to increase both organizational effectiveness and professional capacity of its member organizations through compliance with their Standards. I am interested in seeing first what has been the impact of the Standards on member organizations and if the impacts match the goals.

Unless you have any questions about the study, we can get started. I would first like to ask you some background questions about when and how you implemented the PVO Standards.

**History**

- When did you become a member of InterAction?
- Can you describe how successful you think your organization was before you joined InterAction? (*Probe as to number of clients served, amount and diversity of funding*)
- Why did you become a member of InterAction?
- Can you explain the process your organization went through to comply with the PVO Standards?
- Would you describe this as a difficult process? Why or why not?
- Can you estimate the amount of resources this took to complete? (*Probe as to number of staff hours, percent of yearly budget*)

**Organizational Effectiveness**

- Now that you are compliant with the PVO Standards, is your organization fulfilling its mission more fully than before?
- If not, is it meeting it better than before the implementation of the PVO Standards?
- How was the organization meeting its mission before the implementation of the Standards?
- Would you agree that becoming PVO Standard compliant has helped you to serve your clients better?

## **Professional Capacities**

Unless you have any other comments about your organization's effectiveness, I would like to ask you some questions about your organization's professional capacities.

InterAction's literature on its PVO Standards says that by becoming compliant and organization will increase its professional capacities.

- What does this mean to you?
- What capacities did you hope to increase by joining InterAction?
- Have you increased those capacities?

One type of professional capacity can include the acquisition of resources.

- Has it been easier for you to gaining funding from donors, both private and public, now that you are compliant?
- Can you estimate a % to which your resources have increased (decreased)?
- Have you been able to gain more volunteers?
- Have you been able to receive more material or in-kind gifts?

Many times the amount of funding an organization receives can illustrate how much it is trusted by donors.

- Do you think your image and trustworthiness has been increased?
- Has the diversity of your staff increased?

Another professional capacity is one of organizational learning.

- How you would characterize your organization's efforts to educate itself before and after compliance?  
(*Training, workshops attended, level of competency*)
- Are there any other effects on your professional capacities you can think of stemming from the Standards?

## **Closing**

- In general, how much time and money do you spend coming into compliance with these Standards each year?
- What do you think has been the greatest impacts of the PVO Standards on your organization?
- Are you satisfied with these impacts?
- What other impacts you would like to see the Standards have?
- What impacts would you like to see taken away?
- Knowing what you know now, if you had the choice to join InterAction again would you?
- Is there anything else you would like to comment on about the InterAction PVO Standards?

I would like to thank you for your time and willingness to help with this interview. I will certainly provide you a copy of my report for you to look over. Also, if you have questions or think of additional responses sometime in the future, please do not hesitate to call or write me at 540.552.1128 or [apolishu@vt.edu](mailto:apolishu@vt.edu)

## **Appendix 7 VITA Interview**

Person being interviewed: **George Scharffenberger**

Title: **President**

Organization: **VITA (Volunteers in Technical Assistance)**

Date: **10/29/01**

Time: **10:30 am**

Location: **Phone Interview**

*Introduction omitted from transcription*

### **History**

#### **When did you become a member of InterAction?**

I can't tell you that exactly, I came on about a year and a half ago and we had already been members for quite a while. My guess is from the very early days.

#### **Why did you become a member of InterAction?**

Since I wasn't here I can't tell you exactly, but I think it would be natural. I can tell you why I would join. I firmly believe in the objectives of InterAction and think that the humanitarian PVOs in the US need a platform for exchange and a mechanism for speaking with a common voice both to the public and to the governments.

Ask if there were people who worked there during compliance.

I can check to see if there were people here during that time, but I don't know if they would have worked on doing the compliance.

A lot of people are involved in the annual compliance check. It just seemed like a natural thing to do.

### **Organizational Effectiveness**

#### **Now that you are complaint with the PVO Standards, is your organization fulfilling its mission more fully than before?**

Again, I don't think we did anything differently as a result of these. My knowledge of the organizations says that we were compliant with the Standards before we joined. It is not, oh hey now we need to be compliant because there are these standards that we have to meet. But what it does do is provide an opportunity on an annual basis and hopefully more often to really think

about some of the issues that are implied in the Standards. And as the Standards have evolved, at least while I have been here, the one issue that has come to the floor with InterAction directors meeting about a year ago is the inclusion of diversity standards which to me was a productive thing to do. It didn't necessarily change anything that we did, but it has helped us raise our consciousness about several of the issues. So for that it was very helpful.

## **Professional Capacities**

### **Would you say that it has helped you to do this?**

Yeah, having benchmarks and some goals that one refers to ... these are not necessarily things that we would not have come up with ourselves; all of them are an expression of my belief of how non-profits should operate anyway. But I would say that this is a helpful guideline and the review process, as painful as it sometimes is, is really helpful. But whether it has resulted in capacity building I don't know, we have the capacity to deal with these issues, it has just been how we have applied that capacity.

### **Has it been easier for you to gaining funding from donors, both private and public, now that you are compliant?**

No has asked us specifically, we are you compliant with InterAction Standards, as part of a fundraising approach. In our fundraising literature we do mention our participation in InterAction, but in our solicitations, we do not make it a big point of us being compliant with the standards. So I would say that it is more...the Standards have had less of an impact than us following the Standards. It is the spirit of the standards that helps all organizations become more credible.

### **So would you say your image and trustworthiness have been increased?**

VITA was pretty much compliant before the Standards, so I don't think it has really had a major impact on that for us. But it does keep our feet to the fire, so that is an impact.

### **In general, how much time and money do you spend coming into compliance with these Standards each year?**

In terms of money, I couldn't. We are a small organization, only about 12 of us. So there are three or four of us involved in doing the annual certification. And person hours I would guess about five person days maybe a little less.

**Is this amount of time spent on it worth the benefits you receive?**

Absolutely, again it is less in terms of the Standards as standards, but more in terms of how it gives us an opportunity to talk about issues that lie under the standards. So I think it is extremely helpful. For me, it really has a value to maintain a dialogue on who and what we are.

**Is there anything else you would like to comment on about the InterAction PVO Standards?**

I think the one thing that I have as a CEO been impacted on most is something I and the organization believe in is something we need to do better on, and that is the gender and diversity, particularly in relationship to our board. It helps me an added push to raise these issues with my board. And I am beginning to see them understand this. Unfortunately, we have been reducing the number of board members, so it makes it difficult to address issues. But I think as it stabilizes and we start to build the board backup, I think it will help.

**Have you been able to increase the diversity of your staff with the Standards?**

Our staff is pretty diversified in gender. It is such a small staff it is kind of hard. You make a new hiring decision and all of a sudden you are 4 percent better than you were last week. It is certainly something that as a CEO I am very conscious of. And having the standards helps me to think about it and reinforces that what I want to do anyways is really what is right.

**Final comments?**

Being fairly new to this CEO role, they are a great idea and it is something that VITA is involved with governance issues with other organizations especially on micro finance issues and it is something that can use when talking with these other organizations about governance issues.

## **Appendix 8 Congressional Hunger Center Interview**

Person being interviewed: **Margaret Zeigler**

Title: **Deputy Director**

Organization: **The Congressional Hunger Center**

Date: **11/26/01**

Time: **11:00 am**

Location: **Phone Interview**

*Introduction omitted from transcription*

### **History**

**When did you become a member of InterAction?**

I believe it was 1998.

**Why did you become a member of InterAction?**

Yea, we had just begun our organization in 1993 and once we were established as a 501 c 3 we wanted to work collaboratively with all the relief organizations here in Washington and we wanted to add our voice to the mix and we knew that all the major NGOs were members of InterAction and we wanted to be a part of that.

**Can you explain the process your organization went through to comply with the PVO Standards?**

Well it has been a long process and we are still working on a few minor details. Two years ago the Executive director and I sat down and reviewed the Standards and decided to focusing on just a few areas where we needed to become more compliant particularly with respect to our Board. We just decided to begin working on that two years ago. To broaden the composition of our Board members, and it has taken a couple of years to reach compliance; it wasn't an overnight process. Because we are a small organization that just got started in 1993, and with Board member issues it took us a little time to move on that.

**Would you describe this as a difficult process? Why or why not?**

No, the hardest thing was to sit down and decide to be working on it and come up with a plan for addressing the areas that we needed to address. But once we decided to do that, it wasn't that difficult, and we explained to our Board why we were doing this – that it was increasing our professionalism and making us a team player with all the other relief and development agencies and these were good management and administrative practices. So our board was very supportive.

**Can you estimate the amount of resources this took to complete? (*Probe as to number of staff hours, percent of yearly budget*)**

Well that is hard to do, I never really tracked it. We do track our hours in terms of various functions. I would say that it never took more than 3% of my time during a given year. Which, as I would just say minimal.

**Organizational Effectiveness**

**Now that you are compliant with the PVO Standards, has your been able to increase its level of effectiveness? Why or Why not?**

That is hard to say, I don't know how much of it to attribute it to the Standards. It is hard to unbundle that, because we are such a new organization that we were becoming more effective as we grew it just coincided with the fact that we were trying to adhere to these standards. It did help us to be more aware, like with the composition of our Board and to try and make that a more inclusive board. And I think that, by default, will make us a more open and creative organization.

**How would you characterize how your organization met its mission before the implementation of the Standards?**

I can't say that is the Standards that have helped us to become effective. It has kind of all happened at once, shortly before we joined InterAction. In terms of time, it did spur us onward to be more effective, to hear other voices, particularly on the Board. That is a hard question to answer. We were effective before we implemented the Standards. It has served as a good guide for us as our administrative and management structure. And I think it would be very helpful to organizations, like us, who were just starting, because it was a very good template to use. Where as maybe other organizations that have been around for a while already have similar things, and it would have been less value-added, because maybe they were already doing most of these things.

## **Professional Capacities**

### **Has it been easier for you to gaining funding from donors, both private and public, now that you are compliant?**

You know, I hate to say it, but our donors are not fully aware of InterAction and the Standards. A lot of them aren't. We have a lot of individual donors who aren't as aware of these kinds of issues, to be honest. Now we do get occasional grants and funding from foundations and we do mention that we are members of InterAction. But I don't know how much of a role that plays in their decision to give us money. It is certainly something we mention in grant proposals that we are members of InterAction and apart of their professional community and that we adhere to Standards.

### **Do you think your image and trustworthiness has been increased?**

I think so. But where the Standards might help more, is with the NGOs that do child sponsorship, I think that those might be agencies where, my guess is, this type of compliance would really help them. With us, we are fairly small; we don't do a lot of overseas and on the ground field programs. We have leadership development programs in the US and overseas. But I think it does enhance in some ways our beneficiaries, which are the leaders we are developing. They all know we are apart of InterAction and have the Standards that we adhere to. And I think from a donors side it is our direct beneficiaries who appreciate the fact that we are compliant with these Standards.

### **How would you characterize your organizations ability to create organizational history before and after compliance?**

This is what I meant when I said it is a good template for an organization that is kind of just starting out. It definitely has helped us to order our administrative record keeping.

### **How you would characterize your organization's efforts to educate itself before and after compliance? (*training, workshops attended, level of competency*)**

We provide them with options and opportunities because of the Standards.

### **Are there any other effects on your professional capacities you can think of stemming from the Standards?**

I think really again the area for us that was the most deficit area was the Board itself. How our Board is comprised, who is on it, what do they do, how often do we meet, how to communicate with them, and that has been the most helpful area for us to have adopted the Standards and to provide us with a good goalpost for management.

## **Closing**

### **In general, how much time and money do you spend coming into compliance with these Standards each year?**

Well I would say it takes a couple days to go through everything.

### **Besides the Board, are there any other impacts that the PVO Standards have had on your organization?**

The other area I would say would be the organizational integrity section is very nice and finances. It was well laid out. We were already in compliance and we have an annual audit, but this year and last year we were really able to crack down and get all of our audits done and presented to the Board in a timely fashion, which is good. In prior years, we had always been slow or late about that.

### **Is there anything else you would like to comment on about the InterAction PVO Standards?**

Yea I think it s a great idea and members should be encouraged to set aside a few days a year to look through them and think about Implementing them. I don't know how to creatively get people to do that. I mean it is always hard for us to do it, it is kind of a pain to be honest, but then when you do it, you know you have done the right thing. If there is any way InterAction members can be patted on the back or encouraged to take it seriously, that would be great, though I don't really have any ideas on how to do that. Though maybe having a session at the annual forum, a short workshop on the Standards and people could share their experience and how to make the Standards good for you.

## Appendix 9 CFNA Interview 1

Person being interviewed: **Babu Ramasamy**

Title: **Controller**

Organization: **Citizen's Network**

Date: **10/23/01**

Time: **3:00pm**

Location: **Phone Interview**

*Introduction omitted from transcription*

### **History**

#### **When did you become a member of InterAction?**

I don't know the answer to that question. I am sure it has been for at least the last five years, since that is how long I have been here.

### **Organizational Effectiveness**

#### **Now that you are complaint with the PVO Standards, is your organization fulfilling its mission more fully than before?**

We are complaint with all the Standards and that has been good. It is not only the InterAction Standards we are compliant with. When we do our compliance check we audit for other Standards as well. So, yes it has helped us reach our mission better. Being in compliance is like we are achieving our goals. The second good thing is to get the government money, we want to be in compliance with all the standards, not just the government regulations, and we put Standards on ourselves. We are very strict on it so we insist all of our offices adhere to strict compliance and procedures of the Standards. My boss travels to make sure they are in compliance to make sure they are in compliance. It helps us to stick to our goals and not deviate from where we are supposed to be.

#### *Probe about the other standards*

We have registered with PVO office called USAID and every year we reregister with them. They want to make sure that we get some of our funding from outside agencies other than the government so we can expand our funding sources. Not 100 percent from the government, so 20 percent of our funds must come from the private sector. They are very strict about this.

**Would you agree that becoming PVO Standard compliant has helped you to serve your clients better?**

Yes I think so, because most of our clients are overseas. So being compliant shows that we are spending our money in the right way and that we are serving all of our clients.

**Professional Capacities**

**Has it been easier for you to gaining funding from donors, both private and public, now that you are compliant?**

Yes we have. We have a better chance to getting funding, but there is a lot of competition. If there is a proposal and ten organizations apply for it, most of the organizations now are compliant with standards and so it is whoever can do it at the lowest price. So I would say being InterAction compliant has not been a major factor in increasing our funding base. We go and bid for any projects they look for better service with a low price, that is what they look for. Even InterAction members compete for this so if they have a low price they will get it.

**Have you been able to receive more material or in-kind gifts?**

I don't think so. The project brings in some in-kind gifts, but it has nothing to do with compliance.

**Do you think your image and trustworthiness has been increased?**

I will also pass this to my boss.

**Has the diversity of your staff increased?**

Our office is a small office with only 10 employees. And this office is pretty diversified. At our other locations, we hire local staff over there, so it is pretty diverse.

**How you would characterize your organization's efforts to educate itself before and after compliance? (*Training, workshops attended, level of competency*)**

We encourage our staff members to attend training and seminars. We have money built in to our budget for this purpose. Everyone goes to at least one training session per year, but some go for more.

**In general, how much time and money do you spend coming into compliance with these Standards each year?**

It is difficult to say in terms of money, it is hard to quantify. Time wise, our department is called operations and compliance so time wise we spend four staff members and one and a half persons time for the whole years go towards different compliance.

**What do you think has been the greatest impacts of the PVO Standards on your organization?**

I'll pass this one to my boss as well.

**Is there anything else you would like to comment on about the InterAction PVO Standards?**

To the donors it is good to take to them. They are happy about that part. It is good to win the contract, because it shows our competence.

**Appendix 10**  
**CFNA Interview 2**  
**InterAction Member Organization Interview Instrument**

Person being interviewed: **Enoka Perrelli**

Title: **Contracts Manager**

Organization: **Citizens Network**

Date: **10/23/01**

Time: **3:30pm**

Location: **Phone Interview**

*Introduction omitted from transcription*

### **Organizational Effectiveness**

**Now that you are complaint with the PVO Standards, is your organization fulfilling its mission more fully than before?**

Yes, we have an annual audit every year and we always have good audit on compliance and policy control. Then we have a policy manual that tells exactly our procedures and compliance. We are fairly compliant.

**Would you agree that becoming PVO Standard compliant has helped you to serve your clients better?**

Yes, I would say so, because, being compliant, your client always don't like it, because you have so much red tape and bureaucracy and they have to do things a certain way. But we can serve them better being compliant, because it keeps us from giving people double standards and also having a written down compliance standards it is easier for people to follow. For instance, if I am not there, and someone else comes they know what to do since the standards are written down. Having a manual and standards does help.

### **Professional Capacities**

**Has it been easier for you to gaining funding from donors, both private and public, now that you are compliant?**

Well we work with USAID a lot and so before they give out a grant they check to see previous records and if it is someone they have been working with. If you have good records and are complaint they feel comfortable giving you money, versus an organization that is not compliant. I would think that knowing we are compliant it does help.

**Do you think your image and trustworthiness has been increased?**

Oh yeah, definitely.

**Has the diversity of your staff increased?**

I don't know. We do have a diversified staff, but I don't think it has increased do to being compliant or dealing with InterAction. But we do have a diverse staff, different genders and ethnicities, but it is difficult to say if this is due to compliance.

**Is there anything else you would like to comment on about the InterAction PVO Standards?**

We do have certain compliance standards and we do implement a lot here at home office and field office. That helps to let everyone know what is expected of them and keep them on task.

**Appendix 11  
CFNA Interview 3**

Person being interviewed: **Caryn Hommes**

Title: **Vice President of Operations and Compliance**

Organization: **Citizens Network**

Date: **October 26, 2001**

Time: **2:00pm**

Location: **Phone Interview**

*Introduction omitted from transcription*

### **History**

**When did you become a member of InterAction?**

No one has been at the organization long enough to decide this.

**Why did you become a member of InterAction?**

It helps us to have communications with other non-profit organizations and share information. It also helps to figure out how to meet our mission better and allows us to fine tune our mission.

### **Professional Capacities**

**In general, how much time and money do you spend coming into compliance with these Standards each year?**

About a week

**Can you describe the impacts to your organization?**

We haven't been hurt by coming into compliance, but I don't think we have seen a lot of benefits in the areas of organizational effectiveness or capacity building. We go to a lot of meeting and on a tertiary level they have been helpful for use, but we are compliant with other standards that have provided us with more effectiveness such as the USAID standards. However, we do get to collaborate with other organizations who are doing development work and even focus on individual topic areas to help us focus our mission. It provides us a means to participate. Overall, I think that it is good to have these standards.

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## Vita

Amy C. Polishuk

### Education

**Masters of Public and International Affairs**, December 2001                      GPA: 3.87/4.00  
Concentration - Public and Non-Profit Management  
Major Paper: "An Evaluation of the Impact of InterAction's PVO Standards"  
Virginia Polytechnic Institute and State University (Virginia Tech), Blacksburg, VA

**B.A. Public and Urban Affairs**, May 2000      **Magna Cum Laude**      GPA: 3.74/4.00  
Concentration - Public Policy  
Virginia Polytechnic Institute and State University (Virginia Tech), Blacksburg, VA

### Work Experience

**Graduate Research Assistant**, Institute for the Social Assessment of Information Technology

Fall 2000 – Present                      Blacksburg, VA

- Crafted written and oral survey instruments to determine funding issues for non-profit organizations
- Developed training session and trained unskilled interviewers in using interview instrument
- Conducted personal interviews with non-profit organization management
- Analyzed quantitative survey data using SPSS and Access databases

**Senior Production Assistant**, Institute for Public Management

Fall 2000 – Summer 2001                      Blacksburg, VA

- Assisted with editorial duties for the *Journal of Public Budgeting and Finance*
- Maintained journal records and schedules
- Assisted authors and publisher

**Research Assistant**, Institute of Community Health

Summer 2001                      Blacksburg, VA

- Created SPSS database with over 200 variables
- Analyzed over 70 surveys with SPSS database
- Streamlined numerous Access databases and Excel spreadsheets

**Intern**, Kanner and Associates: government consulting firm specializing in the electric utility industry

Summer 2000                      Washington, DC

- Drafted clients positions on current government and industry issues
- Documented Congressional and industry hearings for clients
- Maintained web pages using Dreammaker software

**Intern**, Federal Emergency Management Agency

Summer 1999                      Washington, DC

- Analyzed and documented FEMA's position in the Federal appropriation process
- Drafted correspondence and memos signed by Director
- Reported on Congressional Hearings concerning issues affecting FEMA

## **Associate Planner: Intern, Chester County Planning Commission**

Summer 1998

West Chester, PA

- Drafted Comprehensive Plan for local municipality
- Compiled ordinance database for county use
- Designed country traffic maps using Geographic Information Systems – GIS

### **Skills**

#### **Organizational Management/Budgeting**

- Facilitated strategic planning process for a non-profit organization, culminating in the creation of a strategic plan.
- Performed revenue and expenditure, activity based costing, cost-benefit, and cost effective analyses.
- Budget forecasting for line-item, performance, and program budgets.
- Advanced training in quantitative and qualitative research techniques.
- Outstanding written, oral, and analytical reasoning skills.

#### **Computer**

- SPSS, MS Access, MS Excel, MS Word, PowerPoint, Geographic Information System -GIS, Adobe Pagemaker, Dreammaker

#### **Leadership**

- Delegated tasks and motivated committee members to meet deadlines and brainstorm ideas.
- Coordinated a successful alumni donation plan, which increased donations by 1,000 percent over previous year.
- Excellent organizational and time management skills.
- Knowledge of basic conversational Spanish, plus practical usage while in Spain and Cuba.

#### **Honors**

- Phi Sigma Pi Alpha Rho Chapter Outstanding Leadership Award 1999 – 2000
- Omicron Delta Kappa National Leadership Honor Society
- Phi Sigma Pi National Honor Fraternity
- Golden Key National Honor Society
- Gamma Beta Phi National Honor Society

#### **Activities**

Omicron Delta Kappa National Leadership Honor Society

- **Speaker Series Committee** 1999 – Present
- **Membership Selection Committee** 2001 – Present

College of Architecture and Urban Studies Leadership Committee

- **President** 1998 – 2001

Phi Sigma Pi National Honor Fraternity

- **Alumni Committee Chair** Spring 2000
- **Leadership Committee Chair** Fall 1999

College of Architecture and Urban Studies Leadership Committee

- **President** 1998 – 2001

Senior Challenge for 1999 and 2000: Fundraising Project for Senior Gift

- **College Chair** 1999 – 2000

## Notes

<sup>1</sup> For more on the debate on defining the third sector, see:

M.J. Esman and N. T. Uphoff, *Local Organizations: Intermediaries in Rural Development*. (Ithaca, NY: Cornell University Press, 1984.).

Or

Adil Najam, "Understanding the Third Sector: Revisiting the Prince, the Merchant, and the Citizen," *Nonprofit Management and Leadership* 7 (2): 203-219 (winter 1996).

<sup>2</sup> For more information on this case see:

John S. Glaser, *The United Way Scandal: An Insider's Account of What Went Wrong and Why*. (New York: John Wiley and Sons, Inc., 1994).

<sup>3</sup> For more information on this case see:

S. Stecklow, "A Big Charity Faces Tough Questions About its Financing," *Wall Street Journal* 15 May 1995, Sec. A, p. 8.

<sup>4</sup> For more information on this topic see:

Alan Fowler, Liz Goold, and Rick James, "Participatory Self Assessment of NGO Capacity," *Occasional Papers Series*: no. 10. (Oxford: INTRAC, 1995).

Eric Hyman and Kirk Dearden, "Comprehensive Impact Assessment Systems for NGO Microenterprise Development Program," *World Development*. 26 (2): 261-276 (1998).

<sup>5</sup> I was unable to find Kanter's work, as it is a working paper and is hard to find, but I have the citation for reference Rosbeth Kanter, "The Measurement of Organizational Effectiveness, Productivity, Performance, and Success: Issues and Dilemmas in Service and Non-profit Organization." PONPO Working Paper, no. 8, (New Haven, CT: Yale University in conjunction with the, Institute for Social and Policy Studies. 1979).

<sup>6</sup> To select members for the control group, all small humanitarian aid organizations in the DC area would be identified as part of the sample population. Then a skip interval would be selected in order to determine a sample that is the same size as the experimental group. This skip interval would then be used to randomly select organizations from the alphabetized sample population to create the sample constituting the control group. Using this technique creates a systematic sample, an alternative to the simple random sample, which "ensures against the inadvertent introduction of a pattern of systematic bias into the procedure" (O'Sullivan and Rassel 1999, 135).

<sup>7</sup> For more on Comparative Performance Measures (CPM) see:

Elaine Morley, Scott P. Bryant, and Harry P. Hatry, *Comparative Performance Measurement* (Washington, DC: The Urban Institute Press, 2001).

<sup>8</sup> Miranda Beshara, Program Director at ADF, e-mail to author, 22 October 2001.

<sup>9</sup> David Cohen, President The Advocacy Institute, telephone conversation with author, 1 November 2001.

<sup>10</sup> Dane Smith, President The National Peace Corp, e-mail to author, 14 November 2001.

<sup>11</sup> In order for an organization to receive funding from USAID, the organization must meet the USAID Standards. There are different standards for different types of funding, for example, USAID Direct contracting has different standards than Grants and Cooperative Agreements to Non-Governmental Organizations. Most of these standards deal with ensuring the transparency of USAID funds through organizations and how to obtain these funds. For more information on the USAID Standards, see the USAID website at <http://www.usaid.gov/pubs/ads/>

<sup>12</sup> The fact that I was unable to obtain more secondary data from the organizations is not for a lack of trying. As a matter of fact, several of the organization told me they have sent me reports, which should have arrived by now, but I am not surprised they have not given the current mail situation.