

# BANKWEST FOUNDATION

## Social Impact Series

WESTERN AUSTRALIA

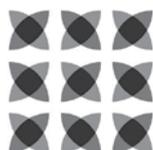
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Issue #8  
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### **Outcomes Measurement in the Community Sector: Are we Heading in the Right Direction?**

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The University of Western Australia  
Centre for Social Impact



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The Bankwest Foundation has partnered with the University of Western Australia Centre for Social Impact (UWA CSI) to undertake a research program **Supporting Development and Growth in the Community Sector in Western Australia.**

The aim of the research program is to increase our understanding of the difference community programs make to the lives of Western Australians and what factors enhance the resilience and long-term financial viability of Western Australia's emerging social enterprise sector. Improving the evidence base on the measurement of the outcomes of community programs and of the financial sustainability of Western Australia's social enterprises will support growth and innovation in the community sector and build community resilience.

Outcomes of the research program are delivered through the Bankwest Foundation **Social Impact Series** and through community workshops and forums. This paper is the eighth paper in the Social Impact Series. The program of research around outcomes measurement in community sector organisations in Western Australia represents the first major ongoing investigation of outcomes measurement in Australia.

**Citation:** Callis, Z., Flatau, P. and Seivwright, A. (2017) Progress in Outcomes Measurement: Findings from the Second Annual Outcomes Measurement in the Western Australian Community Sector Survey Bankwest Foundation Social Impact Series, No. 8, Bankwest Foundation, Western Australia.

Paul Flatau is Director of the UWA CSI and leads the Supporting Development and Growth in the Community Sector in Western Australia research program with the Bankwest Foundation. Zoe Callis and Ami Seivwright are researchers with the CSI UWA.

## INTRODUCTION

This is the eighth publication from the Bankwest Foundation Social Impact Series, and the fifth report in the Measuring Outcomes for Impact in the Western Australia Community Sector research program. The previous reports in this research program explored the international experience of outcomes measurement (Issue #1), the views of organisations operating in the community sector organisation in Western Australia (Issue #3) on outcomes measurement and the results of the first Outcomes Measurement in the Western Australian Community Sector Survey (Issues #5 and #6). Issue #5 of the Social Impact Series focused on the practice, prevalence and funding of outcomes measurement in the WA community sector, while Issue #6 identified the barriers and challenges to outcomes measurement and evaluated the overall survey findings in relation to the CSI UWA recommendations put forward on improving outcomes measurement at the end of Issue #3.

In this report, we present the findings of the second Australian survey of outcomes measurement in the community sector. The second Outcomes Measurement in the Western Australian Community Sector Survey was conducted from February to April 2017 and sent to every community sector charity registered with the Australian Charities and Not-for-Profit Commission (ACNC) operating in Western Australia.

This report extends the previous studies by collecting data for the second consecutive year on the state of play of outcomes measurement across the community sector in Western Australia. This allows us to provide unique empirical evidence on outcomes measurement across a wide variety of community organisations. We also conducted analyses matching respondent answers in this year's survey from their answers to the 2016 survey, in order to track progress on outcomes measurement over time.

The key findings from the 2016 Survey were that the vast majority of community sector charities operating in Western Australia indicated that outcomes measurement makes organisations more effective and had increased their efforts in the last five years. Outcomes measurement practice was, however, far from complete and the 2016 survey revealed that charities faced significant resourcing constraints in implementing outcomes measurement in their organisations.

What we argued for was direct funding for outcomes measurement among charities, an improved infrastructure base for outcomes measurement by government, and increased capacity in terms of the knowledge and skills of staff. More specifically, we identified four key areas that need to be addressed in order for outcomes measurement to be fully realised across the community sector in Australia.

**Funding:** While we have seen funders instead of whereas we have seen funders increasing their focus on outcomes measurement, this has not been met with commensurate financial support.

**Data:** Transparency and open data from government particularly in relation to linked administrative data, common infrastructure for data collection, and a core set of common outcomes items.

**Standardisation:** The need for standardised language, key concepts, and outcomes reporting requirements across all stakeholders is critical in breaking barriers in communication and understanding.

**Capacity building:** Professional development and the building of capacity within community service organisations and standard tools and guidance on using them.

Our aim in the present report is to assess whether there has been progress in outcomes measurement in Western Australia over the last year and what the findings mean for our key recommendations.

Research was conducted in compliance with UWA Human Ethics protocol RA/4/1/7233.

## SECTION ONE: OUR SAMPLE

This research presents findings from the 2017 Outcomes Measurement in the Western Australian Community Sector Survey, the second in a continuing series of surveys on outcomes measurement in the community sector in Western Australia. Our 2016 study published in Issues #5 and #6 of the Social Impact Series (Flatau et al. 2016; Seivwright et al. 2016) represented the first large-scale empirical examination of outcomes measurement practice in the community sector in Australia. Findings from the 2017 Survey (conducted in the first three months of 2017) presented in the present paper, are based on somewhat larger sample of community sector charities operating in Western Australia than the 2016 sample, but roughly similar in composition to the 2016 sample in terms of organisation size, sector of operation and region of operation.

The 2017 study utilised the same methodology for identifying organisations for participation in the survey as was followed in the 2016 study, namely, capturing charities in the community sector on the Australian Charities and Not-for-profits Commission (ACNC) Register that reported they had operations in Western Australia. In 2017, a total of 240 organisations fully completed the Outcomes Measurement in the Western Australian Community Sector Survey, compared with 169 in 2016. The majority (68%) of respondents who completed the survey identified themselves as an executive in the organisation, 11% identified as a non-executive staff member and 10% as a board member.

As illustrated in Figure 1, the 2016 and 2017 samples both comprise a broad range of charities in terms of organisational size. Organisations were allocated into one of three size categories by turnover used by the ACNC: small charities (turnover of less than \$250 000), medium-sized charities (\$250 000 - \$1 million) and large organisations (turnover greater than \$1 million).

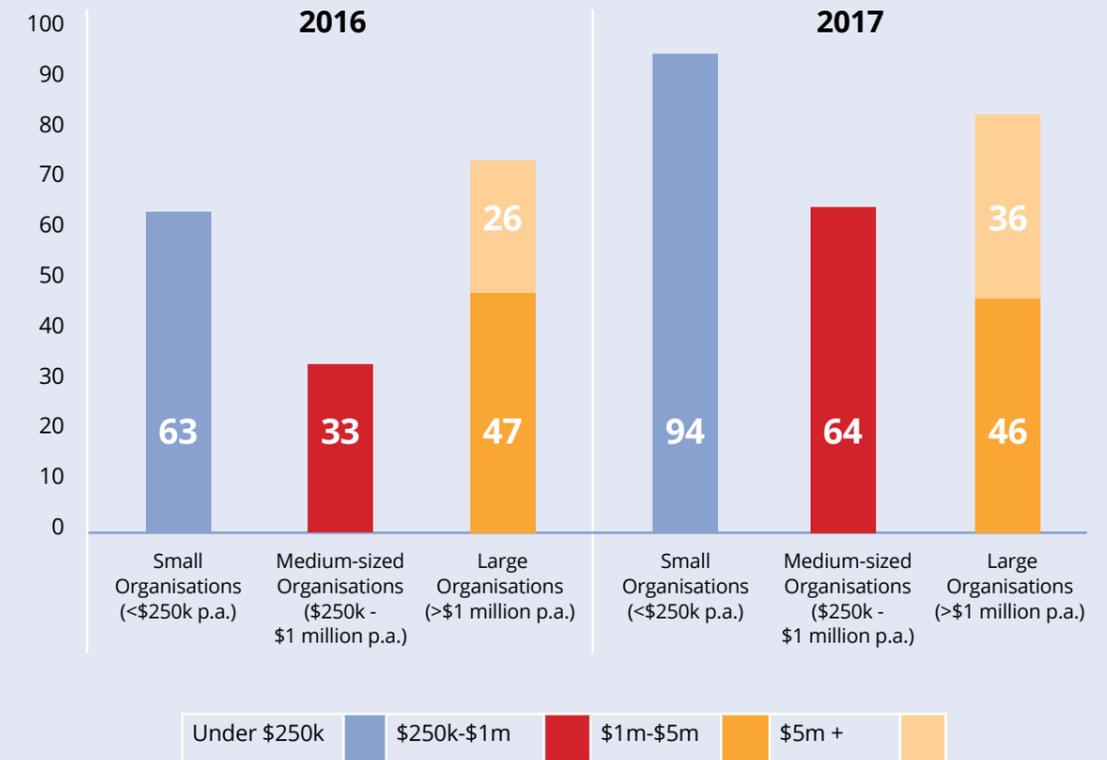
Analysis of the 2016 sample found no significant differences between medium-sized and large organisations so in the report we combined the latter two categories and compared smaller (turnover less than \$250 000) and larger (turnover greater than \$250 000) organisations. This year's sample is larger overall and contains more medium-sized organisations and in the present report we compare outcomes for three different size categories (small, medium and large).

In the 2017 sample, 39% of organisations were small organisations, 27% were medium-sized organisations and 34% were large organisations (19% in the \$1-5 million category and 15% in the \$5 million plus category). The 2016 sample comprises approximately the same proportion of small organisations (38%), a smaller proportion of medium-sized organisations (19%), a larger proportion of organisations in the \$1-5 million category (27%) and the same proportion of organisations in the \$5 million plus category (15%).

Social Impact Series Issues #5 and #6 (Flatau et al. 2016; Seivwright et al. 2016) identified significant differences between small and medium/large organisations in terms of the prevalence of outcomes measurement, in outcomes measurement practices, and in barriers and challenges faced. In this report, we continue to focus on size as a significant determining factor in outcomes measurement practice and perspectives.

The number of charities listed as completing the study in 2016 in this report (169) is lower than the number reported in the Impact Series 5 and 6 as it removes a small number of surveys completed by more than one respondent in the organisation in the 2016 report. The 40% increase in responses between 2016 and 2017 can be attributed in part to a slight variation in the way in which email addresses were collected from the ACNC Register in the 2017 Survey. We noticed when compiling the sample for the 2017 study that a large number of organisations listed their contact email in a section called 'Charity Address for Service', thus the code was modified to first check this section for an email address then, if no email was found, to check the 'Email' section (the original source of emails in the 2016 study).

Figure 1: Size of organisations by annual turnover, by year, number.



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey

As in the case of the 2016 sample, our 2017 sample of WA community sector charities captured a broad range of metropolitan and non-metropolitan-based organisations. The metropolitan area is defined as the Greater Perth area, bordered by Two Rocks in the north, Singleton in the South and The Lakes in Mundaring in the East. A number of organisations in both the 2016 and 2017 samples operate primarily in regional Western Australia (i.e., outside of the Greater Perth area), a group which is critical to capture given the geographic diversity of Western Australia and the consequent diversity of the needs of both clients and the community service sector organisations themselves.

Table 1 outlines the number of organisations in each broad regional operation category: Perth metropolitan area only, regional WA only, both Perth metropolitan and regional WA. Specifically, 32% of 2016 respondents and the same proportion of 2017 respondents operated in both the Perth Metropolitan area and regional WA, while a slightly higher proportion of organisations operated solely in the Perth Metropolitan area in 2017 (35%) as compared with the case in 2016 (30%). There is a slightly higher proportion of organisations in the 2016 sample that operate in regional WA alone in 2016 compared with 2017.

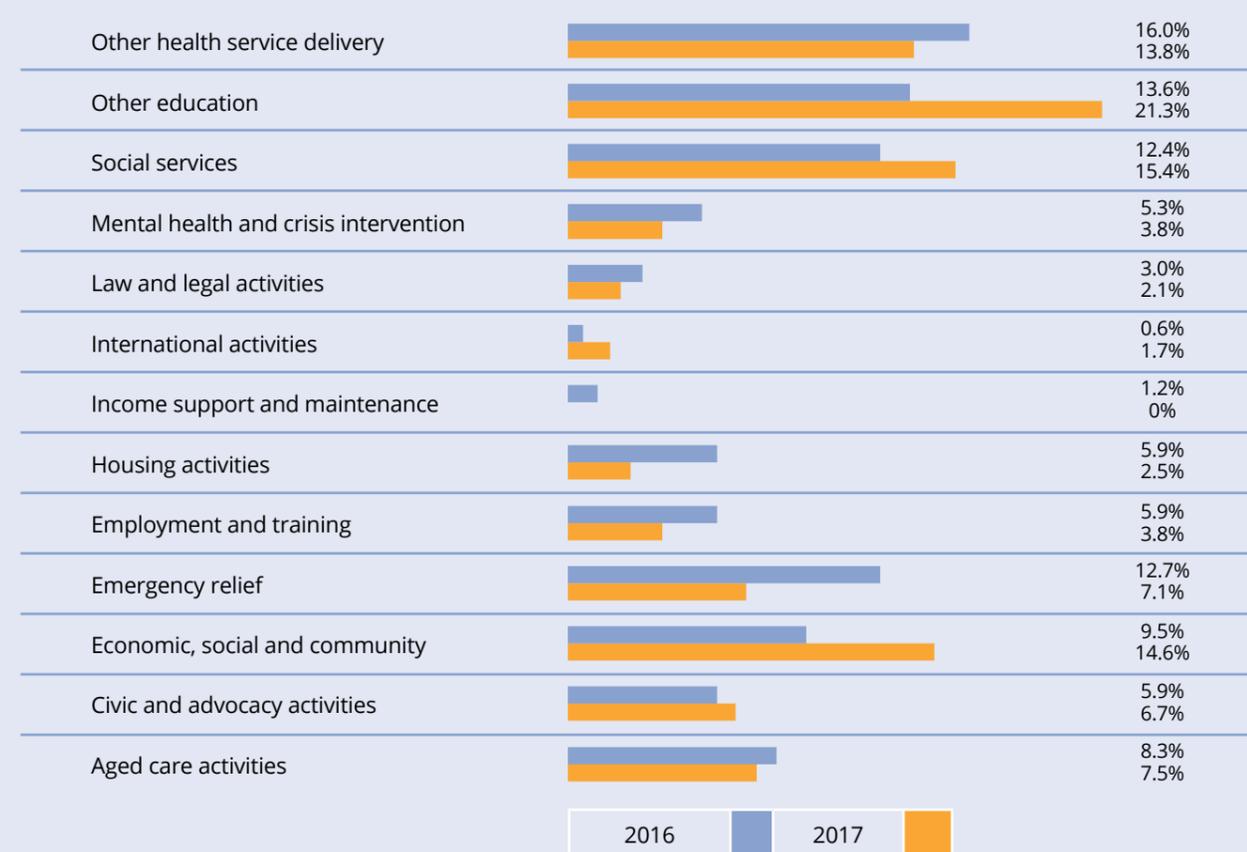
Table 1: Number of organisations by region of operation, by year.

	Operates in Perth Metropolitan Area and Regional Western Australia	Operates in Perth Metropolitan Area Only	Operates in Regional Western Australia Only
2016	54	50	63
2017	75	82	77

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Figure 2 compares the proportion of responses in each functional area of the community sector in Western Australia in both the 2016 and 2017 Outcomes Measurement in the Western Australian Community Sector Survey samples. Although the distribution of organisations in each functional area across the two years is generally comparable, the 2017 sample has a higher proportion of respondents in two functional areas 'Other education' and 'Economic, social and Community activities', and a lower proportion of respondents in the 'Housing activities', 'Employment and training', and 'Emergency relief' categories than the 2016 sample. Both samples match up well with the distribution of Australian Charities and Not-for-Profits Commission (ACNC) registered organisations in each sub-sector nationally.

**Figure 2: Organisations in each community sector functional area, by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

In summary, both of our samples achieve good coverage of the Western Australian community sector in terms of the size of the responding organisations, their geographical areas of operation, and their specific functional sub-sector. By good coverage, we mean that the proportions recorded in each category, across each 'organisational demographic' dimension line up well with the overall Australian figures recorded by the ACNC, and the number of respondents in each category are sufficient enough to provide insight into the state of play of outcomes measurement in the community sector in Western Australia.

## SECTION TWO:

### THE PREVALENCE OF OUTCOMES MEASUREMENT IN THE WESTERN AUSTRALIAN COMMUNITY SECTOR

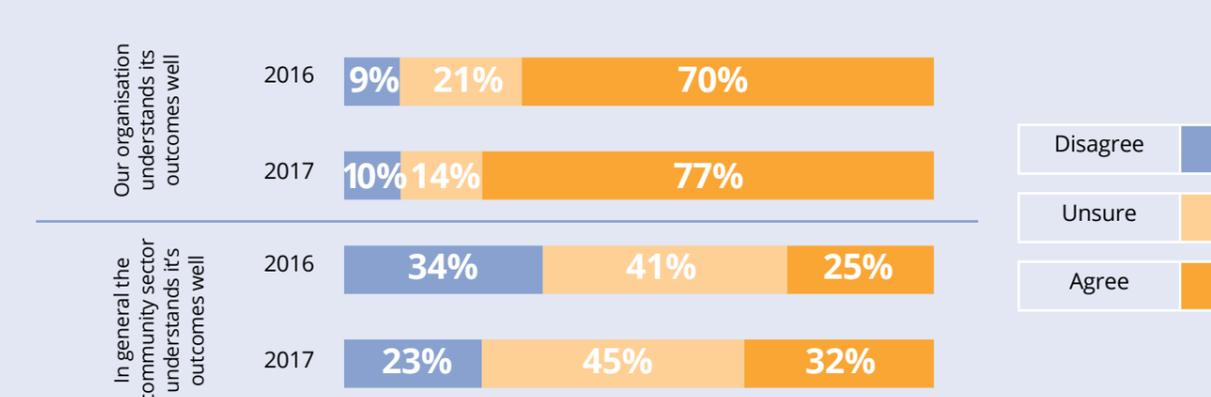
The findings from the 2016 Outcomes Measurement in the Western Australian Community Sector Survey painted a complex picture of outcomes measurement, with most respondents agreeing that their organisation understood its outcomes well, but disagreeing that the community sector as a whole understood its outcomes well. However, there was a relatively low prevalence of outcomes measurement among organisations and a low uptake of a range of tools designed to facilitate the setting and measurement of outcomes, such as Program Logic or Theory of Change frameworks, particularly amongst smaller organisations. In this section, we compare 2017 and 2016 respondents' understanding of their organisation's outcomes and their perception of whether the community sector as a whole understands its outcomes, the prevalence of outcomes measurement among charities in the community sector and the use of tools and frameworks to help organise the outcomes measurement process.

We examine in depth the extent and form of outcomes measurement by charities, what it is used for, and how and why outcomes measurement practice has changed over time. In exploring how outcomes are measured among charities in the community sector, we look at the types of data collected, the human resources available to facilitate outcomes measurement as well as the availability of other resources, such as relevant technology. From this section we gain an understanding of the actual practice of outcomes measurement among community sector charities in Western Australia and how this practice is changing over time.

#### Understanding of outcomes at the organisational and community sector level

Figure 3 below, compares an organisation-centred understanding of outcomes achieved as compared with a perception of whether the community sector as a whole understands its outcomes. The results, while not statistically significantly different, indicate that a slightly greater percentage of respondents in 2017 believed that their organisation understood their outcomes well as compared with the case in 2016. The proportion of respondents agreeing that their organisation understands its outcomes well increased from 70% in 2016 to 77% in 2017. However, there remains substantially less agreement on the part of respondents that the community sector as a whole understands its outcomes well. Only 32% of 2017 respondents believed the community sector as a whole understands its outcomes well. Nevertheless, this is a rise of 7% on the corresponding figure in 2016 of 25%.

**Figure 3: Understanding of outcomes achieved at the organisational level and the community sector level, by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

These results suggest that an understanding of outcomes achieved is increasing at both the organisation and the community sector-level. However, there is still substantial progress to be made at the community sector level in terms of a sector-level understanding of its overall sector-wide impact. In this respect, Western Australia is not in a unique position, as broad community sector wide analyses of impact are rare and as a consequence an understanding of impact is limited.

Results from the 2016 survey indicate a surprisingly low take-up of models used to organise thinking around an outcomes measurement framework such as the Program Logic or Theory of Change framework, with only around a third of the sample reporting that they used formal models to organise thinking around outcomes using a Program Logic or Theory of Change framework. These results also held for 2017. In fact, an even lower proportion (20%) of this year's respondents report using a formal model for program and outcomes design. In both the 2016 and 2017 samples, small organisations (i.e., those with turnover under \$250,000) were significantly less likely (at the  $p < 0.05$  level) to use one of these organising models than large organisations. Lying behind a low take-up of outcomes measurement design tools is likely to be the result of limited funding and capacity constraints. This will be investigated in later sections of the report.

### Do community sector organisations measure outcomes?

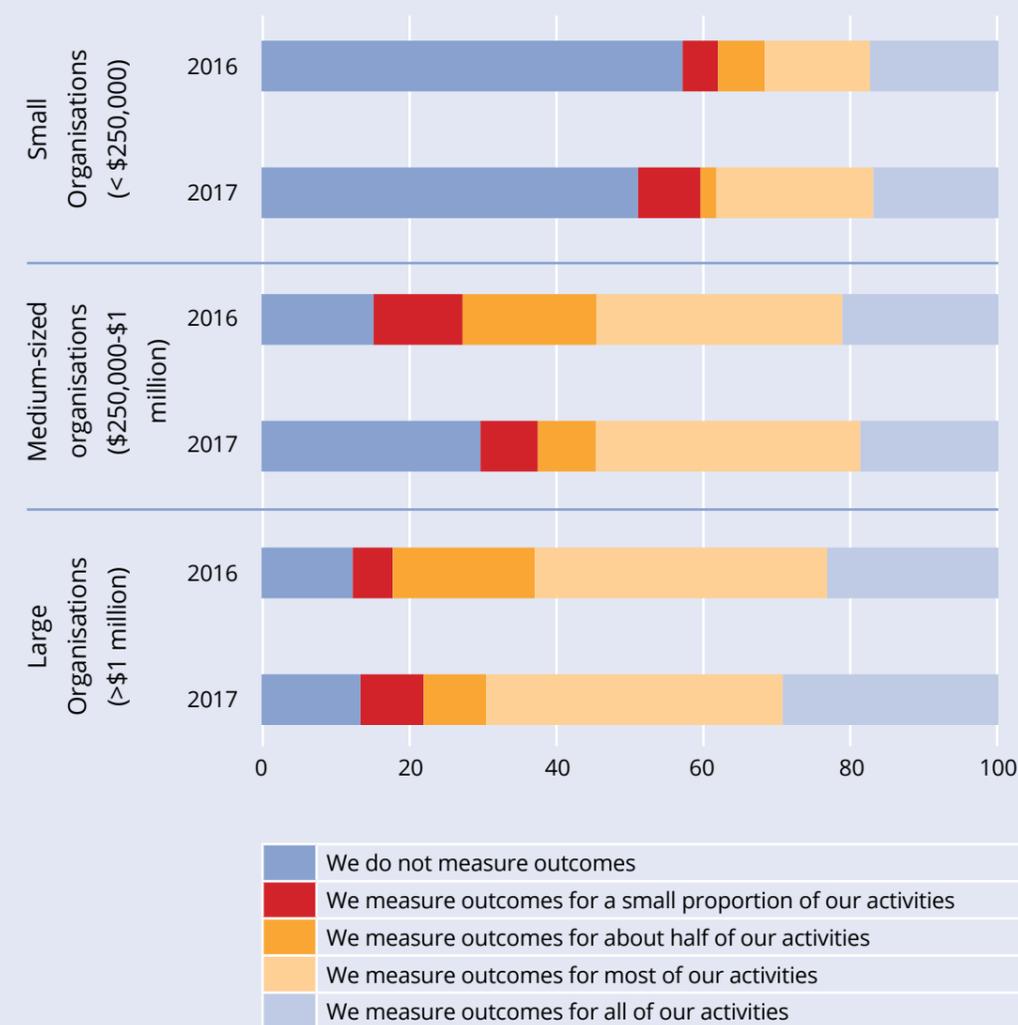
Overall, 67.5% of the 2017 sample of community sector charities operating in WA reported that they measured outcomes. This represents a decrease from 2016, where 70% of responding organisations measured outcomes. As in 2016, organisational size was a significant determinant of whether or not an organisation measured outcomes.

Figure 4 shows that, across both 2016 and 2017, the measurement of outcomes by community sector organisations in WA is significantly (at the  $p < 0.05$  level) more common in large organisations than in smaller organisations. Our results continue to reflect the impact that low levels of resources experienced by small and medium-sized organisations has on the prevalence of outcomes measurement (Milbourne 2009; Adams, Flatau, Zaretzky, McWilliam and Smith 2015).

The decrease in overall outcomes measurement between 2016 and 2017 is attributable in large part to a decline in outcomes measurement among medium-sized organisations. In 2016, 85% of medium-sized organisations measured outcomes while in 2017, 70%, undertook outcomes measurement. The decrease in outcomes measurement practice may, of course, indicate the effects of compositional shifts between the 2016 and 2017 samples particularly within the medium-sized organisations. Alternatively, the results may reflect greater sensitivity to constrained funding environments. For example, we know from Issue #5 that larger organisations are more likely to have access to resources for outcomes measurement and that where these resources have built up the physical and human capital infrastructure of organisations, e.g., technology and training, they lead to reverberating impacts over time. Medium-sized organisations, on the other hand, will not have such extensive access to resources for outcomes measurement in the first place, and these resources will tighten further in response to reduced funding, thus reducing the prevalence of outcomes measurement.

The penultimate section of this report will provide some further insight into differences in the prevalence of outcomes measurement over time by conducting a matched sample analysis, evaluating differences in responses across the two time periods for participants that answered the survey in both 2016 and 2017.

Figure 4: Proportion of activities for which outcomes are measured by organisation size, by year, percent.

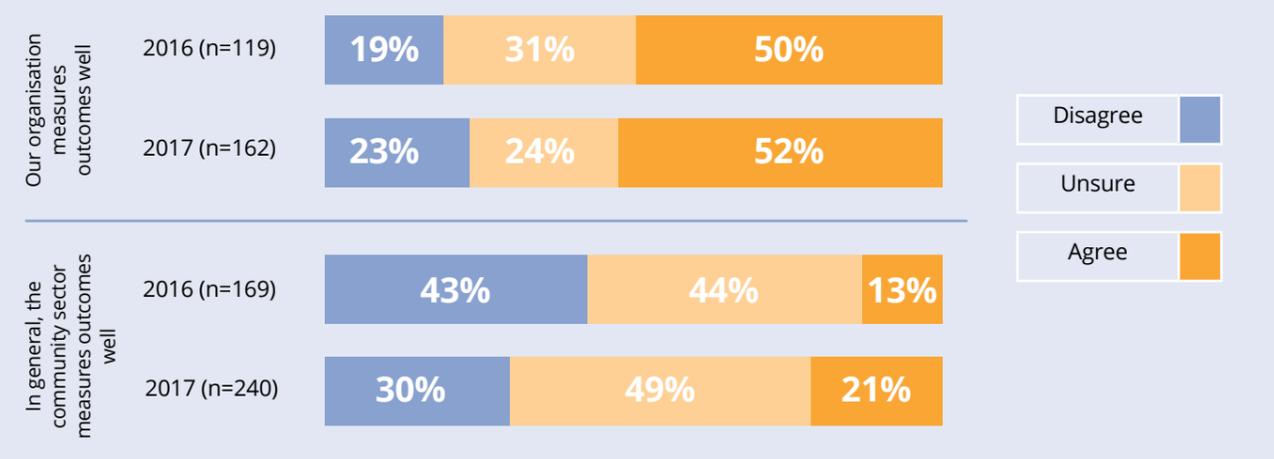


Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Figure 4 also illustrates the extent to which outcomes measurement occurs in organisations, by size, across both years. As was the case in 2016, large and medium-sized organisations that measure outcomes are more likely than small organisations to measure outcomes for all or most of their activities than a small number of activities. In addition, large and medium-sized organisations in the 2017 survey that did measure outcomes were more likely to measure for all or most of their activities than those in 2016. Small organisations report mixed results; a larger proportion of smaller organisations in 2017 reported measuring outcomes for 'a small proportion' and 'most' activities, but a smaller proportion reported measuring outcomes for 'all' and 'about half' activities. In sum, medium and large organisations were less likely to be measuring outcomes in 2017 than they were in 2016, but are still significantly more likely than smaller organisations to measure their outcomes. However, medium and large sized organisations that do measure outcomes are more likely to measure for all or most of their activities. This may reflect the higher levels of resources for outcomes measurement among larger organisations and a commitment to apply outcomes measurement across the organisation.

The overall decrease in outcomes measurement practice in the WA community sector may reflect subtle compositional shifts in the 2016 and 2017 samples but is otherwise a matter of concern on a number of fronts. First, our previous issues (#3, #5, and #6) revealed a general consensus that outcomes measurement is an important activity for community organisations to be engaged in. Second, it puts WA behind in terms of international practice though we would note that international comparisons are problematic due to compositional differences in samples particularly in terms of organisational size. Pritchard et al. (2012) found that 52% of 1000 UK charities surveyed measured outcomes for all of their activities, while only 22% of our sample this year indicated the same extent of measurement, down from 31% in 2016. Further, this year only 67.5% of our total sample engaged in some kind of measurement down from 70% last year. This is a step backwards; 75% of Pritchard et al.'s (2012) UK sample reported engagement in outcomes measurement, 78% of US non-profits surveyed stated that they regularly collected outcomes data and over 75% of Canadian voluntary organisations reported that they had undertaken evaluation in the previous year (Hall et al. 2003; Nonprofit Finance Fund 2014).

**Figure 5: Perceptions of measurement effectiveness at the organisational and community sector level, by year, percent.**

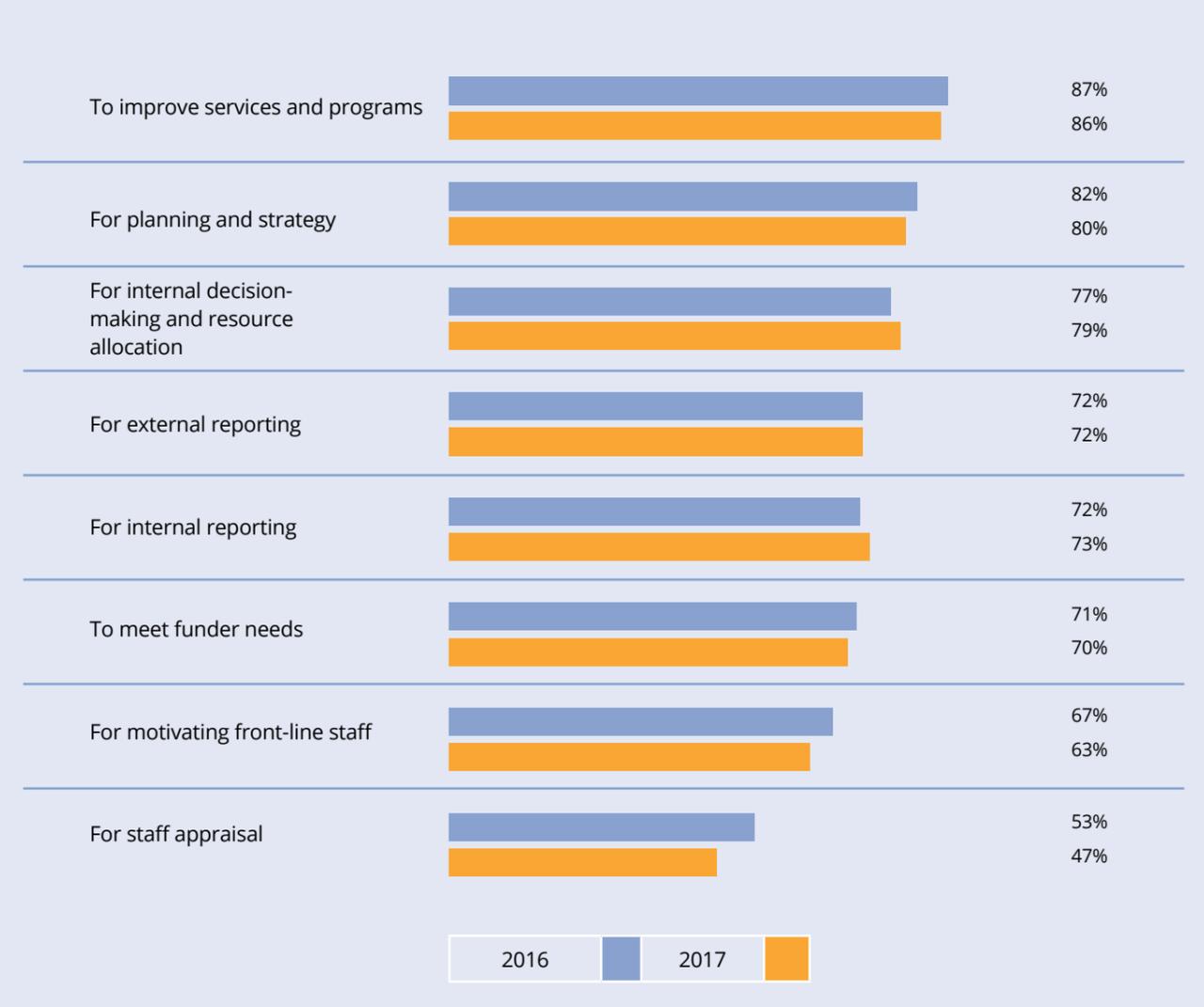


Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

The respondents also indicated their confidence in the quality of outcomes measurement practice in Western Australia, shown in Figure 5, above. The 2017 results depict a similar story to that of 2016. Only slightly more respondents agreed that their organisation measured outcomes well, and a larger percentage compared with last year disagreed that they measured well. At the sector-level, a greater proportion of respondents this year felt the community sector measured outcomes well; however, this proportion still only represents 21% of respondents that agree that the sector is measuring outcomes well. These results make sense in the context of the decreased prevalence of outcomes measurement amongst community organisations and the continued sentiment that the sector as a whole does not understand its outcomes well. However, this sentiment and practice, particularly at the organisation-level, indicates a need for increased support for capacity development around outcomes measurement.

Finally, Figure 6 over the page presents a range of reasons why organisations find outcomes measurement important. Despite the decrease in the proportion of organisations identifying the reasons for outcomes measurement as important this year, the 2016 and 2017 results are very comparable. The most common reasons identified across both samples are still primarily linked to organisational objectives, such as seeking to improve services and programs, for planning and strategy, and for internal decision-making and resource allocation. The least important reason for outcomes measurement in both years was for staff appraisal.

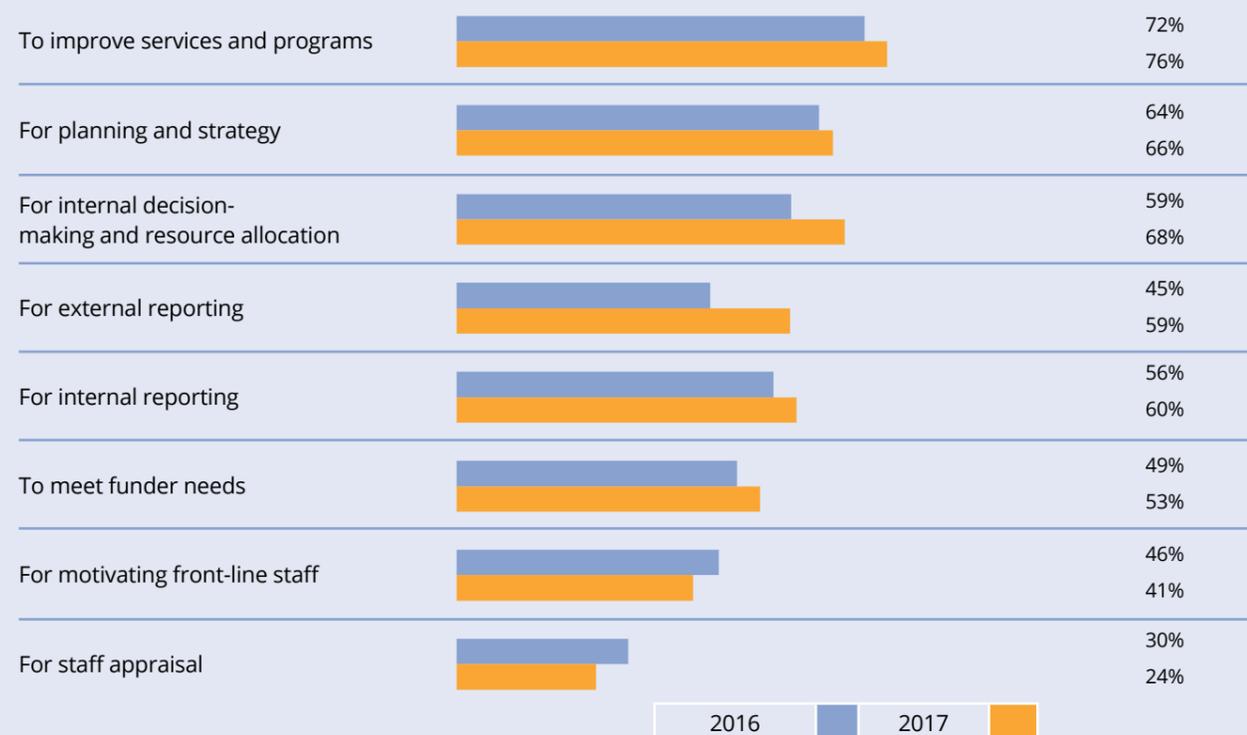
**Figure 6: Reasons for measuring outcomes (per cent considered important), by year.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

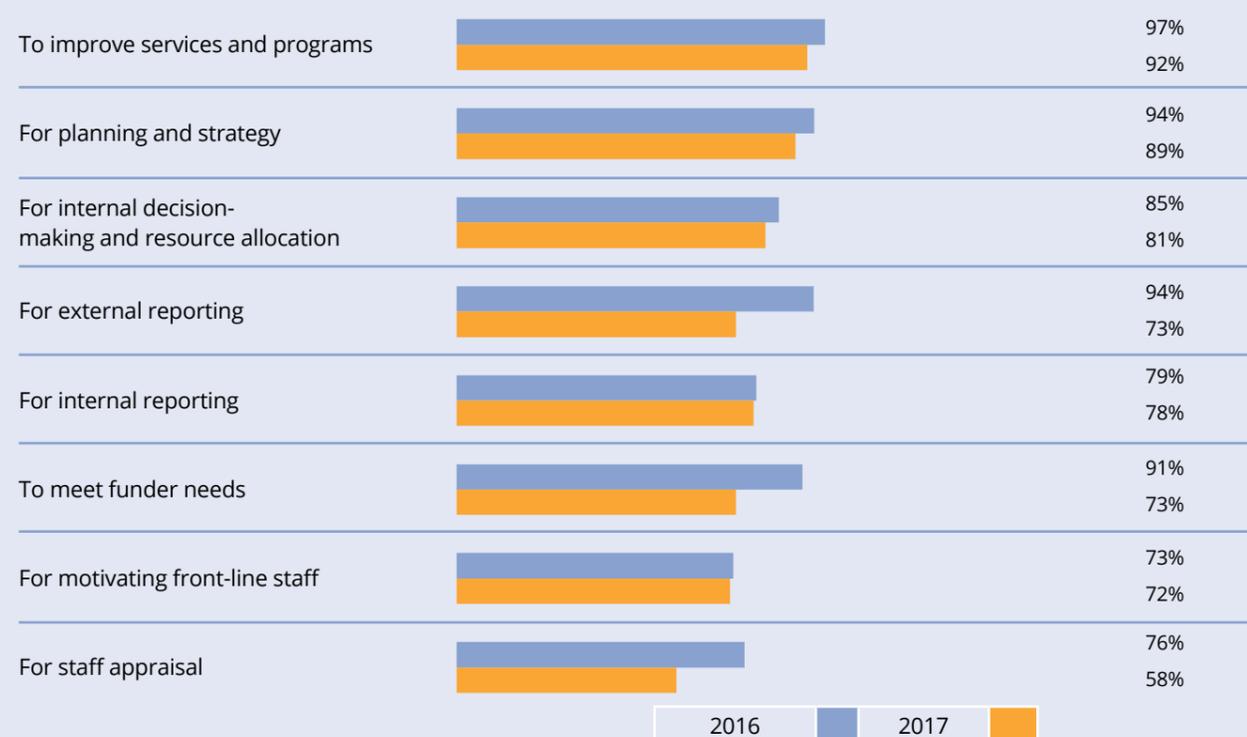
In line with the 2016 results, there were no significant differences between metropolitan and non-metropolitan-based community sector organisations in terms of the reasons for outcomes measurement in 2017, and there were significant differences when findings were split by size. Specifically, large organisations were more likely than smaller organisations to identify each of the reasons for outcomes measurement as important. Figures 7 through 9, illustrate the proportion of organisations in each size category (small, medium and large) that identify each of the reasons for outcomes measurement as important in 2016 compared with 2017.

**Figure 7: Reasons for measuring outcomes, small organisations (<\$250,000), by year, percent.**



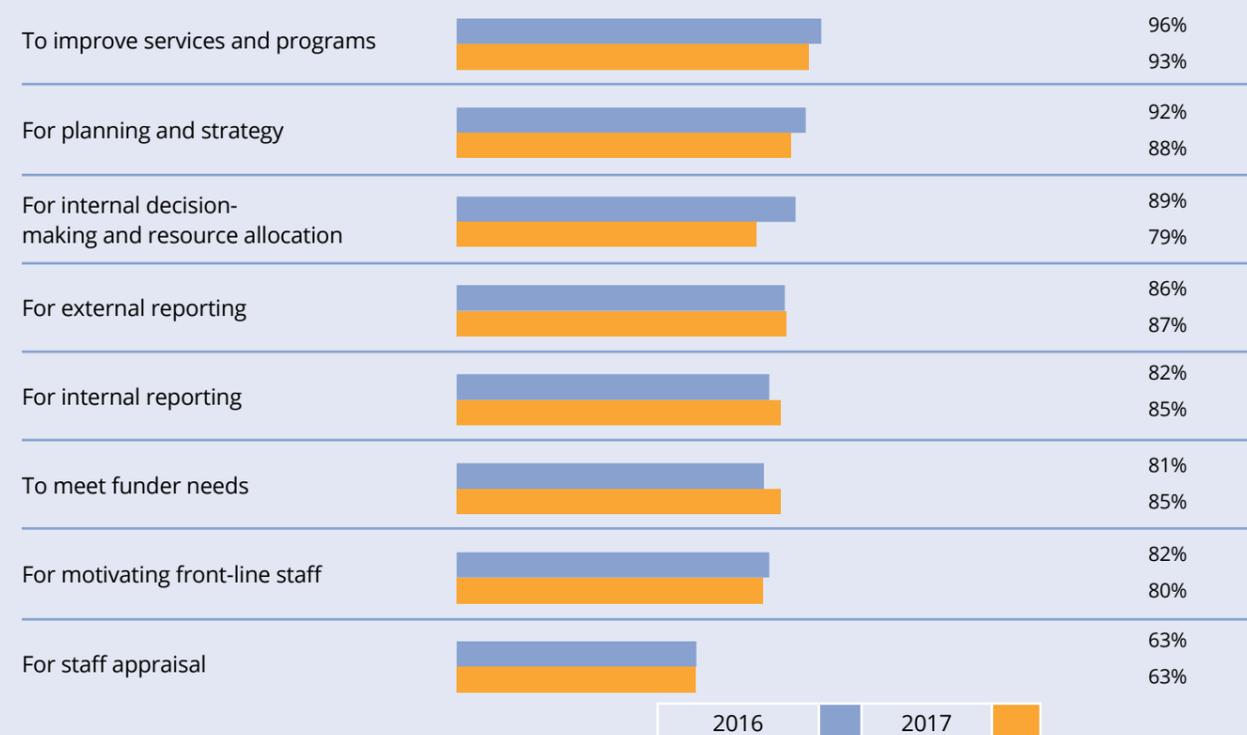
Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

**Figure 8: Reasons for measuring outcomes, medium-sized organisations (\$250,000 to \$1million), by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

**Figure 9: Reasons for measuring outcomes, large organisations (>\$1 million), by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

As the figures above illustrate, the differences between 2016 and 2017 in terms of the proportion of organisations in each size category that consider the reasons for outcomes measurement important, reflect changes in prevalence over the two years. Although this year's results indicate, as with the 2016 results, that medium and large sized organisations generally consider a higher number of reasons for measuring outcomes important than small organisations; a smaller proportion of large and, in particular, medium-sized organisations identified the reasons for outcomes measurement as important in the 2017 results as compared with the 2016 results. Specifically, significantly fewer medium-sized organisations identified each of the reasons for outcomes measurement as important in 2017 compared with 2016, and significantly fewer large organisations identified each reason for outcomes measurement as important in 2017, with the exception of external reporting, which stayed the same, internal reporting (increased by 3%) and meeting funder needs (increased 4%). Small organisations reported mixed results, with some reasons for outcomes measurement, such as internal decision making and external reporting, identified by more organisations as important this year, and others such as motivating front-line staff and staff appraisal, identified by less organisations as important.

These results may reflect the broader range of stakeholders that large organisations tend to have. The decrease in importance placed this year on the reasons for outcomes measurement by medium-sized and large organisations, again, could result from the current constrained funding environment in Western Australia, in that larger organisations have had to place a greater focus on retaining existing funding or attracting new funding sources rather than outcomes measurement, while smaller organisations are having to report outcomes in order to demonstrate their importance to the sector.

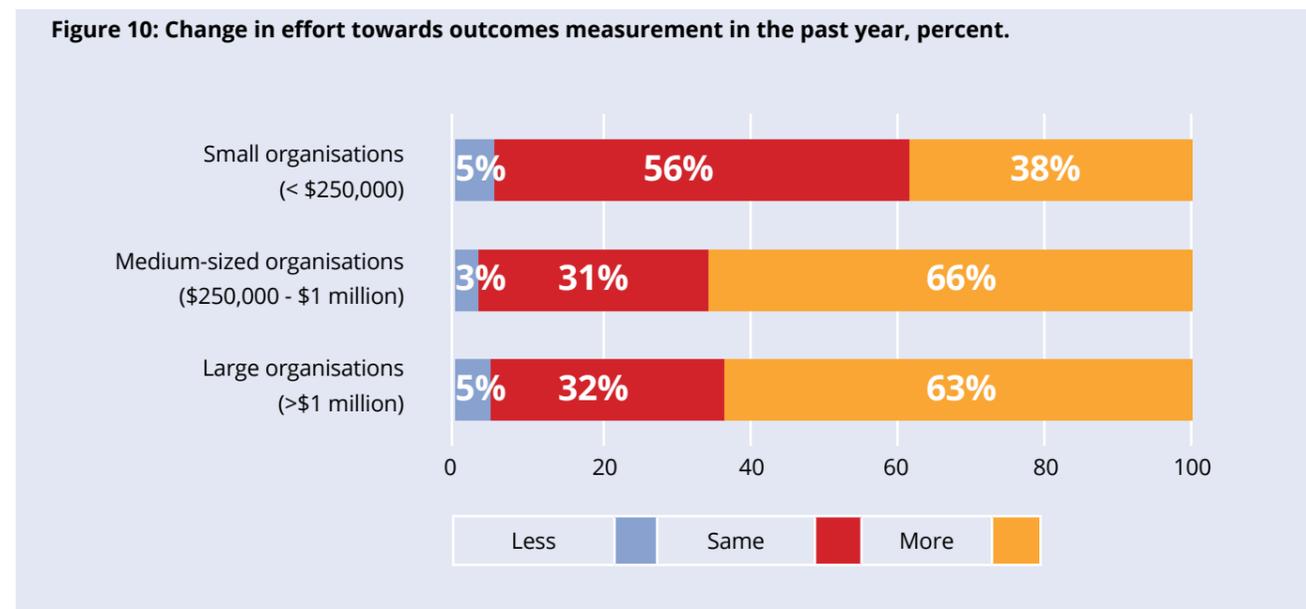
### Is outcomes measurement becoming more common?

In 2016, 65% of respondents to our survey reported making more effort on outcomes measurement in their organisation in the last five years. Larger organisations were more likely than smaller organisations to report increased effort towards outcomes measurement in the past 5 years (81% of larger vs 42% of smaller).

In 2017, we asked responding organisations to assess how their effort towards outcomes measurement had changed over the past year. Figure 10, over the page, shows how the respondents' practice of outcomes measurement had changed in the last year, and reveals that change in effort is significantly associated with organisation size. Medium-sized and large organisations

are making more effort in outcomes measurement – with 66% of medium-sized and 63% of large organisations reporting they were making more effort in the last year compared with only 49% of small organisations. Over half (56%) of small organisations reported the same amount of effort being put towards outcomes measurement in the past year.

Figure 10: Change in effort towards outcomes measurement in the past year, percent.



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Only a small proportion (5% large, 3% medium-sized and 5% small) of organisations reported less effort being directed towards outcomes measurement in the past year. This is interesting in light of the lower prevalence of outcomes measurement in this year’s sample compared to 2016 and again may suggest that compositional change between the two years’ samples may have influenced the time series result. On the other hand, the 2017 sample may have been less engaged in outcomes measurement one year ago relative to the 2016 sample, and thus an increase in the level of engagement is not reflected in an overall higher rate of measurement. The matched sample longitudinal analysis in the second last section of this report will provide further insight into this question by examining changes in outcomes measurement in the past year across respondents that answered the survey in both 2016 and 2017.

### What tools and resources are community organisations using for outcomes measurement?

The international literature examined in Issue #1 highlights several tools that organisations can use to facilitate their outcomes measurement. The 2016 Outcomes Measurement in the Western Australian Community Sector Survey found that Results Based Accountability (RBA), a method that was advocated for strongly in the community sector, particularly through Anglicare WA’s efforts supported by a WA Social Innovation grant, was used by 32% of organisations. The 2017 survey results indicate an increase in use of RBA, with 43.8% of organisations reporting that they used it. This year’s respondents also report higher use of Social Return on Investment (21% this year versus 10% in 2016) and a slight increase in the use of Outcomes Star (9% this year versus 6% last year).

In addition, in 2016, larger organisations were significantly more likely than small organisations to use these tools, but this is not the case this year. This indicates that smaller community organisations have experienced an increase in the availability of tools and resources for outcomes measurement.

Table 2: Methods for measuring outcomes, by frequency of use, by year, percent

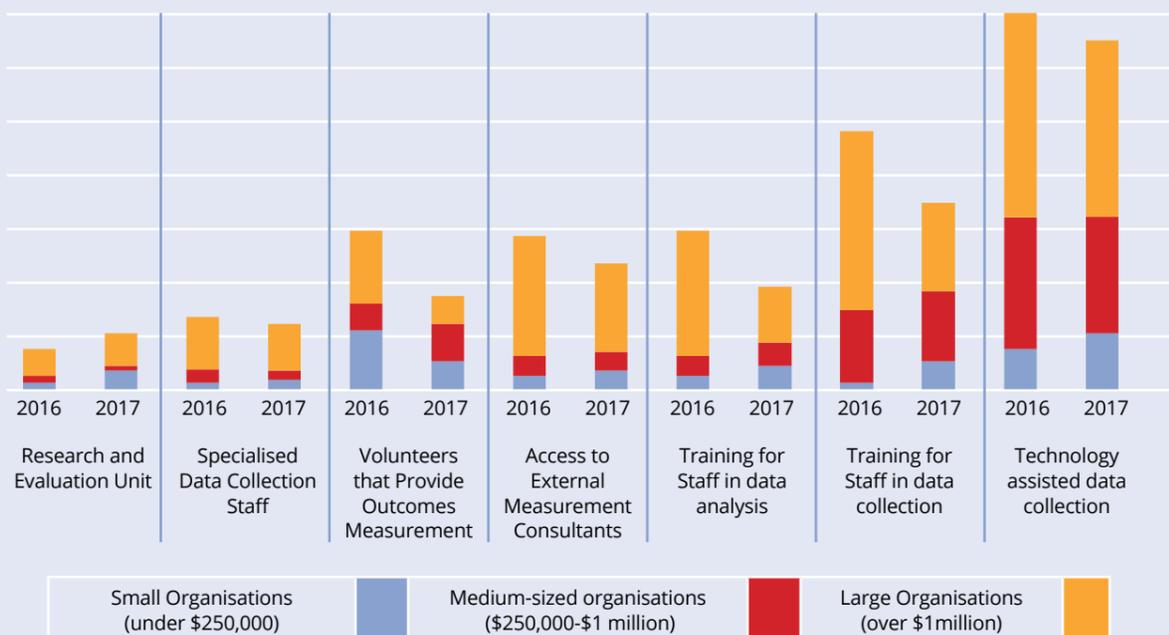
	Never		Less than once per year		More than once per year	
	2016	2017	2016	2017	2016	2017
Longitudinal Questionnaires	57.1%	54.3%	28.6%	35.2%	14.3%	10.5%
Standardised sector tools that assess change	48.7%	42.6%	26.1%	24.7%	25.2%	32.7%
Valuation data	50.4%	40.7%	31.1%	32.7%	18.5%	26.5%
Secondary data held by other organisations	42.9%	50.6%	31.1%	29.6%	26.1%	19.8%
Standardised Questionnaires	36.1%	32.7%	26.9%	35.2%	37.0%	32.1%
Standardised government or funder tools	35.3%	42.6%	21.0%	24.7%	43.7%	32.7%
Questionnaires designed by our organisation	22.7%	24.7%	28.6%	34.6%	48.7%	40.7%
Case studies or interviews	9.2%	19.1%	27.7%	22.8%	63.0%	58.0%
Customer or user satisfaction surveys	7.6%	17.3%	37.8%	30.2%	54.6%	52.5%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Table 2, above, compares the frequency with which a number of different data sources for outcomes measurement are used between 2016 and 2017. Overall, we see increased usage of many of these tools, particularly standardised sector tools and valuation data. Interestingly, a significantly lower number of organisations report that they use case studies or interviews and standardised government tools. This may be indicative of less financial and human resources available to organisations compared to this time last year. However, it is important to note that 58% and 33% of organisations, respectively, still report using these two tools in the past year.

The 2016 Outcomes Measurement in the Western Australian Community Sector Survey found that a relatively low number of organisations had access to resources for outcomes measurement. This has remained true for 2017, with even lower proportions of the sample reporting access to a variety of resources for outcomes measurement than in 2016. These decreases in access to resources were significant for access to specialised data collection staff, external measurement consultants, training for staff in data collection, training for staff in data analysis, training for staff in data collection, and technology assisted data collection. The only increase this year was a slight (1%), statistically insignificant increase in the percentage of the sample reporting access to a research and evaluation unit.

Figure 11: Resources for outcomes measurement, by size of organisation, by year, percent.



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Figure 11 above shows the proportion of the 2016 and 2017 samples reporting access to resources for outcomes measurement distinguished by size of organisation. As with the 2016 results, medium-sized and large organisations were significantly more likely to report access to technology-assisted data collection, training for staff in data collection and training for staff in data analysis. Large organisations together with metropolitan organisations were significantly more likely to have access to external measurement consultants; however, there were no other significant differences between metropolitan and non-metropolitan organisations in terms of access to the other resources for outcomes measurement listed.

Interestingly, despite the overall percentage of the sample with access to resources for measurement decreased for most resources, the proportion of this percentage made up by small organisations has increased for a number of the resources. For example, while the rate of access to technology assisted data collection has decreased to 31% of the overall sample (compared with 24% in 2016), in 2017, 5% of that 31% were small organisations (versus 4% in 2016). Similarly, although the overall percentage of respondents with access to training for data collection and training for data analysis decreased quite a lot this year (down 7% and 5% respectively), this decrease in access was reported only by large organisations.

To summarise: our earlier results which compared the 2016 sample findings with the 2017 sample findings without any adjustment for compositional shifts suggest that outcomes measurement practice has decreased over the past year, with only 67.5% of this year's sample reporting that they measure outcomes compared with 70% in 2016. However, 63% of large organisations, 66% of medium-sized organisations and 38% of small organisations in the 2017 sample report increased effort towards outcomes measurement in the past year. In addition, the use of many tools (such as Results Based Accountability) and data collection sources has increased relative to last year. However, when evaluating the reasons for outcomes measurement, the percentage of organisations that identified the reasons as important has decreased for almost every reason. Further, the percentage of organisations reporting that they have access to resources for outcomes measurement has decreased in 2017 relative to 2016.

The results presented above paint an interesting picture of outcomes measurement in the WA community sector. For those organisations that measure outcomes, practice is improving: the amount of effort put towards outcomes measurement is increasing, measurement is occurring across a greater proportion of activities, and more tools are being utilised. However, the evidence with respect to the prevalence of outcomes measurement is mixed; organisations are reporting that fewer resources are available for measurement and, the reasons for outcomes measurement are not considered important by as large a number of participants as last year. These findings are likely to be reflective of a constrained funding environment. The following section will explore funding for outcomes measurement in more detail.

## SECTION THREE: FUNDERS AND OUTCOMES MEASUREMENT

This section covers how outcomes measurement in the community sector in Western Australia is funded, the role of different funding sources in terms of the extent of outcomes measurement, and the level of awareness and impact of the Delivering Community Services in Partnership Policy (DCSPP). The Delivering Community Services in Partnership Policy, introduced in Western Australia in 2011, states that the WA government is to fund community services based on outcomes, which, in turn, affects applications for funding, government decisions about funding, and the reporting requirements of community organisations. However, Issue #5 revealed a low awareness among our survey respondents about the DCSPP and, consequently, relatively few organisations felt that the policy had impacted outcomes measurement.

Funding constraints, however, is a consistent theme raised by the WA community sector in our consultations and surveys. Specifically, consultations among a broad range of organisations for Issue #3 indicated that, while funders are expecting more reporting on outcomes, further resources to undertake the outcomes measurement required are often not allocated. Therefore, it is important for us to examine the role of funding and funders in outcomes measurement across the Western Australian community sector.

### Funding outcomes measurement

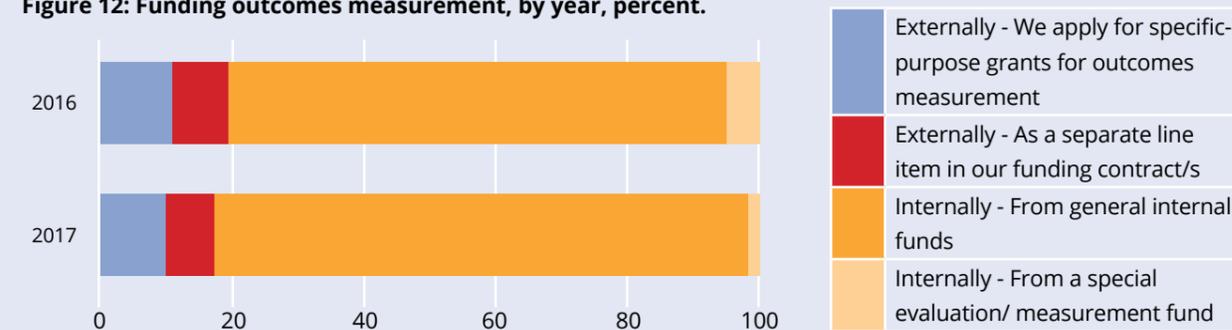
In the Outcomes Measurement in the Western Australian Community Sector Survey we asked respondents: "In general, how do you usually fund outcomes measurement?" Respondents were required to choose one from the following options:

- 1) Externally - We apply for specific purpose grants for outcomes measurement.
- 2) Externally - As a separate line item in our funding contract/s
- 3) Internally - From general internal funds
- 4) Internally - From a special evaluation/measurement fund.

Our results confirm that, from a funding perspective, outcomes measurement is still largely internally driven with 83% of organisations (2% more than 2016) indicating that outcomes measurement was usually funded internally. This year, more organisations indicated that the source of these internal funds were general funds (81% this year versus 76% in 2016), while the percentage of respondents using a specific measurement fund to finance outcomes measurement decreased from 5% in 2016 to 2% this year. These differences were not statistically significant. In addition, the proportion of respondents reporting that outcomes measurement is usually funded from separate line items in funding contracts or from grants specifically for measurement decreased 1% each to 7% and 10%. The availability of, and need for, separate grants to fund outcomes measurement reflects the resource-intensive nature of the outcomes measurement process.

These findings suggest that the onus of funding outcomes still falls heavily on community sector organisations themselves. The reduction in funding from special evaluation/measurement funds may reflect the decrease in resources available for outcomes measurement discussed in the previous section of this report (which we posit is a result of a constrained funding environment) or alternatively may reflect compositional shifts.

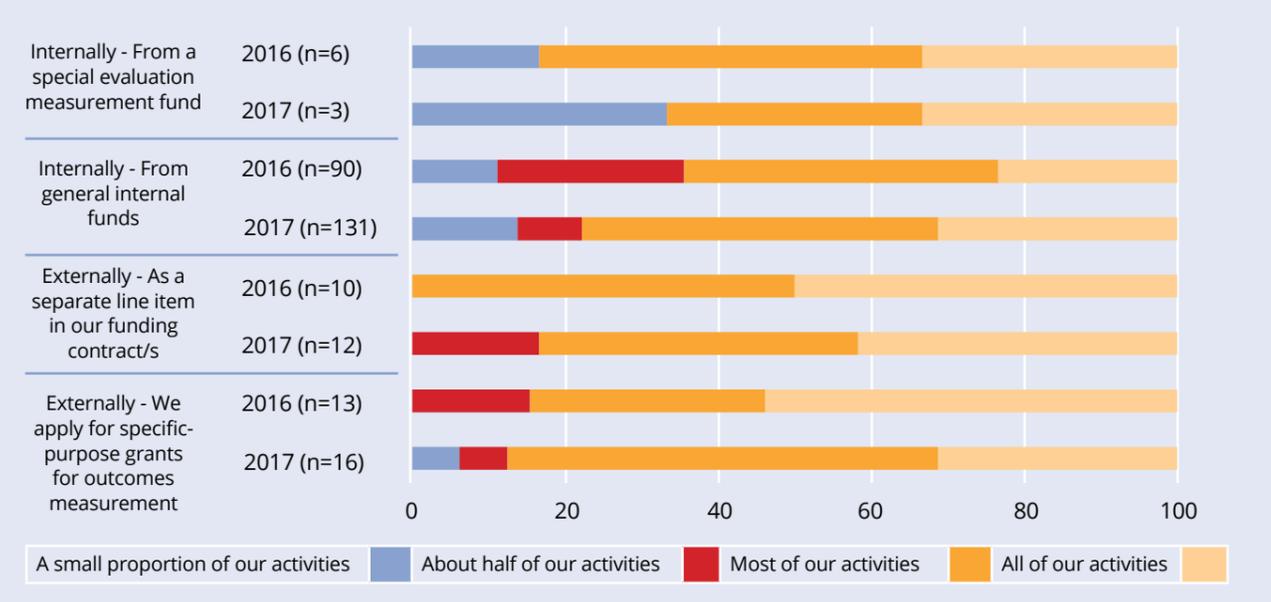
Figure 12: Funding outcomes measurement, by year, percent.



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

While the majority of outcomes measurement undertaken by organisations in the study was funded by internal sources regardless of the extent of measurement, Figure 13, below, illustrates that organisations receiving external funding for outcomes measurement were more likely to measure outcomes for all or most of their activities. Further, the proportion of respondents receiving external funds for outcomes measurement and measuring for all or most of their activities has increased (though not significantly) between 2016 and 2017 while, as expected, those relying on a special evaluation/measurement fund are less likely to measure outcomes for all or most of their activities. This presents an important argument for the external funding of outcomes measurement: not only does it ensure that outcomes measurement occurs for funded activities, the funding for outcomes measurement also builds longer term capacity for outcomes measurement in organisations over time.

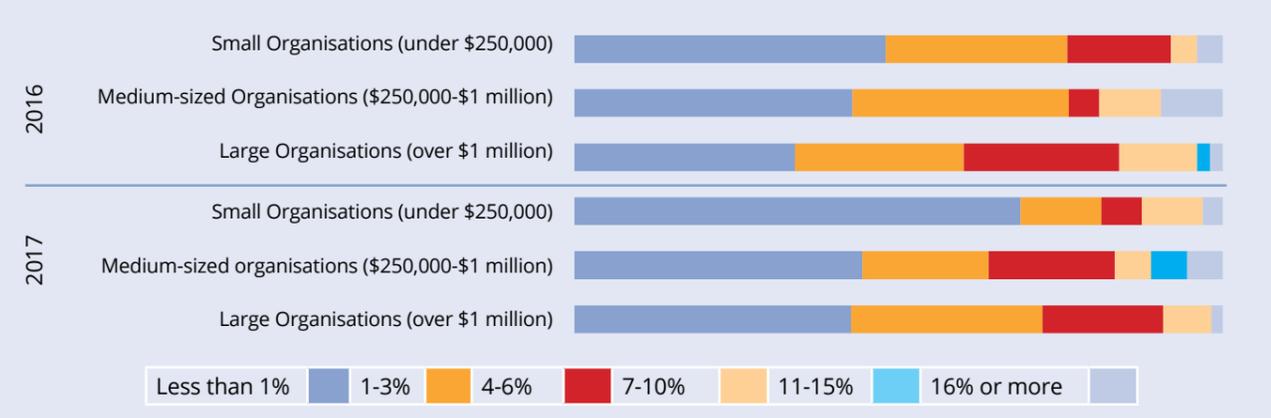
**Figure 13: Funding outcomes measurement, by the extent of outcomes measurement, by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Figure 14 outlines the proportion of organisational budget spent on outcomes measurement, by organisation size, over 2016 and 2017. The results indicate that, overall, less organisational budget is being spent on outcomes measurement in 2017 relative to last year, though this difference is not statistically significant (at the  $p < 0.05$  level) and may reflect compositional differences between the two samples. Small organisations, in particular, are more likely to be spending less than 1% of their budget on outcomes measurement compared with last year. A larger proportion of medium-sized organisations reported spending 4-6% of budget this year, while a smaller amount reported spending 1-3% of budget. However, the proportion of medium-sized organisations using 16% or more of their budget on outcomes measurement fell significantly this year, seemingly replaced by the 11-15% proportion of budget.

**Figure 14: The proportion of budget spent on outcomes measurement, by organisation size, by year, percent.**

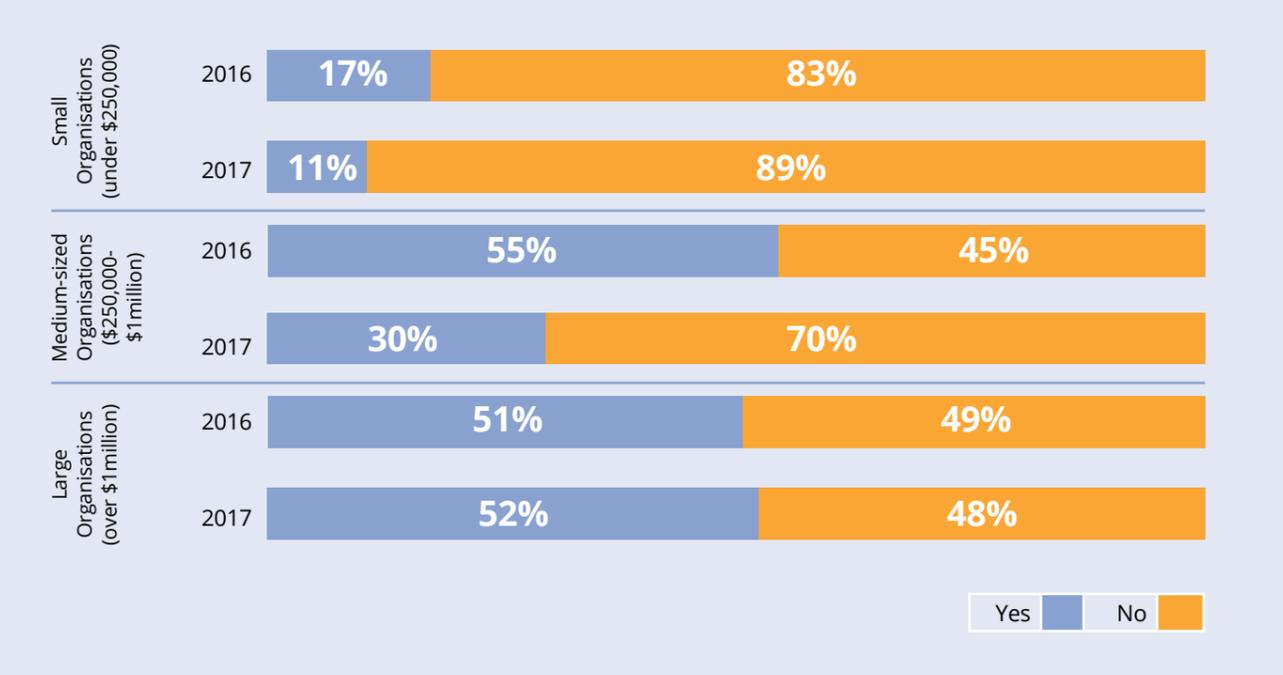


Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

## DCSPP Policy and outcomes measurement

Quite surprisingly, Issue #5 revealed that only around half of the 2016 responding organisations were aware of the Delivering Community Services in Partnership Policy (DCSPP). It also revealed a sharp organisational divide in awareness in that larger organisations were significantly more likely to be aware of the policy than small and medium-sized organisations. The 2017 results indicate that significantly fewer organisations are aware of the policy in 2017 than in 2016. In particular, only 11% of small organisations (compared with 17% in 2016) and 30% of medium-sized organisations (compared with 55% in 2016) reported awareness of the policy. In contrast, the proportion of large organisations familiar with the policy increased by 1% this year to 52%.

**Figure 15: Familiarity among organisations with the Delivering Community Services in Partnership Policy (DCSPP), by organisation size, by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Of those organisations that were aware of the DCSPP, negative or 'unsure' responses about its impact have generally increased this year, though not statistically significantly so. As an exception, 19.4% of respondents this year, compared with 7.6% last year, agreed that DCSPP has contributed to better access to data, although the proportion that disagreed with this statement also increased over 10% to 36.1%, representing a statistically significant change. However, this year, more respondents disagree that DCSPP has made outcomes measurement funding fairer; less agree that it has had a big impact on the sector; and significantly less believe DCSPP had an impact on the organisation's activities. These results may indicate disillusionment with the policy; the DCSPP was supposed to facilitate better and fairer outcomes measurement in the community sector and now, six years after implementation, community sector organisations have still not seen positive impacts.

**Table 3: The impact of the Delivering Community Services in Partnership Policy (DCSPP) on organisations' outcomes measurement, by level of agreement, by year, percent.**

	Disagree		Unsure		Agree	
	2016	2017	2016	2017	2016	2017
DCSPP has contributed to better access to data	25.8%	36.1%	66.7%	44.4%	7.6%	19.4%
DCSPP has contributed to making funding for outcomes measurement fairer	27.3%	31.9%	57.6%	50.0%	15.2%	18.1%
We contribute more in outcomes planning and design in funding contracts because of DCSPP	33.3%	20.8%	33.3%	44.4%	33.3%	34.7%
DCSPP helps our organisation focus more on outcomes	27.3%	30.6%	37.9%	40.3%	34.8%	29.2%
The DCSPP has had a big impact on the sector	12.1%	12.5%	39.4%	40.3%	48.5%	47.2%
The DCSPP has had an impact on our organisation's activities	22.7%	16.7%	27.3%	45.8%	50.0%	37.5%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.  
 Note: Percentages may not add up to 100% due to rounding.

Our results indicate that awareness of the DCSPP has decreased this year for small and medium-sized organisations, and still surprisingly remains unknown to many large organisations. Further, perceptions of the policy's impacts are even more negative or unclear in several of the areas that the policy intended to affect, such as fairer funding for outcomes measurement and a greater organisational focus on outcomes measurement.

### Outcomes measurement and the funding of community organisations

As outcomes measurement has been driven in part by funders, it is important for comparison purposes as well as a general understanding of the outcomes measurement landscape to understand the expectations of funders of community sector organisations around setting and reporting outcomes.

**Table 4: The extent to which reporting on outcomes is required, by type of funder, by year, percent.**

		Never	Rarely/ Sometimes	Often/ All of the time
Large private donations	2016 (n=18)	55.6%	33.3%	11.1%
	2017 (n=45)	24.4%	44.4%	31.1%
Federal government grants and contracts	2016 (n=65)	4.6%	29.2%	66.2%
	2017 (n=91)	11.0%	26.4%	62.6%
State government grants and contracts	2016 (n=103)	4.9%	23.3%	71.8%
	2017 (n=110)	4.5%	28.2%	67.3%
Institutional philanthropy and Foundations	2016 (n=18)	22.2%	27.8%	50.0%
	2017 (n=19)	5.3%	42.1%	52.6%
Corporate Funding	2016 (n=31)	22.6%	22.6%	54.8%
	2017 (n=23)	13.0%	26.1%	60.9%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.  
 Note: Percentages may not add up to 100% due to rounding. The values of n listed refer to the number of organisations receiving a specific source of funding.

Table 4, on the previous page, depicts the extent to which different types of funders expect reporting of outcomes, over 2016 and 2017. With the exception of federal government grants and contracts and state government grants and contracts, it appears that expectations of funders regarding outcomes reporting are increasing. Specifically, 31.1% of recipients of large private donations report that this type of funder requires outcomes reporting often or all of the time (compared with 11.1% last year), and 44.4% of recipients in 2017 reported that large private donors sometimes or rarely require outcomes reporting (compared with 33.3% last year), representing a statistically significant difference (at the p<0.05 level) in the proportion of organisations reporting that large private donors require outcomes. Similar results can be observed with respect to corporate funders, with 60.9% of recipients of corporate funding (versus 54.8% in 2016) stating that outcomes reporting is expected often/all of the time and only 13.0% (versus 22.6% in 2016) reporting that corporate funders never expect outcomes reporting.

A very positive sign, illustrated in Table 5 below, is that funding for outcomes measurement by funders is generally increasing too, although not quite commensurate with increases in funders' expectations and not at a statistically significant level. For example, in both the 2016 and 2017 samples, around two thirds of recipients of large private donations report that this type of funder never provides funding for outcomes measurement, but 6.7% (versus 0% in 2016) report that they provide funding for outcomes measurement often/all of the time. Similarly, despite the decrease in expectations of state and federal government funders, fewer respondents this year report that these funders "never" provide funding for outcomes measurement.

**Table 5: Provides funding for outcomes measurement, by type of funder, by year, percent.**

		Never	Rarely/ Sometimes	Often/ All of the time
Large private donations	2016 (n=18)	61.1%	38.9%	0.0%
	2017 (n=45)	66.7%	26.7%	6.7%
Federal government grants and contracts	2016 (n=65)	49.2%	30.8%	20.0%
	2017 (n=91)	42.9%	36.3%	20.9%
State government grants and contracts	2016 (n=103)	54.4%	27.2%	18.4%
	2017 (n=110)	43.6%	30.0%	26.4%
Institutional philanthropy and Foundations	2016 (n=18)	33.3%	44.4%	22.2%
	2017 (n=19)	36.8%	52.6%	10.5%
Corporate Funding	2016 (n=31)	51.6%	25.8%	22.6%
	2017 (n=23)	43.5%	30.4%	26.1%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.  
 Note: Percentages may not add up to 100% due to rounding.

We also asked community sector organisations about the extent to which they work with their funders to set outcomes. We found that while setting outcomes with funders happened more overall this year compared with last year, it was less likely to be a common occurrence. Specifically, for each type of funder, respondents in receipt of this type of funding were more likely to report that setting outcomes together happens rarely or sometimes, and less likely to report that it never happens or that it happens often or all of the time.

**Table 6: Extent to which funders and services work together to set outcomes, by funder type, by year, percent.**

		Never	Rarely/ Sometimes	Often/ All of the time
Large private donations	2016 (n=18)	50.0%	38.9%	11.1%
	2017 (n=45)	37.8%	48.9%	13.3%
Federal government grants and contracts	2016 (n=65)	36.9%	35.4%	27.7%
	2017 (n=91)	26.4%	48.4%	25.3%
State government grants and contracts	2016 (n=103)	18.4%	44.7%	36.9%
	2017 (n=110)	17.3%	48.2%	34.5%
Institutional philanthropy and Foundations	2016 (n=18)	27.8%	38.9%	33.3%
	2017 (n=19)	26.3%	47.4%	26.3%
Corporate Funding	2016 (n=31)	32.3%	25.8%	41.9%
	2017 (n=23)	21.7%	34.8%	43.5%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.  
Note: Percentages may not add up to 100% due to rounding.

Table 7 outlines the extent to which milestone payments are contingent on achievement of outcomes for each funder type, by year. Aside from federal government grants and contracts, milestone payments are generally more common amongst funders this year though, once again, they have decreased in terms of frequency. For example, only 26.1% of recipients of corporate funding this year (compared with 51.6% last year) report that their funding has milestone payments contingent on achievement of outcomes often/all of the time but 43.5% (versus 19.4%) report milestone payments contingent on outcomes occur rarely or sometimes. Similar results are seen for institutional philanthropy and foundations, while results for state government grants and contracts and large private donations are quite similar over 2016 and 2017.

**Table 7: Extent to which milestone funding payments contingent on achievement of outcomes, by funder type, by year, percent.**

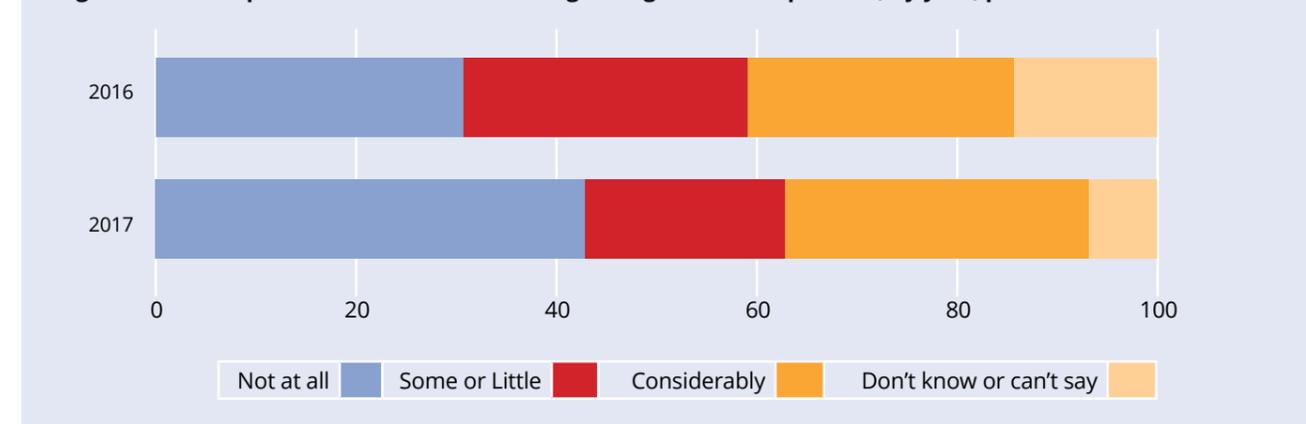
		Never	Rarely/ Sometimes	Often/ All of the time
Large private donations	2016 (n=18)	55.6%	27.8%	16.7%
	2017 (n=45)	53.3%	28.9%	17.8%
Federal government grants and contracts	2016 (n=65)	24.6%	32.3%	43.1%
	2017 (n=91)	31.9%	26.4%	41.8%
State government grants and contracts	2016 (n=103)	29.1%	31.1%	39.8%
	2017 (n=110)	25.5%	31.8%	42.7%
Institutional philanthropy and Foundations	2016 (n=18)	27.8%	33.3%	38.9%
	2017 (n=19)	26.3%	47.4%	26.3%
Corporate Funding	2016 (n=31)	29.0%	19.4%	51.6%
	2017 (n=23)	30.4%	43.5%	26.1%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.  
Note: Percentages may not add up to 100% due to rounding.

Finally, we examine the impact of individualised funding on organisational practice over the two years. Individualised funding, such as the funding provided through the National Disability Insurance Scheme, provides funding for individual clients or consumers rather than grants to organisations. We anticipated that individualised funding would impact on organisations' practice; however, the results over both years indicate that this is not the case. The proportion of respondents that report that individualised funding has not impacted on their practice at all has increased from 30.8% last year to 42.9% this year, though the proportion that report that it has impacted their outcomes measurement practice considerably has increased from 26.6% to 30.4%.

Perhaps most interestingly, the proportion of respondents that report they don't know or can't say what the impact of individualised funding is on practice has decreased dramatically from 14.2% to 6.7%. This indicates that the effect of individualised funding is becoming more known, but that its effect on practice is not significant. Alternatively, this year's sample may not be as affected by individualised funding as last year's.

**Figure 16: The impact of individualised funding on organisational practice, by year, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

In summary, the outcomes measurement landscape in Western Australia is changing. Funders are increasingly expecting outcomes to be reported and setting milestone payments that are contingent on outcome achievement. In addition, funders are generally providing funding for outcomes and setting outcomes with community organisations more, but these are less likely to be common occurrences. This creates something of a paradox; community organisations may be measuring outcomes well on the limited occasions that funders provide resources for and are involved with the outcomes measurement process, but generally community organisations have access to fewer non-financial resources and are able to allocate a lower proportion of their financial resources to it than our sample last year. This indicates that we still have a way to go in terms of providing consistent, long-lasting support to community organisations in setting and measuring their outcomes.

## SECTION FOUR: BARRIERS TO OUTCOMES MEASUREMENT

An understanding of the negative sentiments about and barriers to outcomes measurement is critical to improving outcomes measurement practice in the Western Australian community sector. This is particularly relevant in light of the lower prevalence of outcomes measurement reported amongst this year's sample compared with last year's. The next section will compare the extent to which respondents in both years' Outcomes Measurement in the Western Australian Community Sector Survey agreed with statements about outcomes measurement, as well as the extent to which they experienced barriers to outcomes measurement.

### Sentiments About Outcomes Measurement

In order to assess how respondents feel about the value of outcomes measurement, we asked them to indicate their level of agreement with the following statements:

- The public isn't interested in our organisation measuring outcomes
- You don't need outcomes measurement to know that you're approach is working
- Outcomes measurement takes away resources that could be better spent elsewhere
- Data collection interferes with our relationships with clients

Table 8, below, compares the proportion of organisations in each size category that ‘agree’, ‘neither agree nor disagree’ and ‘disagree’ with each of the aforementioned statements, in 2016 and 2017. The results indicate differences between organisations of different sizes. For example, fewer small organisations felt that the public wasn’t interested in them measuring outcomes (31.9% in 2017 versus 46.0% in 2016), while more medium-sized (28.1% in 2017 versus 15.2% in 2016) and large organisations (22.0% in 2017 versus 13.7% in 2016) believe that the public isn’t interested in them measuring outcomes. Fewer small and medium-sized organisations in 2017 agreed that they don’t need outcomes measurement to know their approach is working (Small 2016: 30.2%; 2017: 20.2%. Medium 2016: 12.1%; 2017: 10.9%), though medium-sized organisations also agreed more that outcomes measurement takes away resources that could better be spent elsewhere. Finally, less small and medium-sized organisations reported that data collection interferes with their relationships with clients, but more large organisations indicated that it did.

In summary, it appears that overall, small organisations’ sentiments about outcomes measurement are improving whilst large organisations this year feel more negative than last year’s sample. Medium-sized organisations reported mixed results: a greater proportion of this year’s sample agreed that the public isn’t interested in them measuring outcomes and that outcomes measurement takes away resources that could be better spent elsewhere. However, a smaller proportion of this year’s medium-sized organisations agreed that you don’t need outcomes measurement to know that you’re approach is working and that data collection interferes with client relationships. However, it is important to note that a larger proportion of all sized organisations indicated that they were unsure (neither agree nor disagree) with many of the statements in 2017 versus 2016.

### Barriers to Outcomes Measurement

We also asked respondents to indicate how significant a range of barriers to outcomes measurement were for their organisations. Overall, fewer organisations reported that each of the barriers to outcomes measurement are ‘big barriers’ for them. In particular, while 8.9% of organisations in the 2016 sample reported that lack of funding or access to resources was not a barrier, this percentage increased to 16.7%. However, the proportion of organisations that perceived it as a small barrier increased from 27.8% in 2016 to 32.5%. Participation of clients/beneficiaries was reported as a small barrier for a greater proportion of this year’s sample (45.0% versus 36.1% in 2016) and fewer organisations perceived it as ‘not a barrier’ (34.6% versus 39.6%).

**Table 8: Sentiments about outcomes measurement, by organisational size, by year, percent.**

		The public isn’t interested in our organisation measuring outcomes		You don’t need outcomes measurement to know that you’re approach is working		Outcomes measurement takes away resources that could be better spent elsewhere		Data collection interferes with our relationships with clients	
		2016	2017	2016	2017	2016	2017	2016	2017
Small	Disagree	14.3%	29.8%	39.7%	39.4%	22.2%	29.8%	34.9%	37.2%
	Neither Agree nor Disagree	39.7%	38.3%	30.2%	40.4%	47.6%	50.0%	44.4%	50.0%
	Agree	46.0%	31.9%	30.2%	20.2%	30.2%	20.2%	20.6%	12.8%
Medium	Disagree	51.5%	32.8%	66.7%	53.1%	63.6%	42.2%	54.5%	42.2%
	Neither Agree nor Disagree	33.3%	39.1%	21.2%	35.9%	30.3%	39.1%	27.3%	42.2%
	Agree	15.2%	28.1%	12.1%	10.9%	6.1%	18.8%	18.2%	15.6%
Large	Disagree	60.3%	45.1%	79.5%	59.8%	63.0%	52.4%	67.1%	59.8%
	Neither Agree nor Disagree	26.0%	32.9%	6.8%	26.8%	27.4%	30.5%	26.0%	24.4%
	Agree	13.7%	22.0%	13.7%	13.4%	9.6%	17.1%	6.8%	15.9%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

**Table 9: Barriers to outcomes measurement, by year, percent.**

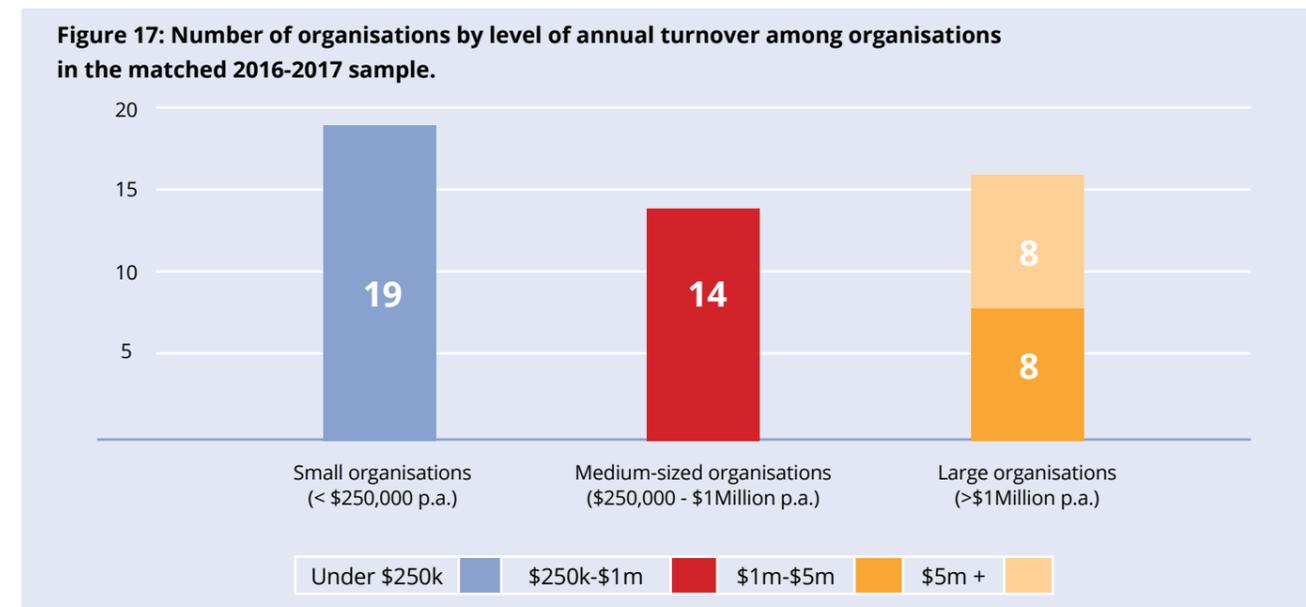
	Not a barrier		Small barrier		Big Barrier	
	2016	2017	2016	2017	2016	2017
Lack of funding or access to resources	8.9%	16.7%	27.8%	32.5%	63.3%	50.8%
Client, service and funder diversity	35.5%	37.9%	38.5%	42.5%	26.0%	19.6%
Support and enlistment of all staff	34.9%	40.0%	45.6%	42.1%	19.5%	17.9%
Participation of clients/beneficiaries	39.6%	34.6%	36.1%	45.0%	24.3%	20.4%
Lack of interest or support from board/senior management	68.6%	64.2%	20.1%	25.8%	11.2%	10.0%
Lack of established methodology or tool	28.4%	31.7%	36.7%	36.7%	34.9%	31.7%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Overall, the 2017 sample perceived fewer barriers to outcomes measurement and, in particular, are less likely to perceive a barrier as a major barrier. Sentiments about outcomes measurement are becoming more positive in smaller organisations but less positive in larger organisations. This may be indicative of the increased focus on capacity building in smaller community sector organisations and the increased pressure on larger organisations’ funding.

## SECTION FIVE: LONGITUDINAL ANALYSIS

In the 2017 sample, 49 of 240 respondents also completed the survey in 2016. We were able to match these responses with their responses from the previous year and examine how their outcomes measurement practices had changed over the last 12 months.



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

As can be seen in Figure 17, the matched sample captured a good distribution of small, medium and large organisations, based on the ACNC annual turnover categories. There was also a fairly even distribution of metropolitan and non-metropolitan-based organisations in the matched sample. Organisations that operated solely in regional WA were well represented in the matched sample, making up 37% of all organisations. Table 10 shows the number of organisations and their regions of operation in WA.

**Table 10: Number of organisations by region of operation among organisations in the matched 2016-2017 sample.**

Operates in Perth Metropolitan Area Only	Operates in Perth Metropolitan Area and Regional Western Australia	Operates in Regional Western Australia Only
<b>13</b>	<b>16</b>	<b>18</b>

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

## Understanding of Outcomes

Table 11 compares the degree to which organisations agreed with the statement “Our organisation understands its outcomes well” in 2017 with how they responded in 2016. The proportion of organisations that reported that they agreed with statement that they understood their outcomes well decreased from 80% in 2016 to 69% in 2017. Interestingly, no respondents from the matched sample disagreed with the statement in 2016, although 6% did in 2017. This decrease in understanding of outcomes may reflect the pattern of learning in the sector; as community sector organisations’ outcomes measurement practice matures, they may realise they don’t actually understand their own outcomes as well as they thought they did when beginning their outcomes measurement journey.

**Table 11: Understanding of outcomes, among organisations in the matched 2016-2017 sample, percent.**

			2016			Total
			Our organisation understands its outcomes well			
			Disagree	Unsure	Agree	
2017	Our organisation understands its outcomes well	Disagree	0.0%	4.1%	2.0%	<b>6.1%</b>
		Unsure	0.0%	12.2%	12.2%	<b>24.5%</b>
		Agree	0.0%	4.1%	65.3%	<b>69.4%</b>
Total			<b>0.0%</b>	<b>20.4%</b>	<b>79.6%</b>	<b>100.0%</b>

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

## Outcomes Measurement

Overall, 69% of organisations in the matched sample reported measuring their outcomes to some extent in the 2017 survey, compared to 76% in 2016. Table 12 compares the extent to which organisations measure their outcomes in 2017 with the extent of measurement reported in the 2016 survey. Despite being statistically significant, there was only a slight difference in the proportions of those who measured outcomes for all their activities, as very few stopped measuring completely. The main differences were seen where organisations changed the level of outcomes measurement from most to half of their activities. As with the main sample, this is indicative of fewer resources, particularly financial resources, available for outcomes measurement in 2017 relative to 2016.

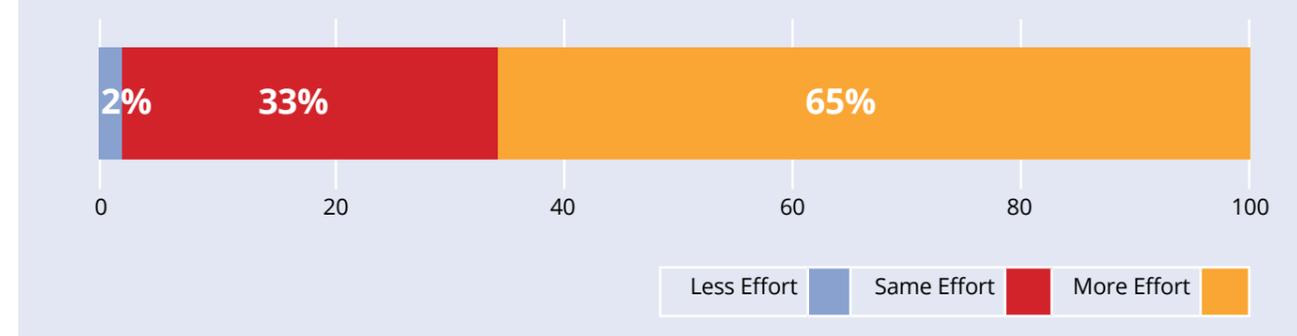
**Table 12: Extent of outcomes measurement among organisations in the matched 2016-2017 sample, percent.**

		2016				Total
		We do not measure outcomes	We measure outcomes for about half of our activities or less	We measure outcomes for most of our activities	We measure outcomes for all of our activities	
2017	We do not measure outcomes	20.4%	6.1%	2.0%	2.0%	<b>30.6%</b>
	We measure outcomes for about half of our activities or less	2.0%	10.2%	10.2%	4.1%	<b>26.5%</b>
	We measure outcomes for most of our activities	0.0%	4.1%	14.3%	4.1%	<b>22.4%</b>
	We measure outcomes for all of our activities	2.0%	4.1%	2.0%	12.2%	<b>20.4%</b>
Total		<b>24.5%</b>	<b>24.5%</b>	<b>28.6%</b>	<b>22.4%</b>	<b>100.0%</b>

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Despite the decrease in the proportion of the matched sample that measure all or most of their outcomes, 65% of organisations reported that their level of effort towards outcomes measurement had increased over the last 12 months (see Figure 18). This is interesting and may suggest that when organisations measure they do so more intensively than before.

**Figure 18: Change in effort towards outcomes measurement in the past year among organisations in the matched 2016-2017 sample, percent.**



Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Table 13 combines the results from two questions in the Survey 1) whether organisations measured their outcomes at all and 2) how well organisations believed they measured their outcomes. Findings were compared for the same community sector organisations across the two years of the study. As evident from Table 13, across the two years, the majority of organisations stayed in the same 'cell location' with respect to their perception of the strength of outcomes measurement. For example, 20.4% of the matched sample did not measure outcomes in both years, 26.5% in both years agreed with a statement that they measured their outcomes well, and a further 16.2% of the matched sample were in the 'disagree' and 'unsure' response categories in both years.

One of the important shifts that did occur between the two years in the matched sample was the higher proportion of organisations in 2017 that did not measure their outcomes (30.6%) as compared with 2016 (24.5%). A further adverse shift that occurred was a drop in the proportion of community sector organisations that reported that they believed that they measured their outcomes well: In 2017, 33% of the matched sample agreed that their organisation measured outcomes well compared to 39% in 2016.

**Table 13: Quality of measurement, among organisations in the matched 2016-2017 sample, percent.**

		2016				Total	
		Did not measure outcomes	Our organisation measures its outcomes well				
			Disagree	Unsure	Agree		
2017	Does not measure outcomes	20.4%	4.1%	2.0%	4.1%	30.6%	
	Our organisation measures its outcomes well	Disagree	2.0%	8.2%	6.1%	2.0%	18.4%
		Unsure	2.0%	2.0%	8.2%	6.1%	18.4%
		Agree	0.0%	0.0%	6.1%	26.5%	32.7%
Total		24.5%	14.3%	22.4%	38.8%	100.0%	

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

Overall, organisations reported an increased effort outcomes measurement over the previous 12 months, although the extent of outcomes measurement and their confidence in the quality of their outcomes measurement decreased.

## Funding Outcomes Measurement

Table 14, below, identifies sources of funding for outcomes measurement in the matched longitudinal sample. As with the main sample, the majority of the longitudinal sample (55.1%) report that funding for outcomes measurement is sourced from general internal funds. Finally, in Table 15 we present findings on knowledge of the DCSPP for the matched longitudinal sample. Less than half of the longitudinal sample (46.7%) are familiar with the DCSPP, a slight increase from last year (44.9%). Only 4.1% of the matched sample appears to have learned about the DCSPP in the last 12 months, as in 2016 they reported that they were not familiar with policy.

**Table 14: Funding of outcomes measurement, among organisations in the matched 2016-2017 sample, percent.**

		2016				Total	
		Did not measure outcomes in 2016	In general, how do you usually fund outcomes measurement?				
			Externally - We apply for specific-purpose grants for outcomes measurement	Externally - As a separate line item in our funding contract/s	Internally - From general internal funds		Internally - From a special evaluation/ measurement fund
Did not measure outcomes in 2017		20.4%	2.0%	0.0%	8.2%	0.0%	30.6%
In general, how do you usually fund outcomes measurement? 2017	Externally - We apply for specific-purpose grants for outcomes measurement	0.0%	2.0%	2.0%	2.0%	2.0%	8.2%
	Externally - As a separate line item in our funding contract/s	0.0%	0.0%	2.0%	2.0%	0.0%	4.1%
	Internally - From general internal funds	4.1%	4.1%	2.0%	38.8%	6.1%	55.1%
	Internally - From a special evaluation/ measurement fund	0.0%	2.0%	0.0%	0.0%	0.0%	2.0%
Total		24.5%	10.2%	6.1%	51.0%	8.2%	100.0%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

**Table 15: Familiarity with Delivering Community Services in Partnership Policy (DCSPP), among organisations in the matched 2016-2017 sample, percent.**

		2016		Total
		Was not familiar with the DCSPP	Was familiar with the DCSPP	
2017	No, I am not familiar with DCSPP	51.0%	2.0%	53.1%
	Yes, I am familiar with the DCSPP	4.1%	42.9%	46.9%
Total		55.1%	44.9%	100.0%

Source: Centre for Social Impact, UWA Outcomes Measurement in the Western Australian Community Sector Survey.

## NEXT STEPS

This study sheds light on outcomes measurement practices across the Western Australian community sector. We find that prevalence of outcomes measurement is actually lower in this year's sample than last year's with increased funding constraints in a depressed Western Australian economy over the last year impacting adversely on small and medium-sized organisations ability to undertake measurement of outcomes. Despite this, for those community sector organisations that do measure outcomes, outcomes measurement practice is improving. Specifically, we find that this year's organisations report greater effort being put towards outcomes measurement in the past year, greater use of tools for outcomes measurement, and less perceived barriers to outcomes measurement.

However, access to resources for outcomes measurement remains problematic. The onus in terms of funding for outcomes measurement still falls overwhelmingly to internal organisational funds as opposed to specific line items on measurement and evaluation in grant and contract funding, and very few organisations (particularly small and medium-sized organisations) report access to resources such as training for staff in data collection or data analysis, technology-assisted data collection and specialised data collection staff.

We also conducted analyses matching respondent answers in the 2017 survey with their answers to the 2016 survey, in order to track progress on outcomes measurement over time. We find that, despite the sample generally reporting greater effort towards outcomes, one fifth of our matched longitudinal sample still does not measure outcomes and there was indeed a slight rise in the number of organisations reporting that they did not measure outcomes in 2017. In addition, fewer organisations believe they understand or measure their outcomes well. As with the overall sample, we find that the majority of the longitudinal sample fund outcomes from general internal funds.

Our findings reinforce the need for action across the five themes we referred to at the beginning of the report; namely, funding, data, standardisation, and capacity building. We set out our ten key recommendations below. For our part, we at the CSI UWA and the Bankwest Foundation are developing a guide to assist community sector organisations measure and report on their outcomes as well as advocating around the ten point set of recommendations.

## Recommendations to Improve Outcomes Measurement Practice in the WA Community Sector

### 1. Full funding for outcomes measurement in contracts

There is general acknowledgement that outcomes measurement is both important and resource-intensive, yet outcomes measurement is still overwhelmingly funded from general internal funds.

### 2. Capacity and infrastructure for data collection and reporting

Very low numbers of responding organisations report access to resources for outcomes measurement, such as training for staff and technology-assisted data collection. If outcomes measurement practice is to improve, human capital development is required.

### 3. Sharing best practice

The negative sentiment about the sector's understanding of outcomes indicate a continuing need for a space for organisations to safely share best practice to ensure that community sector organisations know what each other are doing and can learn.

### 4. Guidance on using tools and methods

We have seen increases in the use of common tools and methods for outcomes measurement design and practice. Small and medium-sized organisations in particular require more support in terms of guidance on using tools and resources.

### 5. Greater recognition of client/consumer outcomes in funding contracts

An overarching goal of the community sector is to deliver benefit to their clients and/or consumers, therefore it is essential that client outcomes are balanced with funder needs in funding contracts.

### 6. Standard language and concepts

It is difficult to establish best outcomes measurement practice when different organisations and funders are measuring the same things in different ways or using particular jargon and lingo.

### 7. Eliminating differences in reporting between funders

Our ongoing consultation with community sector organisations supports the common view that reporting requirements between funders (even within the same sector) differ greatly, creating substantial administrative burden and perpetuating the siloes that exist in the effort to create public benefit.

### 8. Collaborative projects with shared outcomes

The prevalence of shared measurement is still very low. Shared measurement represents an excellent opportunity to ensure funders and collaborating organisations can measure their collective impact and meaningfully measure the difference they're making.

### 9. Open data from government

Government is a major holder of data that could inform community sector organisations' outcomes measurement practice. While privacy must remain paramount, openness around the nature and availability of this data would allow community organisations to consider existing data when designing outcomes measurement, and reduce the time burden of consulting with government departments individually about the data they hold.

### 10. Increase external reporting requirements of outcomes

To create a culture of outcomes measurement, community sector charities should take the initiative to publicly report outcomes in organisation documents such as newsletters and annual reports or separate outcomes reports. Outcomes should feed into strategic planning.

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##### #1 - March 2015

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**#6 – October 2016**

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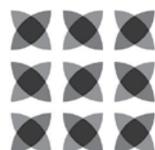
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