The Impact of Outcome-Based Assessment on Microenterprise Programs

by Margaret A. Johnson
Umasundari Akella
and Julie Lalande

ABSTRACT: The changing environment in the nonprofit sector has subjected microenterprise programs to a new paradigm that emphasizes rationality principles. These principles ask practitioners to increase their outcomes while minimizing costs and to demonstrate that they are doing so with outcome-assessment measurements. This paper presents a case study of what happened to 11 microenterprise programs that adopted outcome assessment. Factors affecting the adoption of outcome assessment were changing norms in the nonprofit sector, demands from state legislators for information on program outcomes, and mandates from funders. A funding formula was implemented; program responses included going along, adopting practices to fit the formula, embracing outcome assessment as a way towards program improvement, and possibly eliminating ineffective programs. Unintended consequences and ways to avoid them are discussed.

What is the impact of an increasingly rationalized, fiscally conservative environment on community-development programs that target low income residents? In the United States, more and more not-for-profit microenterprise programs struggle with stakeholders in justifying their expenditures. The struggle begins with a dilemma over the mission of microenterprise programs. Various stakeholders, such as funding agencies and legislators, often view microenterprise programs as economic-development programs that are low-cost lending programs that should be able to use loan repayments to cover expenses. Service providers that serve poor and low income populations often design microenterprise programs that use a holistic approach to meet the complex needs of their poor and low income clients. These programs have expenses typical of other job-training programs. The contrasting views of the programs can strain budget-allocation decisions. These tensions have intensified with changes in the funding environment for social services. These changes include asking social service agencies to do more with less and to demonstrate that they are doing so by adopting outcome-assessment measurements. How do these tensions become resolved, and what are their effects on microenterprise programs?

This paper presents a case study of the negotiation process between a state funding agency and the 11 private, not-for-profit microenterprise programs for which it provided limited administrative support. (These microenterprise programs were one of several programs, each housed within 11 social service agencies that had a broad mandate to provide social services to poor and low-income residents.) The case study examines the pressures faced by both the state funding agency and the program staff to reduce their budgets and demonstrate program success. The case study was guided by the social science concepts of institutional isomorphism and resource

Ms. Johnson is an assistant professor in the Department of Sociology at Oklahoma State University. Ms. Akella is a doctoral candidate at the State University of New York-Stonybrook. Ms. Lalande is a doctoral candidate at York University in Toronto.

dependency. Data included participant-observation at quarterly meetings for three years, review of organizational records and program history, and in-depth interviews with key members of the state funding agency and the directors of the 11 microenterprise programs.

Institutional Isomorphism and Resource Dependency

Institutional analysis focuses on the way organizations mirror and incorporate the norms and standards of their environment (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Scott & Meyer, 1994). Organizational change is seen as a response to shifts in the ideology, professional standards, and cultural norms of the field or sector in which an organization is situated. Institutional isomorphism predicts that organizations within an organizational field will become more similar to each other over time as they respond to pressures from others in their field to adopt fieldwide norms and policies (DiMaggio & Powell, 1983). In addition, institutional isomorphism combines with resource dependency issues to predict that organizations that are dependent on a single source of support for resources will have higher levels of isomorphism, and more specifically, that the more an organization interacts with the state, the greater the extent of isomorphism (Powell & DiMaggio, 1991). These concepts inform the analysis of this case study because (1) a key, external pressure on the microenterprise programs was the trend in the non-profit sector toward use of outcome-based assessment, and (2) the rate at which the microenterprise programs adopted these practices was directly impacted by their reliance on state and federal funding that mandated outcome-assessment measurement.

Below is a discussion of key changes in the nonprofit sector that have affected microenterprise programs in the United States and worldwide. This section is followed by background information on this case study.

Movement Towards Outcome-Assessment in the Nonprofit Sector

Social service delivery in the nonprofit sector has undergone tremendous change, and two elements are of particular note here. One is a paradigm shift among program funders and social service providers to focus on outcomes of social service delivery, rather than the services provided. Many funders and organizations, such as the United Way, are making funding contingent on the ability of social service agencies to demonstrate the impact of their programs on clients and the community. The key idea behind this movement is the goal to use social services to empower people to change the circumstances of their lives, rather than to provide services as crises occur.

Related to this paradigm shift is a general rationalization movement, and more specifically, application of business principles to nonprofit practices. While nonprofit and business practices have always overlapped, the application of the business model to the nonprofit sector was previously viewed as limited, since the sectors were seen as having very different goals. Now the principle of rationalization is being applied to the nonprofit sector with the same vigor as the business world. In the private sector, rationalization, an ultimate goal, refers to minimizing costs while maximizing profit. In the ideal model, all policies, procedures, and activities are conducted with this principle in mind. For the nonprofit sector, the principle of rationalization is applied with a slight twist. Here the goal is minimizing costs while maximizing outcomes. The movement towards outcome measurement provides the tool to measure the degree of rationalization. In these terms, microenterprise programs that demonstrate a high degree of rationality also have the highest effectiveness ratings.

This new paradigm, which emphasizes rationality and outcomes coupled with development of outcome-assessment measurements, manifests itself acutely in microcredit programs. Microcredit programs more closely resemble a business model when compared to other social service programs. Microcredit programs make loans; banks also make loans. Rightly or wrongly, program funders and other stakeholders make these comparisons when designing, administering, and evaluating microcredit programs. Moreover, from the beginning, microcredit programs were not typical social service delivery programs. The principle of institutional isomorphism suggests that as outcome-based assessment and rationalization principles become widespread in the nonprofit sector, microcredit programs will be pressured to adopt them as well. The discussion below provides evidence of the development of outcome-based assessment for microenterprise programs.

In the United States, the MICROTEST project is an excellent example of the movement toward outcome-assessment measurement. MICROTEST is a “working group of microenterprise practitioners and researchers that . . . have a long-term mission to improve the quality of microenterprise services and the stability of microenterprise organizations over time by perfecting and promoting the use of measures to regularly measure performance” (quoted from MICROTEST literature). MICROTEST is incorporated into FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination), which describes itself as a research and development fund that "seeks to identify and support promising models for microenterprise development . . . and to document the strengths, weaknesses, and costs of these different institutional models" (FIELD 1999 Request for Applications). Programs that receive FIELD funding must agree to use MICROTEST and its standardized performance measures to track performance across the different participating programs.

On a global level, Planet Finance is promoting the Impact Knowledge Management (IKM) program, a standardized assessment tool developed for use all over the world to evaluate the social and economic impact of microfinance institutions on their clients and to evaluate the microfinance institutions' abilities to target poor clients (Planet Finance n.d., Section 1.1). IKM aims to improve the effectiveness of microcredit programs by measuring the impact of the programs on clients and on reducing poverty.

The microcredit programs of this case study received Community Services Block Grant (CSBG) funding. All programs receiving CSBG funding were placed under a mandate to implement Results Oriented Management and Accountability (ROMA). The emphasis of this evaluation program was to have agencies measure outcomes of individuals, communities, and neighborhoods rather than the services provided. For example, this approach has agencies ask how this program changed people's lives, as opposed to how many people were served.

The CSBG Task Force on Monitor and Assessment believes that monitoring and assessing community services programs should focus on the results they achieve for their customers: low-income people. These results should be directly connected to the goals and objectives of the program.

What is Going on Here?

Times are changing. Federal and state programs are being asked to do more with less. To compete successfully for declining resources, programs must be able to demonstrate that they can deliver the greatest impact for the least cost (National CSBG Monitoring and Assessment Task Force, 1996).

The language of the task force well illustrates the paradigm shift. Use of the business model is apparent in referring to clients as customers, while the rationalization process is evident in the linking of goals to results and emphasizing doing more with less.

MICROTEST, IKM, and ROMA are three examples of evaluations that impact microenterprise programs. They each embody rationalization principles, although to varying degrees. They are rationalized in the sense that the evaluation procedures specifically link program goals with program outcomes, and these program outcomes are linked to comparisons of other programs and funding. It certainly is not a new phenomenon for program evaluation to be concerned with whether or not an organization has met its goals. In fact, a general principle of evaluation is to ask, “Did the organization accomplish its goals?” The difference here is the emphasis placed on standardized measures for purposes of comparing programs and allocating funds. Both MICROTEST and IKM have explicit goals to design standardized measures so that programs can be compared. This is evident in a FIELD request for applications that states, “Grantees must also agree to participate in MICROTEST in order to track performance consistently across programs.” Planet Finance literature outlines a standardized IKM rating. “Every [microfinance institution] will be evaluated separately using the same framework” (Planet Finance, n.d., Section VI). This evaluation will result in a standardized IKM rating. While data collected using the IKM framework or MICROTEST could be used by funding agencies to inform their decision making, the programs are not currently linked to funding allocations. In contrast, ROMA is structured to allow practitioners to choose their outcomes, but it forces the rationality principle by mandating outcome measurements and linking them to funding. The preference is for rationalized outcome measurements—measurements that specify dollar cost per outcome, e.g., administrative expenses per loan made.

For social service agencies, funding and outcome-assessment measurements have become more closely linked. This linking is amplified by a fiscally conservative environment that asks agencies to do more with less. This is the environment in which the 11 microenterprise programs of this case study found themselves.

Description of the Case Study

The Entrepreneurship and Training Program (ETP) was started in a midwestern state in 1989, placing it among the first microenterprise programs in the United States. In 1997 ETP added four programs for a total of 11 programs that served the entire state. In addition, during this study, two of the older programs were operating with new directors. The administrative budget for the programs ranged from approximately US$25,000 to US$35,000. The ETP programs were housed within social service agencies that provided a broad range of services (e.g., weatherization, child care, job training, transportation programs, emergency food assistance) to low-income residents. The microenterprise programs served clientele that were within 125% of the federal poverty line and that wanted to start or expand a small business. The program provided intensive training, lending, and on-going mentoring during business start-up and expansion. In most counties, it was the only program providing these services to low-income residents.

For three years, the principal investigator attended ETP quarterly meetings, conducted pro bono training sessions, and provided ad hoc support and consultation to the ETP programs. During this time, a conflict was building between the state agency that provided the administrative funds and the service providers. The state agency was dissatisfied with the number of loans that were made, and the service providers were concerned about the level of funding and the way that they were being evaluated. More specifically, the funding agency felt the program was having only limited success because of the small number of loans it made per administrative dollar spent. In contrast, the social service providers argued that they spent a great deal of time on training and mentoring, yet they felt that the funding agency did not value this work. The service providers argued that their clients benefited from the training even if they decided not to start a business or take out an ETP loan. At that time, the ETP program was evaluated primarily on these measures: the number receiving services, the number of loans made, the repayment rates, the default rates, the number of business/jobs created, and the dollar cost per job created.

During this conflict, the federal agency that was the original source of the funds mandated new evaluation procedures for all programs that received CSBGs. As mentioned, this new evaluation program, called ROMA (Results Oriented Management Assessment), called for agencies to demonstrate how their programs improved people’s lives and communities.

It was in this context that the principal investigator was brought in more formally and under contract to help them design outcome assessments. The overall goal was to measure more accurately and comprehensively the ETP program activities and to develop a series of outcome measurements that would meet the ROMA requirements and help the service providers better communicate programs, activities, and successes with stakeholders, especially legislators.

Research Methodology

In addition to the participant-observation at meetings, interviews were conducted with staff from the state funding agency, with ETP program directors from each of the 11 programs, and on the state level, with executive directors of the social service agencies. The ETP interviews collected information on the background of the ETP program, its mission and goals, the size of the program in terms of staff and operating budget, description of its clients, the various components of the ETP program, the types of training and services provided, the successes and weaknesses of the programs, its partnerships with other agencies, suggestions for outcome measurements, and evaluation of current program assessment by the state funding agency. The in-depth interviews with the state funding agency focused on the strengths and weakness of ETP, the funding agency's role in the ETP program, the most important contributions of ETP, and the future of ETP.

The information was analyzed with the qualitative technique of successive approximation (Neuman, 1997). In successive approximation, the researcher begins with general ideas and questions about a phenomenon and then examines the data to refine these. This process continues in a cyclical fashion until the researcher constructs an empirically grounded set of concepts. This process led to organizing the findings around the external and internal pressures that affected the ETP program and the funding agency, the internal negotiations between the funding agency and ETP program staff, and anticipated effects of change on the programs. Each of these is discussed below.

Findings

These findings specify the process through which the principle of isomorphism and resource dependency worked. Institutional isomorphism effects occurred because of the changing paradigm in the nonprofit sector toward a model that was more rationalized and focused on outcome assessment. This new paradigm affected both ETP programs and the state funding agency, and was implemented through various players. Resource-dependency issues affected the speed at which this new model was implemented.

External Pressures

External pressures occurred both formally and informally. The formal requirements of ROMA mandated a movement towards outcome-based assessment. The push to construct outcome-assessment measures that were rationalized came, in part, through the legislative process. In the background section we described the growing conflict between the state funding agency and the ETP program staff. A primary, original source of this conflict was state legislators and a reorganization of key state agencies. During the appropriations process, the state funding agency had to undergo a line-by-line budget justification with the state legislators. This included testimony about the ETP program. The desire of the state legislators for rationalized outcome measures was underscored. Specifically, state legislators were concerned with the administrative cost per job created. The state funding agency staff members have stated that when legislators and their staff call about the program, they ask the state funding agency about the number of loans made, the number of government subsidized loans, the number of clients that got off subsidies, the number of female heads-of-household that participated, and the loan default rate. In regards to the allocation process, a funding agency staff member described this process:

> Legislative staff call at the end of the year. We give the budget in October. They question us about why we need it and why we deserve it. Sometimes it sails through, sometimes they question it. Last year they held hearings about the budget and we had to explain each piece. They asked about [ETP] and specifically how many loans had been made. There were four hours of testimony from [ETP] participants. My impression was that the legislators liked the program, but not the results. They kept our base allocation, but did not give us any extra funds even though the money was available.

The state legislators desired information on program outcomes to inform their decision making on appropriations. In turn, the state funding agency wanted the ETP program staff to provide them with the information that would convince the legislators that this was a cost-effective, worthwhile program. As one state funding agency staff member underscored, “When a legislator calls and asks how many female, single-headed households received loans, we need that information, and we need it written down and documented.” While anecdotal stories of business successes were persuasive for the legislators, the rationalized outcome measures were not.

Internal Negotiations

In meetings between the funding agency and the ETP program staff, these concerns were discussed. The ETP program staff argued for a broader description and assessment of their program. The ETP staff stated that the majority of their time and effort goes into training, mentoring, and follow-ups and that many of their clients never receive a loan. For example, here is a general description of one of the larger programs as given by the program director:

> The business training lasts for ten weeks, with meetings occurring twice per week. During the training, clients develop a business plan, hear from experts, and work on estimating their costs for starting a business. About sixty people will graduate, and one to three will take out a [ETP] loan at that time, although more may come back to the agency at a later time. [ETP] services the loans through a local bank, and the [ETP] program acts as a guarantor.

The program director contended that clients benefited from the training even though they might not have received a loan. Thus it was important to measure the impact of the training, rather than placing primary importance on the number receiving loans and on administrative costs per loan. However, since no client tracking occurred at that time, the agencies could not provide the state funding agency with specifics on program outcomes for the vast majority of their clients who did not receive a loan. Thus, in turn, the state funding agency could not provide this information to the legislators. The program directors indicated that possible outcomes included that the training better prepared their clients for the workforce, it helped clients decide whether or not starting a business was appropriate for them at that time, and it provided clients with the information they needed to start a business, even if they decided to receive financing elsewhere. The state funding agency did not resist this broader approach to outcomes. In fact, they were open to having the ETP staff decide on the evaluation measurements. Thus the funding agency stipulated that programs would have to be evaluated, but the agency gave considerable latitude over which measurements would be used.

In terms of evaluation, a secondary issue of concern to the ETP staff was that not all programs were providing the same information to the funding agency. Concern existed over the reliability of some of the measurements in the form that they were using to file quarterly reports with the funding agency.

At this point, the principal investigator received funding from the state agency to develop a wide range of programmatic outcomes that would accurately represent the range of activities of the ETP program, and to create standardized assessment tools and measurements that would help ensure the reliability of the information across the 11 programs. The project was designed so that the principal investigator would work with the ETP program staff to develop comprehensive outcome measurements which the staff felt reflected the mission of the ETP program and their activities. In turn, this information could be used to help explain the program to various stakeholders and to demonstrate its variety of successes beyond making loans and creating jobs. The project progressed well, but then took on another meaning when a funding crisis ensued.

This funding crisis intensified resource-dependency issues. Funding became a trump card that determined the pace at which outcome measurements would be implemented. The four new programs were left out of the baseline-appropriate budget of the state funding agency. The funding for these programs was included in a separate, special appropriations bill. The baseline bill passed, but the special appropriations bill did not. The end result was reduced funding for the ETP programs. To cope with the situation, the funding agency and the ETP program staff reached a compromise. In exchange for providing funding to all 11 programs, the social service agencies would speed up implementation of outcome measurements and move towards outcome-based funding within six months. The ETP staff could still decide on the outcomes, but these decisions would be critical, since the outcome measurements would be used to construct a funding formula. The formula would determine the amount of funds each program would receive.

At a meeting between the funding agency and the ETP staff, they agreed to compose a list of six outcome measurements from which each agency would choose three. These six measurements would be used to construct a funding formula that would determine allocations. Fifty percent of the allocations would be distributed equally among the agencies, and the remaining fifty percent would be determined by the formula. Within two years, the base amount would be eliminated, and the entire funding would be outcome-based.

This compromise did not come easily. A debate over the mission of the program ensued, and this debate linked assessment to the mission of the program. Program staff expressed frustration over a perceived lack of understanding about the program. They expressed dismay over the emphasis placed on making loans. As one ETP staff member stated, “I do not want to become a collection agency.” Others emphasized the difficulty in applying the same measurements to different programs. Some programs served a large rural area, while others were urban. Other key differences included nascent versus established programs, a wide variety of training approaches, and the use of peer lending by two of the programs. Other ETP staff wanted a quick decision on the outcome measurements, so that they would be able to maximize their points. For example, if primary emphasis would be placed on loans, then the staff would wait to process loans until they could count for the report period. These tensions were alleviated somewhat by the decision to let the agencies choose three of the six measurements. The meeting ended without the measurements being chosen, but each agency was told to send in its recommendations.

Concerns about mission and vision were also addressed in the in-depth interviews. ETP program staff were near unanimous in articulating the goals of the program. They expressed that the general goals were to help people with low incomes start their own businesses, create jobs, and become more self-reliant. Other goals mentioned were operating a revolving loan fund, providing technical assistance and training, and helping people develop their businesses. The ETP staff expressed a desire that the funding agency make clear its vision and mission for ETP, fund the agencies at a viable level until the programs were established, and keep the flexibility in the ETP program.

The funding agency staff articulated a paradigm shift that needed to occur before ETP would be successful. This paradigm shift reflected the rationalization norm discussed previously:

> [The agencies] do not take their program seriously enough. They see it as a social service program and not an economic development, job creation program. They should have the goal that the program should pay for itself. It might be hard, but they should set it up that way. They should charge interest, get funds from the community. Right now, it just sucks out money. They are not running it like a business. They won't entirely be able to, but they should try because that's how they will make good loans, have better training, and client success.

Thus the emphasis on assessment measurements was tied to the vision of the program. The funding agency wanted the ETP program to be run more like a business, while the ETP staff wanted the funding agency to acknowledge that even though this program was different from their other programs (e.g., weatherization, emergency food assistance, child care), it still had social service components to it. Moreover the shift advocated by the funding agency was influenced by the rationalization pressures that had mounted in the nonprofit sector at large.

In short, institutional isomorphism pressures moved the ETP program toward adopting rationalized outcome-assessment measurements, while the funding crisis affected the rate of change.

Implementation Issues

This final section covers implementation issues that occurred as the agencies were faced with designing and implementing a funding formula that would determine their allocations from the state agency.

The directors of the ETP programs received a letter from the director of the funding agency with the outcome measurements attached. They were informed that fifty percent of allocations for the funding formula would be based on three mandatory outcome measurements, and the other fifty percent would be based on their choice of five measurements from a list of thirteen. Two of the three mandatory measurements were based, at least partially, on loans, as were nine of the thirteen optional measurements (e.g., average loan size, % of loans repaid, % of repayments/installments on time, loan approval rate). The measurements were classified according to whether they were client-based outcomes, program-based outcomes, or partnership-based outcomes. The funding agency advised that these outcome measurements would be used for the next allocation period, but after that, the report would be expanded to include more client-based outcome measurements.

The executive director of the social service agencies responded with a memo urging the ETP agencies to use five outcome-based categories: client, program, microbusiness, partnerships, and follow-up monitoring. Attached to the memo was their list of outcome measurements.

Despite an on-going debate over program goals and outcome measurements, the implementation proceeded. Below are some of the responses during the process.

A common response was to go along and hope for the best. Several agencies were largely silent during the debates or engaged in only mild grumbling. At that point, it remained unclear if these agencies would stay committed to the ETP program. Another approach was to seek the best way to work the new system. For example, during the meeting to decide on the funding formula, some agency staff wanted to know as soon as possible which measurements would be used and what time period would be covered. They wanted to use this information to form a strategy to maximize their points. Staff also expressed concern that the outcome measurements might influence them to recommend risky loans that would improve their points in the short run, but that might prove to be poor decisions in the long run.

Another response was to embrace outcome assessment. The director from one of the programs whose primary funding did not come from the state agency was eager to see 100% of allocations based on outcomes, because she thought this would make their program stronger. She viewed outcome assessment as empowering, the way towards a better program.

Another potential outcome of implementing a funding formula would be the elimination of ineffective programs. Programs that had low performance levels based on the outcome measurements would not receive sufficient funds to remain viable. The funding formula could provide a way to cut funding to programs with weak performance.

Thus programs responded differently, depending on the type of program they were, their strengths and weaknesses, and the measurements used to evaluate them. When measurements are used to make funding decisions rather than to improve program performance, a variety of outcomes are possible. For these agencies, the likely outcomes were going along or working the system while trying to avoid unintended consequences, embracing outcome assessment as a way towards improvement, and eliminating ineffective programs.

Conclusions

Social service agencies in the nonprofit sector moved toward a new paradigm that emphasized maximizing program outcomes while minimizing program costs. These outcomes centered on demonstrable changes in the lives of clients and their communities. Programs were to focus on empowering clients to improve their lives, rather than providing services on an ad hoc or crisis basis.

Microenterprise programs were especially affected by this new paradigm because it fit especially well with the model of microenterprise programs. Microenterprise programs were designed with the goal of empowering people to improve their lives. Thus from the beginning, microenterprise programs focused on outcomes. Moreover, they were different from social service programs in that clients received loans that were to be repaid.

As the field of microenterprise programs expanded rapidly and matured, so did the ability and desire to measure its impact. Various evaluation practices were a regular and early part of microenterprise programs. The programs of this case study experienced these trends in an extreme fashion. Not only did they move towards outcome-based assessment, but these outcomes also determined allocation levels by way of a funding formula.

What can the experiences of these 11 programs teach us about outcome assessment? With allocations based on a funding formula, programs will receive different funding levels, and some might even be eliminated. Ideally, the best programs will likely receive the most funding, while unsatisfactory programs will receive much less. However, if the outcome measurements are not valid and reliable measures of program outcomes, then there will not necessarily be a strong correlation between funding levels and program achievements. Therein lies the predicament of tightly coupling outcome measurements to funding. It can only be successful to the extent that the measurements reflect the program activities and goals accurately and reliably. To the degree that they do not match, unintended consequences are likely to result.

The intended consequence of outcome assessments is to measure program success and efficiency. However, because of the diversity of programs, it can be difficult to employ standardized measures. Thus differences in program outcomes could indicate differences in the programs themselves and not differences in success and efficiency. For example, standardized outcome assessments could have the unintended consequence of labeling a new program as a failure, when in fact it just has not had sufficient time to demonstrate success. It takes a while for outcomes to show, and this is especially true for business development. Similarly, rural programs cannot use the economies of scale that an urban program can, and thus might be disadvantaged on certain measurements.

Unintended consequences could also occur if the measurements are poor indicators of program activities and goals. For example, one ETP program processed one to three loans for every 60 people who participated in its business training. If outcome assessment focused on loans, this active program would be measured as inactive. It can be difficult to come up with valid measurements for something as complex as changing people's lives. The road from poverty to self-employment is often a long, difficult haul. The social service agencies in which the ETP programs are housed, recognizing this, take a holistic, multifaceted approach to meet clients' needs.

While it may be impossible to eliminate all unintended consequences, strategies can be used to decrease their likelihood. Different outcomes could be chosen on the basis of program characteristics such as rural versus urban and nascent versus established programs. In fact, as described previously, a variation of this strategy was used for the ETP programs when they were given a choice for half of their outcome measurements. Another strategy would be to use the same outcomes but assign them different weights. Thus a new program might be evaluated more heavily on the number of clients in the program, while long-term outcomes, such as number of established businesses and loan repayment rates, would be weighed more heavily for an established program.

To decrease unintended consequences, outcome assessment could be implemented to inform rather than determine funding. Perhaps the primary way to use outcome assessment is as a way to improve program performance and to discover and document "best practices," and as a tool to communicate to stakeholders the activities and success of the program. For example, FIELD identifies as its mission "to identify, develop, and disseminate best practices, and to broadly educate policy makers, funders, and others about microenterprise as an antipoverty intervention" (Request for Applications: Institutional Models for Microenterprise Development Programs, p. 1). These uses help alleviate the problems of unintended consequences while maximizing the benefits of outcome assessment.

Finally, it should be underscored that the issue is not whether outcome assessment is good or bad; the concern is its use and implementation. Microenterprise programs represent a paradigm shift, and demonstrating the impact of the program on people's lives is part of it. Microenterprise programs are not "Band-Aid" or crisis-intervention programs. Ideally, they seek to attach root causes of poverty by helping people to create a business to leverage their way out of a subsistence life by building and growing wealth. Outcome assessment can be used as a way to keep an organization focused on its goals and to help shift the orientation of social service providers. These changes, though difficult, are important. They require patience, understanding, and fortitude on the part of social service providers and funders alike.

References

DiMaggio, P., & Powell, W. W. (1983). The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review 48,* 147-60.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: formal structure as myth and ceremony. *American Journal of Sociology, 83,* 340-63.

National CSBG Monitoring and Assessment Task Force. (1996, October). Guide on results-oriented planning for community services programs. *Guide Results-Oriented Management and Accountability.*

Neuman, W. L. (1997). *Social research methods* (3rd ed.). Boston, MA: Allyn and Bacon.

Planet Finance. n.d. *Impact knowledge management program framework.* Paris, France: www.planetfinance.org.

Powell, W. W. & DiMaggio, P. (Eds). (1991). *The new institutionalism in organizational analysis.* Chicago, IL: University of Chicago Press.

Scott, W. R., Meyer, J.W., & Associates. (1994). *Institutional environments and organizations.* Thousand Oaks, CA: Sage Publications.