

Social Entrepreneurship, Reporting Performance and
Organizational Ambidexterity in the Case of Parent
Charities in B.C., Canada

by
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SOCIAL ENTREPRENEURSHIP, REPORTING PERFORMANCE AND
ORGANIZATIONAL AMBIDEXTERITY IN THE CASE OF PARENT CHARITIES
IN B.C., CANADA

by

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ABSTRACT

Non-profit organizations are encountering increased difficulties in soliciting financial support for mission-related programs and for the overall survival. The purpose of this study was to examine parent charities operating a social enterprise in the leisure & recreation field in British Columbia, Canada, to determine if current proliferation on social entrepreneurial practices among non-profits contributes to improved reporting performance and higher levels of organizational ambidexterity. The criterion sampling strategy was used to identify 20 parent charities as research sample. A concurrent mixed methods approach was adopted where both qualitative and quantitative data were used, including financial data from CRA T3010 forms from 2003 to 2013 and qualitative content from charities' websites. A revised rating instrument combining the strengths of two relatively well-developed charity rating systems was developed and utilized, in response to the lack of variables for social impact measurement in the existing rating systems. Study findings show that operating a social enterprise did not contribute to better financial reporting performance or higher levels of organizational ambidexterity over time. Results indicate low levels of overall reporting performance among the charities examined. Charities became less exploitative but more explorative over time. In terms of the rating system, pilot tests on the utility of the revised rating instrument show it worked well to simultaneously examine financial & social results reporting performance and organizational ambidexterity. The study has the potential to contribute to the knowledge of social entrepreneurship, organizational ambidexterity, and organizational performance evaluation, which may contribute to the non-profit literature.

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Chapter 1: Introduction

Non-profit organizations are encountering increased difficulties in soliciting financial support for mission-related programs and for overall survival. In times of economic downturn, external sources of financial support such as government funding, corporate grants, and individual donations become less available to non-profits (Massarsky, 2005). Private businesses are tapping into the domains where non-profits used to dominate (Ryan, 1999). At the same time, internal pressure from various stakeholders (staff, board members, clients, donors, regulators and other interested groups) (Murray, 2005) creates a highly competitive environment in which different expectations are waiting to be met (Herman & Renz, 2004). With all these pressures, non-profits are forced to become more innovative in balancing their social-mission objectives with organizational sustainability.

Despite the increased difficulties, there is an ongoing increase in number of organized voluntary activities (Salamon, 1994) and an expansion of nonprofit organizations (Salamon, 2010) around the globe. With strengths in grass-root engagements, and a range of demands made by various societies (not usually well addressed by the various levels of government or the private sector), non-profit organizations are playing a more significant role in: the promotion of community development, demonstration of social justice, protection of the natural environment, provision of support to vulnerable groups in society, and encouragement of religious expression, culture, leisure and recreation (Salamon, 2010). This increase mainly stems from individuals who seek improved rights and conditions, a growing number of private/public institutions to meet these ends, and from changes in government policies (Salamon, 1994). The increased number of voluntary activities is seen as a response to the dramatic changes taking place at social and technological levels, and a reflection of the people's increasing doubt in governments' capabilities to provide effective social services in current times (Salamon, 1994).

With increased difficulties to encounter and a larger role to play, one solution to resolve the conflict between mission fulfillment and organizational survival for non-profits is exploring in the use of revenue-generating activities (Massarsky, 2005). As a

hybrid entity combining business models with social initiatives, social enterprise is to create social value based on the overall value-based missions rather than focusing on profit generation (Certo & Miller, 2008). Social entrepreneurship appears to have the potential for achieving the mission-money balance (Boschee, 1998; Stecker, 2014). Several studies reveal the positive impacts of social entrepreneurship on financial sustainability for organizations (Felício, Martins Gonçalves & da Conceição Gonçalves, 2013; Martin & Novicevic, 2010; Westlund & Gawell, 2012). Yet social entrepreneurship is still an emerging field. The definition, patterns, outcomes, and successful practices still remain unclear due to the lack of empirical research from multidisciplinary contexts (Cukier, Trenholm, Carl & Gekas, 2011).

Non-profit Organizations

In general, the non-profit sector is comprised of organizations dedicated to the provision of the public good (Stecker, 2014, p. 350). Traditionally, private businesses are providers of goods and services that generate profit, while governments take on non-profit-driven functions which require public control, such as defense, justice, and public service (Kotler & Murray, 1975). The non-profit sector serves as an alternative to address the rest of societal functions that neither the private nor the public sectors can fulfil (Kotler & Murray, 1975), including education, healthcare, research, and arts and media (Hansmann, 1980; Kotler & Murray, 1975). The non-profit sector includes a wide array of private, voluntary, and non-profit organizations in various forms and is engaged in diverse activities, playing a crucial role in several fields such as healthcare, education, environment, community development, and arts and culture (Anheier, 2005). Despite the theoretical distinction, there is an overlap in the roles played amongst the sectors of the non-profit, the public and the private businesses (Anheier, 2005). Specifically, the distinct boundaries between the non-profit and the for-profit sectors have become increasingly blurred (Dees & Anderson, 2003b). Non-profit organizations are now adopting business practices, collaborating with potential private businesses, intermingling with for-profit structures to form hybrid organizations, and competing with business counterparts in the fields where non-profits used to be dominant (Dees & Anderson, 2003b). This phenomenon of “sector-bending” (Dees & Anderson, 2003, p. 16) raised

risks concerned with jeopardizing the traditional roles of non-profits; however, it also created a competitive environment for the potential improvement of non-profit effectiveness (Dees & Anderson, 2003b).

Non-profits and “Profit”

The mandate of the non-profits is not to generate profit but to fulfill a wide array of social missions. Volunteers and staff working in the organizations are usually driven by personal passions for making a difference in society. The reality, however, is that non-profits are generating profit usually interpreted in other terms such as assets, surplus or reserves. In fact in Canada, revenue-generating activities are common among charities. A national study, conducted in 2011, initiated by Imagine Canada on the earned income-generating activities of charities found that about 58% to 77% of Canadian charities had been engaged in activities that generated income (Lasby, 2013). This type of income was important in organizational finances, especially for the non-profits operating in the fields of arts, culture, and sports and recreation (Lasby, 2013). It was revealed that external financial support could only subsidize 58% of the total revenue for charities working in leisure-related areas (Lasby, 2013). Accordingly, 99% of these charities had to engage in revenue-generating activities (Lasby, 2013) to make up the rest of the 42% of the finance gap for continuous delivery of charitable activities and services.

It may seem odd to speak of “profit” when it comes to non-profit organizations; however, compared to profit-driven businesses, discussions of “profit” for non-profit organizations are even more necessary in terms of organizational growth and survival (Glasgo, 2014). As pointed out by Glasgo (2014), the additional equity, and/or pledge assets as collateral, do not apply as often to non-profits as they do to private businesses. In addition, he argued that in order to achieve organizational growth in the long run, non-profit organizations need to increase the acquisition of assets owned, and to achieve that, revenue generation is critical (Glasgo, 2014).

Contribution to the Economy and Social Wellbeing

Non-profits have a long history of contributions to the Canadian economy and social well-being. In 2007, according to Statistics Canada (2009), the core non-profit sector contributed 2.5% (\$35.6 billion) to the Canadian economy. During the 1997-2007 period, the contributions of the sector exceeded those of many other key industries such as agriculture and motor vehicle manufacturing. The Canadian non-profit and voluntary sector was reported to be the second largest in the world in terms of the share of the economically active population, employing 12% of the economically active population in the country (Hall, Barr, Easwaramoorthy, Sokolowski & Salamon, 2005). The significant number of full-time workers engaged in the sector was almost equal to the number of all workers from all manufacturing branches combined (Hall et al., 2005).

In addition to the significant contributions to the Canadian economy, the non-profit and voluntary organizations are dedicated to the improvement of social well-being. They perform two important functions: a service function and an expressive function (Hall et. al., 2005). In terms of the service function, Canadian non-profit and voluntary organizations have provided a wide range of human services from education and healthcare, to community development often times playing a crucial role in identifying and raising awareness of social problems that have been ignored by the public sector (Hall et. al., 2005). The expressive function to other segments such as religion, occupations, recreation, arts, and culture is reflected by the places of worship, professional associations, sports clubs, art galleries and symphonies, etc., contributing to the physical and mental well-being of individuals and also, to the development of social capital within the country (Hall, et. al., 2005).

Due to the significant contribution that non-profits make to the economy and social-wellbeing, revenue-generating activities for maintaining and strengthening their roles in society seem to be accepted, and thus more reasonable in serving their purpose. Under the current wave of social innovations where novel and efficient solutions are explored to address social problems (Mulgan, 2006), non-profits are actively implementing creative approaches. One innovative approach is the operation of social

enterprise, in an attempt to continue serving society while sustaining the existence of non-profits.

Social Innovation and Social Entrepreneurship in B.C.

Social innovation has gained increasing popularity in recent years. It refers to innovative activities and services with social motives (Mulgan, 2006). From “fair trade, distance learning, hospices, urban farming, waste reduction and restorative justice” (Murray, Caulier-Grice, & Mulgan, 2010, p. 3) to open source and microcredit (Lisetchi & Brancu, 2014), social innovation occurs in various fields, both in developed and developing countries (Széll, 2012), and among all sectors (Noya, 2012). Within the non-profit sector, social innovation is often detected in the increasing use of social enterprise operations. Social entrepreneurship is considered a social innovation by including and linking social demands to the traditional economic entrepreneurship (Lisetchi & Brancu, 2014). It could help lower the impact of current social and environmental problems while delivering better and more effective outcomes (BC Social Innovation Council, 2012).

In British Columbia, Canada, legislation and recommendations have emerged to respond to the rising trend of social innovation, with specific mention of social entrepreneurship. In 2012, British Columbia legislated the first hybrid structure for social enterprises in Canada after amendments of *BC Business Corporation Act: Community Contribution Company (CCC, or C3)* (BC Centre for Social Enterprise, n.d.). In addition, the BC Social Innovation Council (2012) generated four key recommendations to accelerate social innovation in British Columbia, with special attention paid to social enterprise development. There were four sub-recommendations to enable social enterprise development (BC Social Innovation Council, 2012): (1) the establishment of a Social Enterprise Investment Tax Credit to help new social enterprises attract capital and investments for their start-ups; (2) the implementation of social procurement requirements to promote stable access to larger markets; (3) the provision of funding for the prevention services, social performance improvement, and the attraction of new investment by a performance-based contract called Social Impact Bonds; and (4) the

inclusion of social enterprise as small and medium enterprises (SME) that would fall under criteria in order to reach support from the provincial government.

This provincial support reflects rapid social change that has taken place in the non-profit sector within the BC context. These sub-recommendations have been generated by individuals, non-profits, private businesses, governments and scholars from B.C. (BC Social Innovation Council, 2012) making it especially valuable for non-profits to guide strategies to bring about social innovation and social enterprise development. Regarding non-profit organizations in B.C., this dynamic creates an innovative environment where creative and organizational improvements sustain and strengthen the capacity to address social issues.

Brief Introduction of the Study

In the current world, non-profit organizations are faced with challenges of enormous complexity. Ryan (1999) portrayed a severely competitive environment where non-profit organizations were forced to be more effective and efficient in the marketplace in response to the ambitious entrance of private businesses into the traditional fields of social services. He raised an important question about whether non-profits were able to adjust to the competition without sacrificing their social missions. Under the blurring boundaries that were emerging amongst different sectors there were social services that were no longer exclusive to the government and the non-profit sector, where many non-profit organizations were starting to borrow business models and strategies in an effort to improve organizational performance (Dees & Anderson, 2003).

Social Entrepreneurship and Non-profit Organizational Performance

Social entrepreneurship can assist in diversifying the revenue sources for non-profit organizations. The procurement of traditional grants and donations gives way to the more flexible and reliable revenue-generating approaches in entrepreneurship, leading to stronger financial positions that better support charitable initiatives (Chang & Tuckman, 1994; Carroll & Stater, 2009). The operation of a social enterprise does not always guarantee financial sustainability and social mission fulfillment (Dees, 1998a; Eikenberry

& Kluver, 2004). However, the passionate pursuit of social entrepreneurship at least indicates non-profits' desire to shift away from traditional thinking patterns (Boschee, 1998). It reflects a willingness to be innovative in order to improve current performance and sustain organizational existence in the long term by adopting knowledge and implementing strategies from the for-profit sector. This attempt to be exploitative in utilizing existing resources and explorative in seeking new opportunities in the changing environment (Lubatkin et al., 2006) is described as *ambidexterity*, which originally means the ability to do two things equally well at once. *Do non-profit operating social enterprises indeed perform better and become more ambidextrous* linked in this way of exploitation-exploration initiatives?

Social Entrepreneurship and Leisure

Social entrepreneurship in non-profit organizations in Canada is closely related to leisure and recreational activities. Leisure plays a crucial role in achieving financial sustainability for charities. It was found that charities operating in leisure-related fields were more likely to be identified as operating social enterprise compared to other charities (Lasby, 2013). Ninety-nine percent of charities in the area of leisure & recreation have been substantially engaged in income-generating activities (Lasby, 2013). Amongst all provinces, British Columbia witnessed the most significant engagement (83%) of earned income generation among charities (Lasby, 2013).

Leisure also plays an important role in improving social performance for non-profit organizations. In the recognition of the benefits leisure activities have for individuals (Caldwell & Witt, 2011; Nimrod, 2007; Patel et al., 2010), communities (Armstrong, 2000; Pedlar, 1996; Stebbins, 2009), the environment (Chen, Tu, & Ho, 2013; Rolston, 1991), economy (Johnson & Brown, 1991), and society (Crompton, 2008), non-profit organizations often regard leisure & recreational programs and services as effective approaches for achieving other objectives such as social welfare improvement, youth development, social pathology reduction, experience enrichment and community building (Kraus, 1984). Therefore, leisure has the potential to aid in financial

sustainability (exploration) and to strengthen charitable objectives (exploitation), which may lead to an increased level of organizational ambidexterity for non-profits.

The basic idea of this study regarding the role of leisure and recreation emerged due to non-profits using creative ways to strengthen their social impacts, and at the same time, to achieve organizational sustainability through entrepreneurial practices. Under the general pro-active attitudes to social entrepreneurship, and thus the current proliferation of the practices of social enterprise, this study examined whether charities in British Columbia operating leisure & recreational social enterprises have performed better and become more ambidextrous or not.

Study Purpose and Objectives

The purpose of this study was to examine the reporting performance and organizational ambidexterity of the parent charities, which operate social enterprises in the leisure & recreation field in British Columbia, Canada. Three objectives in compliance with the purpose are as follows:

Objective 1:

To evaluate the overall *financial* and *social results* reporting performance of parent charities which operate leisure & recreational social enterprises in B.C., Canada.

Objective 2:

To examine whether parent charities which operate leisure & recreational social enterprise in B.C. become more ambidextrous over time (2006-2013).

Objective 3:

To develop a revised rating system for non-profit organizational performance evaluation with a consideration of incorporating both *social results* reporting performance and organizational ambidexterity.

British Columbia, Canada is identified as being highly active in the practice and policy of social innovation and social entrepreneurship, as explained earlier. Narrowing the area of study to the province of B.C. is expected to generate a more fruitful finding; a valuable implication for research, policies, and practices for an area.

‘Charities’ refer to registered Canadian charities for this study. In Canada, registered charities are specific types of non-profit organizations applying for and approved by the Canada Revenue Agency (CRA), are exempt from paying income tax with the issuance of official donation receipts (Canada Revenue Agency, 2015). ‘Parent charities’ here refer to the registered charities in the operation of social enterprises in the field of leisure and recreation. More precisely, 20 parent charities with registered charitable status, able to provide complete 2003-2013 T3010 financial data, are operating leisure & recreational social enterprises in B.C. and have websites available, were selected as the final sample for the study.

Reporting performance includes two major components—*financial results* reporting and *social results* reporting, and refers to the disclosure of an organization’s public information including activities and financial statements on the website and in the annual report (Ruff, Thomson, & Young, 2013). Compared to the actual performance, reporting performance is of equal importance as various studies indicate that decent reporting performance can positively affect donations (Gordon, Knock, & Neely, 2009; Kitching, 2009; Sloan, 2009; Trussel & Parsons, 2007). In this ‘information age’ where the internet plays a critical role in communications on organizational accountability and transparency (Lowell, Trelstad, & Meehan, 2005), reporting performance is crucial for nonprofits.

Organizational ambidexterity includes two major actions: *exploitation* in utilizing existing resources, and *exploration* in seeking new opportunities in the turbulent environment (Lubatkin et al., 2006). From the perspective of the non-profits, the levels of organizational ambidexterity reflect whether non-profits are able to manage the resources to achieve social missions (*exploitation*) while chasing new opportunities to achieve financial sustainability (*exploration*) (Madden, 2012). Specifically, the study

examines the levels of charities' ambidexterity by analysis of charities' *financial health* reporting performance.

Current rating methodologies for reporting performance from charity watchdog organizations have long been criticized due to little consideration of the variables important to the measuring of social impacts (Gordon, Knock & Neely, 2009; Liket & Maas, 2015), not to mention the evaluation of non-profit organizational ambidexterity (Madden, 2012). In order to fulfill the study purpose, this study developed a revised rating system incorporating both *financial* and *social results* reporting performance and organizational ambidexterity.

In Chapter 2, the literature review of the key concepts explored is presented, including: sustainability, social innovation, social entrepreneurship, organizational ambidexterity, and online watchdog organizations with rating methodologies. Next in Chapter 3, the study design and the revised instrument for reporting performance evaluation and organizational ambidexterity are explained, followed by Chapter 4 that reports the findings of the study. The thesis concludes with a presentation of the study contributions, a discussion of the findings, and an explanation of study limitations in Chapter 5. Directions for future research and implications for practitioners are also provided.

Chapter 2: Literature Review

This chapter presents background literature on social entrepreneurship, reporting performance and organizational ambidexterity from the perspective of non-profit organizations. To begin with, literature on sustainability and social innovation is synthesized to provide the context where entrepreneurial practices and ambidextrous behaviours among non-profit organisations are taking place. An overview of the influencing factors, broad categories, and structural options for social entrepreneurship in Canada is provided, which explains why social entrepreneurship has triggered a rise in practice, what different characteristics of social enterprises in different categories are, and what structural options for non-profit organizations in Canada are available. The chapter then introduces the concept of organizational ambidexterity with its common measurement methods, as well as pointing out the absence of research in the context of non-profits. Following the review on organizational ambidexterity, a discussion regarding the rise of charity watchdog organizations using charity evaluation methodologies is presented by providing two existing rating systems including a discussion of the merits and limitations in non-profit organizational performance evaluation. The chapter closes with the demonstration of need for a revised rating system incorporating the strengths of both systems.

Sustainability

Since the emergence of sustainability in its present form from the Brundtland report in 1987 and the UN Earth Summit in 1992, the core of the concept has expanded to cover the preservation of our natural resources (environment), the importance of developing eco-friendly businesses (economy), the recognition of a sense of community in creating a supportive and cooperative environment among all members (equity/equality), as well as the significance of education in catalyzing awareness and actions towards sustainability (education) (Edward, 2005). Along with a more comprehensive understanding of sustainability in academic fields, there is a rising trend of individuals, groups, cities and countries around the world to initiate and implement sustainable practices. Individuals have been aware of how significant the conservation of resources could be by simply

changing daily behaviors; more environmental and social-justice groups have been actively addressing sustainability objectives; various awards have been established for giving credit to the cities taking into account the concept of sustainability in their city planning, policy making and development; countries with different political interests seem to be more cooperative in terms of sustainable-related issues, such as climate change, environmental protection and poverty reduction.

Sustainability in Private Businesses

With enough acquisition of resources, technology, and the global reach required to achieve sustainability (Hart, 1997), private businesses are putting emphasis on the importance and complexity of implementing the triple bottom line (Elkington, 1998), which includes people, profit and planet into the organizational operations. New eco-friendly products from cars to construction materials have emerged in the marketplace on a daily basis; businesses are enthusiastic about fulfilling the social responsibilities and are eager to put social initiatives on their brochures or in their commercials.

In spite of all the positive achievements, there is still a long journey ahead in achieving a harmonious state in consideration of people, profit, and planet at the same time. As Elkington (1998) pointed out, in the business world, achieving sustainability requires a more comprehensive understanding of environmental equity, business ethics and social justice. Although eco-friendly technologies and products are still of necessity, the current world apparently needs more. That's why efforts are not only needed from the for-profit sector but from the non-profit sector to achieve sustainability together.

Sustainability in Non-profits

The meaning of sustainability has been debated and is known to have multiple interpretations (Bell & Morse, 2012; Sen, 2013). From an organizational perspective, *sustainability* generally means the ability of managers to maintain long-term survival of their organizations (Sontag-Padilla, Staplefoote, & Gonzalez Morganti, 2012). For nonprofit organizations, sustainability is the prerequisite for continuous delivery of programs and services to the targeted groups or the communities so that eventually, their

social missions which often address environmental or social sustainability can be fulfilled (Weerawardena, McDonald & Mort, 2010).

Financial sustainability is of great importance for both for-profits and non-profits trying to achieve organizational sustainability. The definition of financial sustainability differs in for-profit and non-profit organizations based on the business model, revenue structure and the ultimate goal of the organization. Specifically, it refers to non-profits as using any surplus funding generated to support social missions, and, to for-profits, distributing surplus generated as profit or dividends (Sontag-Padilla, Staplefoote, & Gonzalez Morganti, 2012; Weerawardena, McDonald & Mort, 2010).

The non-profit sector has experienced increasing pressures to achieve organizational sustainability, especially with respect to financial sustainability due to the turbulent external environment and increased demands from the target groups they serve. External pressures include: the rising costs of conducting operations and management; the decreasing philanthropic funding available to a growing number of NPOs; as well as the increasing competition from for-profit counterparts trying to address social responsibilities (Dees, 1998a). Also, due to the vulnerability of the groups or communities the nonprofits serve, long-term financial sustainability is of vital importance for them in order to provide continuous support for a long period of time despite the short term financial difficulties (Sontag-Padilla, Staplefoote, & Gonzalez Morganti, 2012).

In response to this new reality, non-profit organizations have been looking for ways in achieving financial sustainability through innovative means such as social entrepreneurship. As a mixture of business models and social mission initiatives, social enterprise seems to be ideal for nonprofits in the effort of resolving financial challenges and addressing the core social missions they are trying to fulfill. Non-profit practitioners, academic researchers and government officials welcome and are calling on this large scale of social entrepreneurship trend already taking place in Canada and elsewhere. They regard this process as a social innovation that could lead to non-profit organizational sustainability, better social achievement, and eventually, a well-sustained society as a whole.

Social Innovation

Innovation

The world has been surrounded by ideas, inventions or services that once were considered as great innovations and now are being taken for granted. In a simple term, *innovation* could be anything that is considered as new to an individual or a group, from an idea, an object, to a behavior (Rogers, 2003). Of all innovation types, business innovation appears to be the dominant form. *Business innovation* is often perceived as the new profit-driven creation normally protected by intellectual property rights, with a general purpose of improving organizational performance (Pol & Ville, 2009). It could be in the form of a new product or service, new product quality, new production approach, new market, new material supply source, new organization form, new business model, or new technique of management and marketing (Lisechi & Brancu, 2014).

Social Innovation

Business innovation is the dominant form of innovation in society today, especially *technological innovation*, a term that is often regarded as the synonym of innovation and is relatively well studied (Rogers, 2003). In recent years however, there is an ongoing paradigm shift from business innovation to social innovation. The traditional paradigm shaped by industrial society has been transformed in a current society based on knowledge and services, where various actors from different backgrounds could be all relevant in the innovation process (Franz, Hochgerner & Howaldt, 2012).

Unlike business innovation that is motivated by the pursuit of profit and often spread by profit-driven organizations, *social innovation* often refers to innovative activities and services with social motives, usually diffused by social-based organizations (Mulgan, 2006). It potentially has an impact on the improvement of life quality or quantity (Pol & Ville, 2009). Despite rigorous discussions on social innovation in recent years, little consensus has been made among social researchers on the meaning or relevance of this term (Pol & Ville, 2009). This may lead to ambiguity and impracticality of the concept, yet relevant studies on this topic are still valuable (Pol & Ville, 2009)

since business innovation, used to be perceived as a predominant drive for human development, can no longer fully explain the increase in social innovations and tremendous number of innovations for the public good in the last few decades (Franz, Hochgerner & Howaldt, 2012; Pol & Ville, 2009).

During the last few decades, successful practices of social innovation around the world have sent an optimistic message to individuals or groups who are eager to contribute to the world's most severe social problems. Microcredit finance, the fair trade movement, green buildings with less carbon-emission, Wikipedia and online self-help groups (Mulgan, 2006), are among the few. With the overall purpose of social value creation based on value-based missions rather than focusing on profit generations (Certo & Miller, 2008), social entrepreneurship is also closely associated with social innovation (Lisetchi & Brancu, 2014; Phillips et al., 2015). It is generally accepted that social entrepreneurship involves innovative activities to create social value based on overall value-based missions rather than mainly focusing on profit gains (Austin et al., 2006; Certo & Miller, 2008). According to Lisetchi and Brancu (2014), social entrepreneurship reflects a social innovation by inclusion of social aspects into the traditional economic entrepreneurship and by direct linkage between social demands and economic activities into the traditional entrepreneurial activities. In the following sections, its definition, influencing factors, broad categories and structural options in Canadian and in B.C. context will be discussed.

Social Entrepreneurship

Social entrepreneurship is not a new phenomenon (Dees, 1998a; Enp, 2010); however, it is during the last three decades that discussion, research and practices have gained increasing popularity (Choi & Majumdar, 2014). Early research of social entrepreneurship stemmed from the knowledge and efforts made in entrepreneurship in the business sector (Mair & Marti, 2006). Major emphasis was originally placed on studying those social entrepreneurs (Dees, 1998b), while later the discussion expanded from entrepreneurial individuals to groups or organizations.

Social Enterprise and Social Entrepreneurship

The meaning of social entrepreneurship varies among different researchers. Mair and Marti (2006) offered a broad definition of social entrepreneurship. They viewed this concept as a *process* using innovative ways to pursue opportunities for the purpose of catalyzing social change, and meeting crucial social needs by providing services, products or creating new organizations. Rather than simply looking at profit or not-for-profit, they argued that social entrepreneurship distinguishes itself from entrepreneurship of other forms in a way such that its priority is embedded in the social value creation rather than in the value capture. Austin, Stevenson and Wei-Skillern (2006) conceptualized social entrepreneurship as innovative activities that create social value. They broadened the concept by declaring various other sectors where social entrepreneurship takes place are relevant too. They argued that the process could happen in the non-profit, the private or the public sector. Recently, social entrepreneurship has also been interpreted as a rising *global movement* aimed to tackle complex social problems around the globe (Stecker, 2014).

As an emerging field, the definition, patterns, outcomes and successful practices of social entrepreneurship still remain unclear due to the lack of empirical research within business studies, and the external support of other research from multidisciplinary contexts (Cukier, Trenholm, Carl & Gekas, 2011). Amongst the differing opinions for a definition, however, it is generally accepted that social entrepreneurship is to create social value based on overall value-based missions rather than focusing on profit generations (Certo & Miller, 2008).

Influencing Factors towards Social Entrepreneurship

The rising trend of commercialization, according to Dees (1998a), has acted as a major cause of social entrepreneurial practices among non-profit organizations. He pointed out that five phenomena have inevitably stimulated the current trend of business-like operations among non-profits. They are: (1) the growing tolerance towards profit-driven initiatives for social sectors caused by rising capitalism; (2) an increased awareness of fee-charging among non-profits due to the consideration of protecting beneficiaries' self-

esteem; (3) the increasing demand for financial sustainability of the non-profit sector in response to the vulnerability of traditional funding sources; (4) the growing preference of governments for commercial approaches to augment the existing funding sources; and (5) the increasing competition from for-profits trying to break into the traditional domain of social sectors, and competition from other non-profits within the sector. The increasing popularity of social entrepreneurial practices for Canadian non-profit practitioners is in response to the decreased government funding, to better fulfill the needs that private markets could not handle, to further strengthen the social mandates, and to advance social innovation in current days (Enp, 2010).

Social enterprise is expanding their non-profit organizations' financial resources building on the traditional grants and donations with a more flexible and reliable self-driven revenue-generation. This revenue diversification enables non-profits to better achieve financial resilience and address their social missions. Using a diversification index for the measurement of revenue diversification among non-profits, as shown in the evidence seen in a study conducted by Chang and Tuckman (1994) indicated that compared with simple revenue sources, diversified revenue sources are more likely to help non-profits gain stronger financial positions, which result in organizational sustainability and continuous growth of the non-profit organizations. Carroll and Stater (2009) also provided evidence that revenue diversification has an influence on revenue volatility. By using a regression model, their research showed that a reduction in revenue volatility could be expected if non-profits actively participated in efforts of diversification in their current revenue structures (Carroll & Stater, 2009), which means that non-profits with financial stability are more capable in being able to continue their work according to their missions.

Broad Categories of Social Enterprises in Canada

Depending on differing perspectives there could be a range of forms of social enterprise, from products and services to revenue generation and outcomes (Enp, 2010). In general, according to *Enterprising non-profits*—a national supporting program for non-profit organizations' start-ups or expansion of the social enterprises—there are three types of

social enterprise in Canada: those enterprises that fill local employment gaps, those that deliver their missions and those that simply generate revenue (Enp, 2010).

The first type of social enterprise, according to (Enp, 2010), often provides direct training opportunities or jobs to the people a nonprofit is dedicated to serve, usually to those who have mental, physical, economical or physical barriers to employment. Typical business activities these social enterprises employ range from catering or cleaning, to landscaping or crafting. These enterprises often need donations and grants to better support the disadvantaged population they serve.

The second type, noted as a “mission-based enterprise” by Enp (2010, p. 17), conducts business that is highly related to its social mission. Revenue could be generated directly from its clients or third parties, through its delivery of products or services, or revenue can be generated from distinct businesses that will be later used to accomplish the social missions of the parent organization. Examples of this type of enterprise include childcare, homecare and training. Enterprises operated in environment and arts & culture categories usually fit within this type too.

The third type of social enterprise merely operates for the purpose of revenue generation for the parent organization in accomplishing its charitable mission (Enp, 2010). By utilizing assets and competencies, these enterprises often sell products or services to clients that are not directly targeted to the group they intend to serve based on their missions. Examples of their business activities could be renting space or facilities, operating thrift stores or cafés, and other activities that are not related to their social mission. This type of social enterprise differs from the other two types (enterprises that provide employment development and enterprises that fulfil their social missions) where the business operates in close relation with the target groups they intend to serve, or targeted problems they dedicate to address, while the third type of social enterprise often operate secondary or complementary businesses to their core missions.

Structural Options for Social Enterprise in Canada

In the interests of the increased pursuit of social entrepreneurship in Canada and elsewhere, it should be noted that from a corporate and tax perspective current Canadian law does not respond accordingly with a timely definition and regulation for this new operational model (Manwaring, Valentine & Thomson, 2011). Despite the lack of legislation for social enterprise, there are currently five structures of social enterprises in place in Canada, respectively for-profit structure, registered charity, non-profit organization, co-operative and hybrid entities, each structure with certain benefits and limitations for the operators (Manwaring, Valentine & Thomson, 2011).

Among those structural options, the *registered charity* and *non-for-profit organizational* structures are specifically related to the non-profit sector. In Canada, registered charity and the non-profit organization are defined separately. According to the Canada Revenue Agency (CRA), registered charities are specific types of non-profit organizations who apply for and are approved by the CRA that are exempt from paying income tax and can issue official donation receipts (Canada Revenue Agency, 2015). Although they are both non-profit organisations in a broad definition, under the *Income Tax Act*, registered charities and non-profit organizations have different legal benefits and related obligations, therefore these two are mutually exclusive to each other (CRA, 2015). Registered charities must also file annual information returns (T3010), forms that were used as a financial data source in this study.

British Columbia legislated the first hybrid structure for social enterprises in Canada, in 2012, after amendments of *BC Business Corporation Act* were made: Community Contribution Company (CCC, or C3) (BC Centre for Social Enterprise, n.d.). Community contribution companies are for-profit businesses in nature. By combining features from for-profit businesses and non-profit enterprises, the C3 corporate model enables for-profit businesses addressing social change while generating profits with restricted ability to distribute those profits to shareholders (British Columbia, <http://www.fin.gov.bc.ca/prs/ccc/>). C3s are for-profit businesses in nature yet differ from other private companies due to an asset lock and accountability level (British Columbia,

n.d.). An asset lock shows that the C3 model sets strict limits on the dividends available and assets receivable to shareholders, making sure that most of the C3 profits go to community purposes directly, or those profits support a qualified entity addressing community purposes indirectly. A higher level of accountability requires annual reports from C3s demonstrating their contribution to the community. Instead of having one director, C3s must also have three directors to make sure higher accountability.

Definition of Social Enterprise in this Research

For the purpose of the study, a narrowed and operational definition of social enterprise provided by Elson and Hall (2013) is used. By taking into consideration the social enterprise in the Canadian context, and other efforts focusing on Canada, they defined social enterprise as “a business venture, owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment; financial, social, environmental, and cultural” (Elson & Hall, 2013, p. 6).

Choosing this definition is appropriate for this study. In their research, Elson and Hall (2013, p. 3) showed that the usage of this definition, because of its clarity and practicability, made it possible for a survey tool to study Canadian social enterprises. In terms of the formulation of a definition, Pol and Ville (2009, p. 884) held a similar view, emphasizing the definition’s utility, clarity and simplicity so as to provide helpful guidance for research and practice, rather than arguing whether a definition is right or wrong, narrow or broad, explicit or inclusive. The adoption of Elson and Hall’s definition of social enterprise is also in accordance to Pol and Ville’s viewpoint regarding a definition. By adopting this definition, this study does not imply that it is the best social enterprise definition; rather, due to the practicality, it would be more likely to identify and analyze Canadian charities, which operate leisure & recreational social enterprises.

Social entrepreneurship studies are making in-roads into the non-profit literature. The organizational ambidexterity, a concept of describing an organization’s capacities to be exploitative and explorative for long-term survival, however, is almost completely absent in the discussion of non-profits, although this knowledge has huge potential to

benefit and improve non-profit organizational performance. In the following section, a brief introduction of organizational ambidexterity with its common measurement methods, along with the research gaps in the non-profit sector is discussed.

Organizational Ambidexterity and Non-profits

Organizations seem to be constantly confronted with contradictory demands of either improving current organizational performance or exploring new opportunities for the long-term success. Although there are always trade-offs between exploitative and explorative activities for any organizations, a few somehow manage to balance the trade-offs well enough to be competitive in the long run. The value of the studies on ambidexterity stemmed from seeking knowledge to understanding this phenomenon (Gibson & Birkinshaw, 2004).

Organizational Ambidexterity (OA)

From the first appearance of the term (Duncan, 1976), the clear dichotomy of exploitation and exploration within its domain (March, 1991), to the first proposal of a fundamental theory for this field (Tushman & O'Reilly, 1996), organizational ambidexterity (OA) now has gained increasing amount of attention in the last two decades (O'Reilly & Tushman, 2013). The word *ambidexterity* originally describes abilities of individuals who use both left and right hands equally well. Apply this trait of balancing equal use of contradictory capacities simultaneously through an organizational lens, *organizational ambidexterity* refers to “the ability of an organization to both explore and exploit—to compete in mature technologies and markets where efficiency, control, and incremental improvement are prized *and* to also compete in new technologies and markets where flexibility, autonomy, and experimentation are needed” (O'Reilly & Tushman, 2013). According to March (1991), *exploration* refers to things related to “search, variation, risk taking, experimentation, play, flexibility, discovery, innovation”, while in contrast, *exploitation* refers to things related to “refinement, choice, production, efficiency, selection, implementation, execution” (p. 71). In OA literature, *exploitation* and *exploration* are often considered as trade-offs (Mihalache & Mihalache, 2015) for allocating limited time and resources within an organization. OA knowledge is crucial for organizations to

achieve sustained performance in the long run, since confronted with intense competition and a turbulent operating environment, not only do they need to maximize the utility of existing resources for incremental improvements in the short term, but also, they need to be ready to make revolutionary changes at unpredictable moments when existing models do not fit anymore (Tushman & O'Reilly, 1996).

In general, researchers have held similar views that abilities for an organization to exploit and explore can be achieved by means of constant shifts in the organizational structure over time focusing on exploitative or explorative functions (*sequential ambidexterity*), or to physically separate units for chasing both exploitation and exploration within an organization at the same time (*simultaneous ambidexterity*). Both of these ways show organizational ambidexterity including the changes in the organization's structures, thus they can be both considered as *structural ambidexterity*.

Later in the ambidexterity discussion, built on the organization-context literature, Gibson and Birkinshaw (2004) developed a different approach to organizational ambidexterity, namely *contextual ambidexterity*, with alignment (unity of all activities integrated for an overarching mission) and adaptability (flexibility seen in a behavioral adjustment to the changing demands) as two ambidextrous capacities for ambidextrous organizations. These two capacities are similar to the capacities required by a structural ambidexterity, however, it is how the simultaneous capacities can be achieved that distinguishes conceptual ambidexterity from the structural one. Unlike structural ambidexterity, usually reached by separate structures or sub-units for exploitation and exploration, contextual ambidexterity requires an organizational culture that allows the division of time spent by individuals whether to be exploitative or explorative (Gibson & Birkinshaw, 2004).

Measurements of OA

Questionnaire surveys are the most common instruments for measuring OA in case studies. The analysis of the data gathered by those surveys often includes the calculation and comparison of the means from the 5-point (Bierly & Daly, 2007; Lubatkin, Simsek, Ling & Veiga, 2006) or 7-point Likert Scale (Cao, Gedajlovic & Zhang, 2009; Gibson &

Birkinshaw, 2004; Popadiuk, 2012) with several measurement items designed for both exploitation and exploration. In general, those measurement items are well covered by March's framing examples for both exploitation and exploration (1991). Terms such as "refinement, choice, production, efficiency, selection, implementation, execution" (March, 1991, p. 71) are used in survey instruments to detect the level of exploitation of the organizations, while capacities such as "search, variation, risk taking, experimentation, play, flexibility, discovery, innovation" (March, 1991, p. 71) are often used as measurement items for examining the level of exploration. For the final measure of OA, several studies (Cao, Gedajlovic & Zhang, 2009; Gibson & Birkinshaw, 2004; Madden, 2012) adopted the approach of multiplying both exploitation and exploration measures.

OA for Non-profits

The current absence of studies on OA in non-profits context calls on the academic development in this field. The predominant evidence from the current state of research has shown positive correlations of OA with increased innovation, enhanced financial performance, as well as strengthened surviving capacity for an organization, especially under turbulent environments (O'Reilly & Tushman, 2013). However, all existing evidence has been found in the studies on the business sector except findings from the dissertation regarding OA and financial performance of non-profits by Madden (2012). After reviewing former studies, Madden (2012) summarized and explained the mobilization of existing OA knowledge for for-profits to non-profits and showed there is potential to benefit both sectors. He noted that nonprofit organizations could potentially benefit from this knowledge, considering they are also under increasing pressure to use existing resources efficiently and effectively while at the same time, strive to be innovative in order to keep pace with and compete in the environments of constant change just as in private businesses.

By evaluating OA levels of American non-profit organizations, Madden's dissertation represents the first effort to extend this concept into the non-profit sector. This study followed the methods used in Madden's research by adopting the Charity

Navigator's Financial Health rating methodology as a practical instrument for OA measurement, but instead, evaluate Canadian charities that operate leisure & recreation social enterprises in British Columbia in an attempt to contribute to the development of OA knowledge in non-profit literature from a Canadian perspective.

Charity Watchdog Organizations and Charity Performance Measurement

There is an increasing demand for regular outcome measurement and reporting of non-profit organizational performance (Morley, Hatry & Vinson, 2001). For a long time, non-profits were used to the descriptive monitoring and reporting of administrative information such as indicating the number of beneficiaries and volunteers involved, what the programs and activities were provided, while such information is still important it cannot fully demonstrate the impact of non-profits or provide insights for better performance in the future (Morley, Hatry & Vinson, 2001).

The Rise of Charity Watchdog Organizations

In response to the rapid increase in number of charitable activities, a growing number of non-profit watchdog organizations, along with other new tools for non-profit performance evaluation, have been established with the intent of influencing and informing donors and monitoring the non-profit sector. As illustrated in the following, several current realities could explain the rise of non-profit watchdog organizations.

To begin with, the trend of non-profit watchdog organizations around the globe reflects the external pressures non-profits are facing and internal responses from non-profit leaders. According to Murray (2005), an increasing demand for an effective evaluation of non-profit organizations is primarily due to the external pressures from donors, clients, regulators and other interested groups to better explain mission-related achievements of non-profits, as well as internal attempt from non-profit leaders within the sector in the hope of a better organizational performance.

In addition, the popularity of the Internet makes it possible for web-based evaluation that some watchdog organizations' rating methodologies are based on. Lowell,

Trelstad and Meehan (2005) indicated that the information age inherent to the Internet allows for accountability and transparency of non-profits and is beneficial for web-based rating agencies. Now this seems to become more obvious. Specifically, recent Internet-related technologies have opened up a tremendous potential for nonprofit organizations to promote organizational accountability online (Saxton & Guo, 2011).

Moreover, watchdog organizations emerged from the reality of information asymmetry where donors do not have access to comprehensive information of non-profits to aid in giving decisions (Cnaan, Jones, Dickin & Salomon, 2011). The growing popularity and increasing influence of non-profit watchdog organizations are a response to these donors' needs for this information.

Furthermore, watchdog organizations are on the rise due to a certain value found in the rating systems. The rating systems of the non-profit watchdog organizations, especially the financial evaluation variables, are often built on variables already tested by previous studies on financial information of non-profits and giving decisions of donors (Trussel & Parsons, 2007). Therefore, they are backed by certain academic evidence, which do have their merits.

Lastly, watchdog organizations provide critical information in the decision-making process of donors, policy makers, or non-profit practitioners. Important decisions related to non-profits have to be based on the evaluation to some extent. However, the valuation process is always problematic because of several technical problems and common psychological tendencies (Cutt & Murray, 2000; Murray, 2005) that often lead to subjectivity and irrationality. It is even more complicated when it comes to efforts made to evaluate the social impacts, which many non-profit organizations are dedicated to create. Mair and Marti (2006) pointed out the real difficulty of social impact measurement may be in the attempt to quantify social impact when it is more qualitative in nature. Austin et al. (2006) also noticed the great challenge of social change measurement since it is often not easily quantifiable; it occurs due to a complicated mixture of various causes; the social change is usually temporal; and also, when measuring, it is found that different perspectives are represented by different groups.

Therefore, it is always a challenge to come up with a robust evaluation system applicable to capture performance in non-profit organizations. The reality however, is that non-profit leaders, along with donors, clients, regulators and other interested groups, still inevitably refer to evaluation systems (no matter how subjective and irrational those may be) in order to make important decisions (Murray, 2005). Evaluators cannot simply wait for a perfect system but must use the evaluation tools available.

Because of this reality, it is important to improve the existing evaluation instruments and identify how to use them. Progress has been made, and various new measure instruments have emerged, including the United Way Approach, the Balanced Scorecard, CCAF/FCVI Framework for Performance Reporting, Best-Practice Benchmarking, along with the increase in charity watchdog rating services with constantly improved rating methodologies (Murray, 2005). In the following section, a brief introduction of the two well-known watchdog organizations in Canada and the United States—Charity Intelligence Canada and Charity Navigator—and their rating methodologies both revised and used in this study, are discussed.

Charity Intelligence Canada (Ci)

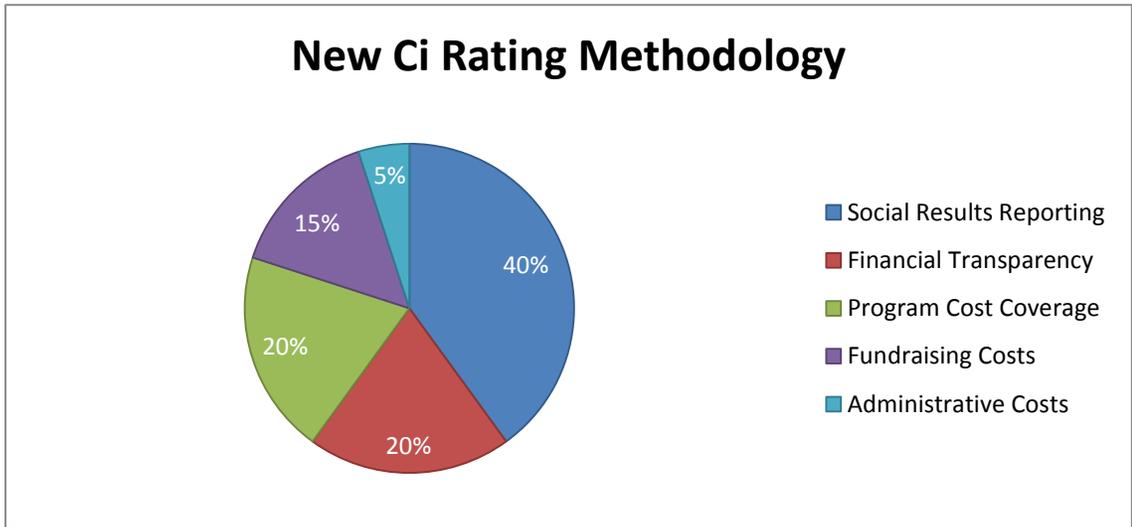
Established in 2006, Charity Intelligence (Ci) is a Canadian watchdog organization and a non-profit organization itself conducting independent, evidence-based research and analysis on Canadian charities. In an attempt to inform Canadian donors, who may then make informed decisions, Ci has designed a charity rating methodology for evaluating the overall performance of Canadian charities. Evaluation result for any non-profit organization is a “balanced giving portfolio” in an effort to meet the needs of donors for their potential giving interests. Donors could refer to charity profiles and reports from the Ci website. Ci also processes requests, and continues to conduct new research for an expanding database with more charity ratings for interested donors.

With the increasing demand for better assessment of Canadian charities, Ci has recently released a new star rating system, composed of Social Results Reporting (40%), Financial Transparency (20%), Program Cost Coverage (20%), Fundraising Costs (15%) and Administrative Costs (5%) (see Figure 1 below). The five metrics mentioned above

will be taken into account to assign a star (0 to 4) rating for a charity. The star received is an indicator in a relative ranking system that compares to the performance of all charities in the Ci database instead of a fixed score.

Figure 1

Components of New Ci Rating Methodology



Charity Navigator (CN)

Established in 2001, Charity Navigator (CN) is influential and is currently the largest charity watchdog organization in the United States, having assigned scores to over 8,000 American charities without any charges. It also intends to inform donors, so that intelligent giving decisions may be made, through its number-based rating system particularly focusing on financial performance and transparency. Although as a non-profit organization that welcomes external funding, in order to remain as unbiased as it could, CN does not accept funding from charities that its team has measured.

The current rating system of the CN (CN 2.0) evaluates two broad areas: charity's *financial health* and *accountability & transparency*. *Financial health* examines how well a charity operates and sustains its programs financially, meaning—how well a charity could use money efficiently and effectively to achieve better social impact.

Accountability & transparency evaluates the governance, practices and openness of a charity for providing information to the public.

CN only reviews and analyzes charities that under the 501(c) (3) status, which requires them to file 990 Forms. Data from Form 990 is the source for evaluating charities' *financial health*, and also one of the important sources for evaluating *accountability & transparency*. Due to the nature of the data used by CN for ratings, which is public, and secondarily provided by charities themselves, the final rating score given to a charity reflects the reporting performance of the charity instead of its actual performance.

Except for the sub-variable *program expenses*, all the other six sub-variables which determine *financial health* reporting performance require conversions based on different types of organizations (see Appendix A: Financial Reporting Performance Rating Instrument). This is because CN acknowledges performance variation among different types of organizations, a consideration of a variation in resources and expenditures each type requires. To acknowledge this performance variation, CN's Financial Health rating instrument uses Financial Ratings Tables to set numeric ranges of financial performance. As claimed by CN, these qualitative ranges of performance are supported by the knowledge gained from analysing more than 7,500 American charities' financial functions (<http://www.charitynavigator.org/>). In response to the higher demand of evaluating charities' social performance, CN has also published an improved rating system CN 3.0, which includes the rating of charities' results reporting performance.

Each of these rating systems has inherent strengths and weaknesses whereas the CN has a well-developed rating system on financial results reporting evaluation, it does not include a complete social results reporting evaluation; Ci is capable of providing a detailed rating system to evaluate social results reporting performance, while it is limited in its ability to evaluate a charity's the financial results reporting performance. This study used a revised charity rating system, combining the methodological strengths of both Ci and CN's rating system, to evaluate the *overall* reporting performance and organizational ambidexterity of those parent charities which operate their social enterprises in leisure &

recreation field in B.C., Canada. The following chapter starts with an overview of the research methodology, along with the detailed explanation of sampling process and the rationale of reporting performance evaluation. Also, the data collection and analysis method for the overall purpose and for each of the three objectives are illustrated. Finally, the basic components and evaluation criteria of the revised rating system used in this study are introduced.

Chapter 3: Methodology

Under the general pro-active attitudes to social entrepreneurship, and thus the current proliferation of the practices of social enterprise, this study examines whether charities in British Columbia, with a desire to improve organizational performance by operating leisure & recreational social enterprises, have enhanced performance and have become more ambidextrous over time (2006-2013). A criterion sampling strategy was adopted to identify and select twenty parent charities with operations of leisure & recreational social enterprises in B.C., Canada. The study conducted a concurrent mixed methods or triangulation (Creswell, 2008) approach where both qualitative and quantitative data were collected for later analysis. Quantitative data from Canada Revenue Agency T3010 forms from the years of 2003-2013 was collected, then was analyzed through SPSS to examine changes in financial results reporting performance and the organizational ambidexterity over time. Qualitative data was gathered to capture content on the charities' websites (including downloadable materials from the website links), then imported into Nvivo to examine how social results were reported. Both quantitative and qualitative data were secondary and collected manually. A revised rating instrument combining the strengths of two relatively well-developed charity rating systems from Charity Intelligence Canada and Charity Navigator was used to evaluate charities' reporting performance and organizational ambidexterity.

The purpose of this study was to examine the reporting performance and organizational ambidexterity of those Canadian charities which operate social enterprises in leisure & recreation field in British Columbia, Canada. In this severely competitive environment where non-profits are required to perform better, a look at how non-profits are effectively reporting their organizational performance and whether that performance is as equally important as the actual performance. The potential donors and volunteers who are not familiar with what a certain non-profit organization is contributing to, are advised to follow two common approaches: search program information on the website or check the financial data from T3010 forms. It is safe to conclude that a poor reporting performance will not create a positive image of the organization. Thus this study evaluates charities' reporting performance, in an attempt to provide timely suggestions to

improve reporting performance for non-profit practitioners and to add empirical knowledge of charity ratings and non-profit evaluation in academia.

As noted in the literature review, social entrepreneurship diversifies the revenue sources for non-profit organizations, which leads to a stronger financial position from which to support charitable initiatives (Chang & Tuckman, 1994; Carroll & Stater, 2009). In the *Canadian Social Enterprise Guide* (Enp, 2010), Enp also summarized several benefits for non-profits operating social enterprises including a better organizational performance. Operating a social enterprise does not always guarantee financial sustainability and social mission fulfillment for non-profits. However, by adopting knowledge from the business sector, the passionate pursuit of social entrepreneurship at least indicates the non-profits' courage to break from old thinking patterns, and their willingness to be innovative in order to improve current performance and sustain organizational existence in the long run. This study examined whether those charities with a desperate desire to improve their organizational performance by operating leisure & recreational social enterprises, have actually led them to perform better and become more ambidextrous.

For both academic researchers and non-profit practitioners, the rating methodologies used by charity watchdog organizations have been long criticized due to the little consideration of variables for measuring social impacts. The heavy reliance on financial ratios and the lack of additional measurement for non-profit organizational effectiveness constrain the merits of the ratings (Gordon, Knock & Neely, 2009; Liket & Maas, 2015). The revised system in this study has taken into account the evaluation of charities' social performance, the very type of performance that is often valued the most because it is closest to the core mission of any charity. Both Ci and CN have realized the absence of a social impact measurement and are actively refining the rating systems with an inclusion of a social impact evaluation. Ci has already tested the new social reporting performance instrument amongst 120 reputable Canadian charities (Ruff, Thomson & Young, 2013, p. 3). It plans to implement a new social-performance-included system to all Canadian charities by the year of 2015 (Charity Intelligence Canada, n.d.). Although the release is not as detailed as the Ci's social reporting instrument, CN is also making

progress towards a new CN 3.0 methodology covering social performance evaluation, with the release of the concept note (Charity Navigator, 2013) briefly explaining how they will evaluate charity's social impact.

This study intended to focus on Canadian charities with the operations of the social enterprises in the leisure & recreation field. By gaining empirical knowledge of the *financial* and *social results* reporting performance along with the organizational ambidexterity levels, the study has the potential to contribute to the knowledge of social entrepreneurship, organizational ambidexterity, and organizational performance evaluation, which may contribute to the non-profit literature.

Before explaining each objective of the data collection and analysis method, the following sections introduce the purposive sampling strategy adopted and the rationale of evaluating reporting performance instead of actual performance in this study.

Sampling

Leisure & Recreation and Non-profits

In this study, parent charities, which operate social enterprise in the fields of leisure and recreation were chosen. Leisure-related social enterprise organizations were considered due to the benefits of leisure not only to individuals (Caldwell & Witt, 2011; Nimrod, 2007; Patel et al., 2010), communities (Armstrong, 2000; Pedlar, 1996; Stebbins, 2009), environment (Chen, Tu, & Ho, 2013; Rolston, 1991), economy (Johnson & Brown, 1991), and society (Crompton, 2008), but also to non-profit organizations trying to achieve financial sustainability and to improve organizational performance.

Various studies have shown profound benefits of leisure ranging from physiological, psychological, social, economic and environmental (Mannell & Stynes, 1991) benefits. Specifically, in the Canadian context, and according to Shannon (2007), leisure plays a significant role in the individual, familial, and societal levels. At the individual level, leisure generally contributes to personal enjoyment, sense of self, skill improvement and wellness. Leisure helps to stimulate the dynamic of family life. At the

societal level, leisure contributes to society in several tremendous ways. To begin with, leisure helps develop social values and social norms amongst the participants in leisure. In addition, leisure activities stimulate economy by encouraging consumption of leisure products and services, and by keeping workers productive and motivated in the workforce. Moreover, leisure activities facilitate understanding and bonding amongst multicultural groups. Lastly, leisure provides opportunities for marginalized individuals and groups to reintegrate into mainstream society.

Leisure also plays an important role in enhancing financial sustainability and improving social performance for non-profit organizations. To begin with, operating leisure programs and activities enable charities to charge fees to subsidize charitable programs, one example could be YMCA's fees-charging for their programs (Kraus, 1984). For non-profit organizations in Canada, revenue-generating activities are common (Lasby, 2013) and this is especially true for organizations operating in sports & recreation (Imagine Canada, 2006a) and arts & culture (Imagine Canada, 2006b). These fees allow non-profit organizations to maintain their organizational functions and support their charitable programs for targeted groups without relying too heavily on external grants and donations.

Moreover, leisure & recreation is a critical tool for non-profit organizations to better fulfil their social missions. They often regard leisure & recreational programs and services as effective approaches to satisfy objectives such as social welfare improvement, youth development, social pathology reduction, experience enrichment and community building (Kraus, 1984).

Sample Selection Process and Explanation

A sample of 20 was chosen after a four phase selection process (See Table 1).

Table 1

Selection Process of Charity Sample

	Sports & Recreation	Tourism	Gallery/ Arts	Arts & Culture	Facilities (Banquet, Conference, Party)	Sewing	Other	Sum
Selection Phase								
1. Social Enterprises Listed on Enp Website	10	2	10	4	21	2	8	57
2. Parent Nonprofits Searchable with websites	6	2	9	4	20	1	1	43
3. Parent Nonprofits without Duplicates	6	2	6	4	19	0	1	38
4. Complete 2003-2013 T3010 Form Available	3	1	3	1	12	0	0	20

Phase 1. The original sample list was generated after a review of the leisure & recreational social enterprises in British Columbia, Canada stated on the Enterprising Non-profits (Enp) website. Enp provides a self-uploaded social enterprise list with thirty industry categories. Using a broad definition of leisure, and treating “leisure” and “recreation” as synonyms for convenience, this study accordingly selected social enterprises from seven Enp-listed categories: (1) arts & culture; (2) facilities (banquet, conference, party); (3) gallery/arts; (4) sports & recreation; (5) sewing; (6) tourism; (7) theatre/performing arts; and (8) other. It is worth noting that the “other” category was included in order to eliminate any missing qualified samples for this study. After the Phase 1 selection, fifty-seven B.C. social enterprises were chosen.

Phase 2. After selecting social enterprises operating in a broad leisure & recreation category, Phase 2 identified the parent organization for each social enterprise selected in Phase 1. Some of the parent organizations were already listed on the Enp website; some organizations, although not listed, could still be identified with additional efforts in searching on the Internet by the researcher; some however, were neither listed

nor searchable, thus were eliminated from the samples. After the Phase 2 selection, forty-three parent nonprofit organizations with searchable online websites were chosen.

Phase 3. This phase mainly dealt with sample duplicates created for the following two reasons. First, although revised by Enp professionals, and since all the social enterprises on Enp website are self-listed, there are inevitable duplicates because of the confusion of similar categories. For example, there is one social enterprise listed both under the Arts & Culture and Sewing category, resulting in its parent organization being selected twice. Second, it appears that situations where one parent organization operates several social enterprises, the parent organization will be selected several times. In phase 3, all duplicates of parent organizations were identified and eliminated to make sure all qualified samples were only selected once. At the end of Phase 3, thirty-eight parent nonprofit organizations were chosen.

Phase 4. In the final phase, only parent organizations with complete 2003-2013 T3010 financial data available were selected. During Phase 4, several organizations were eliminated from the sample for various reasons. Some nonprofits do not have registered charity status so they can not apply to file T3010 forms; some were established after 2003, so that they do not have T3010 data for the whole 2003-2013 time frame; some were revoked; some were missing certain year's data.

In the end, twenty parent nonprofit organizations (1) with registered charitable status; (2) apply to provide a complete 2003-2013 T3010 form for financial data; (3) operate leisure & recreational social enterprises in B.C., (4) have websites available, that were selected as final samples for this research.

Why Reporting Performance

The study was to examine charities' reporting performance and organizational ambidexterity. The primary reason that this study focused on reporting performance rather than real performance was—it is never possible to eliminate limitations of any evaluation instrument and to avoid biases of the evaluators (Murray, 2005), thus any

evaluation results will not exactly demonstrate real performance of those charities evaluated.

Also, all the data used in this study, both quantitative data from charities' T3010 form and qualitative data from their website content, are secondary in nature. Therefore, any findings from this study could only reflect charities' reporting performance instead of the actual one. This means a charity could be rated with a score that is higher than its actual performance, since there is a possibility that this charity does not deliver high-quality programs and services to its target groups but are very efficient in advertising itself to the public through a better reporting performance, and vice versa.

Although this study only examined the reporting performance of charities, the study is still worthwhile as the reporting performance is important. Firstly, by using a revised rating system combining the methodology strengths of two relatively well-established and widely used rating instruments (CN's financial performance and Ci's social reporting performance methodology), the final calculated scores could, to some extent, indicate the actual performance of those evaluated. It is true that it's impossible to design and implement a perfect evaluation instrument. Yet it lowers the subjectivity and increases validity if a thoroughly designed evaluation system is used.

Secondly, there is certain evidence indicating that charities with good reporting performance are more likely to attract donations. Using factor analysis to analyze variables from previous research, one study (Trussel & Parsons, 2007) found that organizational efficiency, financial stability, the quantity of information available, along with the organizational reputation of a non-profit do positively affect donations; Kitching (2009) discovered the value of audit quality in affecting donations; a study conducted on the effects of an accountability rating system of an American watchdog organization Wise Giving Alliance by Sloan (2009) indicated that, "pass" ratings given to the charities evaluated significantly affect those who donate to those charities; a research (Gordon, Knock & Neely, 2009) on the effects of ratings by CN also showed an increase in contributions to those charities that receive positive rating changes from CN. Despite the lack of study on the effects of social reporting performance on donation behaviors,

however, as noted earlier, in this internet world where most non-profits have adopted a web-based presentation, and are more familiar of social media of various types, it is reasonable to assume that a poor reporting performance will, to some extent, do harm to the organization's reputation, and thus decrease donation behavior.

In conclusion, empirical knowledge of the reporting performance for non-profit organizations, if not as significant as the knowledge of actual performance, does have the potential: to attract contributions to the non-profit literature for researchers; to improve organizational performance and to attract more donations for non-profit practitioners. This study examined the reporting performance of charities operating social enterprise in leisure-related fields, in an attempt to fill the knowledge gaps in both theory and practice.

Study Purpose and Objectives

The purpose of this study was to examine the reporting performance and organizational ambidexterity of those Canadian charities that operate their social enterprise in leisure & recreation field in British Columbia, Canada. Three objectives as listed below were used as a practical guide for data collection and data analysis: (1) to evaluate the overall *financial* and *social results* reporting performance of parent charities that operate leisure & recreational social enterprises in B.C., Canada; (2) to examine whether parent charities that operate leisure & recreational social enterprises in B.C. become more ambidextrous over time (2006-2013); (3) to develop a revised rating system for non-profit organizational performance evaluation with a consideration of incorporating both *social results* reporting performance and organizational ambidexterity. In the following sections, the method of data collection and analysis of the research purpose with its three objectives is explained in detail.

Objective 1

To evaluate the overall *financial* and *social results* reporting performance of parent charities which operate leisure & recreational social enterprises in B.C., Canada.

Under Objective 1, there were two sub-objectives regarding and respectively-*financial results* reporting performance and *social results* reporting performance.

Objective 1a. *To examine whether parent charities that operate leisure & recreational social enterprises in B.C., Canada experience better financial health reporting performance over time (2006-2013).*

A secondary approach was adopted for this sub-objective through an analysis of quantitative data from T3010 forms from the years of 2003-2013 with a revised evaluation instrument (see Appendix A). T3010 forms of registered charities since 2000 are made available on the Canada Revenue Agency (CRA) website. In this study, financial data since the fiscal year of 2003 was chosen. This is because that from 2003, the accounts in T3010 forms have remained in the same format with slight differences in the account instructions. The interval of analyzed financial data ended in the year of 2013 because when the data collection was started in 2015, not all charities had been able to provide their most recent T3010 forms in the fiscal year of 2014 or 2015. Therefore, choosing the 2003-2013 period enabled the same financial accounts from the same time interval to be applicable to all the samples chosen. Yet due to the four-year block of financial information needed by two financial variables (primary revenue growth and program expenses growth) in the revised instrument, this study could only examine the financial performance of sample charities from 2006-2013.

Objective 1b. *To evaluate current social results reporting performance of those parent Charities that operate Leisure & Recreation social enterprises in B.C., Canada.*

To evaluate *social results* reporting performance, a secondary analysis of the qualitative content on charities' websites was adopted by using the instrument from Ci's Social Results Reporting methodology (see Appendix B). For each charity, all content from the website was gathered manually into a Word document, then imported into Nvivo for further analysis. Similarly, all downloadable materials from website links were saved and imported into Nvivo. As explained later in detail in this chapter, a total of 26 questions were used to evaluate charities' *Strategy, Activities, Outputs, Outcomes, Quality, and Learning*. Each question generated a score ranging from 0 to 10, and the final score for each charity's *social results* reporting performance was calculated as a mean of scores of all 26 questions.

The overall score for *Objective 1* was the mean of *financial results* reporting score in the year of 2013 including one-third of *financial health* reporting score from *Objective 1a* and two-thirds of *financial transparency* score, as well as the *social results* reporting score from *Objective 1b*. This overall score was used to evaluate the current level of *overall* reporting performance of the sample charities. Since the *financial results* reporting score in 2013 was the most recent score available due to the time interval chosen in the study, this year's score was selected to reflect the current *financial results* reporting performance of a charity and together with the *social results* reporting score, was used to calculate the *overall* reporting performance score for Objective 1.

Objective 2

To examine whether parent charities that operate Leisure & Recreational social enterprise in B.C., Canada become more ambidextrous over time (2006-2013).

A secondary approach was adopted for Objective 2 by analyzing quantitative data from T3010 forms in the years of 2003-2013 with the evaluation instrument revised from CN's Financial Health methodology measuring Financial Efficiency (*exploitation*) and Financial Capacity (*exploration*) (see Appendix B). In this case, due to the use of the same data source for this objective as Objective 1a, financial data from T3010 forms in the time interval of 2003-2013 was used. Similarly, due to the same Financial Health rating instrument for this objective as for Objective 1a, the study could only examine the organizational ambidexterity of sample charities in the time period of 2006-2013.

For the measurement of OA for each charity evaluated, the study adopted the approach of multiplying both exploitation and exploration measures (Cao, Gedajlovic & Zhang, 2009; Gibson & Birkinshaw, 2004; Madden, 2012). Specifically, in this study, a score representing the level of OA for sample charities was the product of the two scores: *financial efficiency* and *financial capacity*.

Objective 3

To develop a revised rating system for non-profit organizational performance evaluation incorporating both *social results* reporting performance and organizational ambidexterity.

The establishment of Objective 3 was based on the reality that the fulfillment of both Objective 1 and Objective 2 required a revised rating system incorporating both *financial* and *social results* reporting performance and organizational ambidexterity. Existing rating methodologies from various watchdog organizations are not well equipped for achieving Objective 1 and 2. As two influential watchdog organizations discussed earlier, Ci has its merits on the *social results* reporting performance evaluation while its *financial results* reporting rating methodology is relatively weak; CN is well-known for its Financial Health rating instrument to evaluate the *financial results* reporting performance, and efforts from Madden (2012) indicated that CN's financial rating instrument could be used as an OA evaluation instrument as well. Although also trying to address *social results* reporting performance, the new CN rating methodology CN 3.0 does not explain its social reporting instrument in enough detail. Therefore, as explained before, the general combination of the two methodological strengths from both Ci and CN with minor revisions enabled this study to reach the two objectives and the research purpose as a whole.

Rating Instrument for Financial Results Reporting Performance and OA

The revised rating instrument used in this research mainly adopted the rating proportion of Ci rating system, meaning 60% from *financial results* reporting performance and 40% from *social results* reporting performance (see Table 2). In the category of the *financial results* reporting performance, two main areas were evaluated: *financial health* (2/3) and *financial transparency* (1/3) (see Appendix A).

CN's Financial Health rating system was chosen to replace Ci's. The reason for this choice was that, firstly, the Financial Health rating methodology of CN is more comprehensive compared to Ci's financial rating system. Not only Ci's three main

evaluation components are well covered by CN’s sub-component *financial efficiency*, but another sub-component *financial capacity* (which is not evaluated in Ci’s rating system) is also examined in CN’s instrument.

Secondly, the explanation of the CN Financial Health methodology provided on its website is more logical and detailed than that of Ci’s, making it possible for the researcher to implement this methodology. Besides, due to the similar financial data provided by the CRA T3010 form in Canada and Form 990 in America, it is possible in the study to use CN’s Financial Health methodology to evaluate *financial health* reporting performances of Canadian charities.

Table 2

Rating System Comparison among Ci, CN and Revised Instrument for this Study

		Ci RATING COMPONENTS	REVISED INSTRUMENT	CN RATING COMPONENTS
FINANCIAL RESULTS REPORTING PERFORMANCE	Financial Health	Program Cost Coverage	CN Financial Efficiency & Financial Capacity	Financial Efficiency <i>Program expenses</i> <i>Administrative expenses</i> <i>Fundraising expenses</i> <i>Fundraising efficiency</i>
		Administrative Costs		Financial Capacity <i>Primary revenue growth</i> <i>Program expenses</i> <i>growth</i> <i>Working capital ratio</i>
	Financial Transparency	Financial Transparency <i>Audit financial report</i>	Ci Financial Transparency + two CN variables	Accountability & Transparency <i>Data from Form 990</i> <i>Website review</i>
SOCIAL RESULTS REPORTING PERFORMANCE		Strategy	Ci Social Results Reporting	Alignment of mission, solicitation and resources
		Activities Outputs Outcomes Quality		Results logic and measures Validations Constituent voice Published evaluation reports
		Learning		

Thirdly, this study also intended to examine the organizational ambidexterity of sample charities that were evaluated; CN’s two sub-rating components (*financial*

efficiency and *financial capacity*), are more capable for the ambidexterity evaluation. Having explained the rationale of using CN's rating system to examine this organizational ambidexterity, Madden (2012) adopted the CN instrument to evaluate non-profit organizational ambidexterity in the U.S., which provides an example of mobilizing OA knowledge into the non-profit sector. As he argued, *financial efficiency* examined the exploitative aspects, while *financial capacity* detected how well a non-profit organization explores new opportunities for long-term survival. Following his research, this study also viewed CN financial rating system as a practical instrument for OA measurement, in addition to its use in evaluating charities' *financial health* reporting performances.

Financial Efficiency (Exploitation)

Four metrics were used to analyze a charity's *financial efficiency*, respectively *program expenses*, *administrative expenses*, *fundraising expenses*, and *fundraising efficiency*. CN's explanation of *financial efficiency's* maximization of existing resources to better support mission-related programs goes in line with March (1990)'s example of exploitation. All metrics and their rationale are explained respectively on the CN's website (<http://www.charitynavigator.org/>).

Program expenses. The calculation of the *program expenses ratio* is the calculation of a charity's program expenses divided by its total functional expenses. The reason for analyzing this metric is that, providing programs and services to targeted groups is the core of a charity's existence. In a well-performed charity most financial resources should be allocated to the mission-related activities. In this case, the more money spent on charity's programs and services, the better score received.

Administrative expenses. The *administrative expenses ratio* is calculated by dividing the administrative expenses of a charity by its total functional expenses. Keeping administrative expenses reasonable compared to a charity's total expenses is important in making sure the maintenance of a charity's operational functions and ensure the retention of skilled staff with decent salaries. In this research, a higher score was given for a lower administrative expenses ratio for a charity.

Fundraising expenses. The *fundraising expenses ratio* is the percentage of a charity's total functional expenses spent on its fundraising activities. It is necessary for a charity to raise money through fundraising activities to support charitable programs; however, fundraising should not be the main focus for a charity other than providing programs and services of high quality. In this case, this study preferred lower fundraising expenses ratio.

Fundraising efficiency. The *fundraising efficiency ratio* is calculated by dividing the fundraising expenses of a charity by the total contributions it raises, which in other words, shows how much money is spent to raise \$1 for a charity after its fundraising activities. A well-performed charity should also be efficient in fundraising, generating as much funding as possible with less money spent. In general, a higher score was given to a charity that could use less money to raise more.

Financial Capacity (Exploration)

Three metrics were used to analyze a charity's *financial capacity*, respectively: *primary revenue growth*, *primary expenses growth*, and *working capital ratio*. CN's explanation of *financial capacity* on how well a charity continues to achieve "long-term, systemic change" (www.charitynavigator.org) fits the exploration examples provided by March (1990). As explained by CN, in order to continue delivering programs and services, charities need to: (1) increase their primary revenue (*primary revenue growth*); (2) grow their programs and services (*program expenses growth*).

Primary revenue growth. The *primary revenue growth* is calculated using the following formula:

$$\text{Primary revenue growth} = \left(\frac{Y_n}{Y_0} \right)^{\frac{1}{n}} - 1$$

Y_0 is the first-year revenue in the interval selected, and Y_n is the end-year revenue in the interval selected, while "n" is the length of the interval in years. In this study, a four-year-interval used by CN in evaluating this variable for most charities was chosen.

Program expenses growth. The *program expenses growth* is calculated using the following formula:

$$\text{Program expenses growth} = \left(\frac{Y_n}{Y_0} \right)^{\frac{1}{n}} - 1$$

Y_0 is the first-year program expenses in the interval selected, and Y_n is the end-year program expenses in the interval selected, while “n” is the length of the interval in years. In this study, a four-year-interval used by CN in evaluating this variable for most charities was chosen.

Working Capital Ratio. The *working capital ratio* is calculated by dividing working capital by the total expenses in the most recent fiscal year (including payments to affiliates). This ratio reflects how long a charity could sustain its existing charitable programs and services without generating new revenue. Having sufficient working capital enables a charity to survive in turbulent economy and continue to carry out charitable activities.

According to CN’s rating methodology, this study summed up the seven scores and added 30 points (to convert the score to a 100-point scale) to come up with the charity's *Financial Health* score; then the researcher multiplied the score by 0.1 to convert the score to a 10-point scale.

Financial Transparency

Financial transparency comprises 20% of the final rating score (or 1/3 of the *financial results* reporting performance score). Since the Ci’s rating system was the focus for developing a revised instrument for Canadian charity evaluation, this study adopted the Ci Financial Transparency methodology. This choice was also made because the fact that Ci’s methodology for transparency evaluation was clear and feasible for implementation by the researcher, while CN’s methodology for the transparency measurement required information that mostly does not apply to CRA T3010 forms.

Yet three revisions were made with the final transparency evaluation instrument used in this study. In the first revision two variables were added (board member information and key staff as listed on the charities' websites) from the CN Transparency & Accountability system to evaluate additional aspects of non-profit transparency, instead of just focusing on financial transparency (see comparison of Figure 4 & 5). These two CN variables were chosen because they could also be implemented on the Canadian charities' websites. It is possible that other variables from other instruments would be more applicable in measuring non-profit reporting transparency, however, according to the purpose of this study in combining methodology strengths of Ci and CN, qualified variables from other well-established rating systems were not considered.

The second revision involved reframing the requirement so that all the criteria could be evaluated based on public information found on the charities' websites. Originally, Ci Financial Transparency requires a charity under evaluation to provide its audited financial statement when requested by the Ci evaluation team if it has not posted the statement on its website. Because this study was to evaluate charities' reporting performance, only relevant data already accessible to the public was evaluated. If some information was missing, the researcher did not ask for the information from charities. This means that even some charities are willing to provide their audited financial statements upon request; their scores will still be lower since the criteria of the revised transparency instrument prefer charities that post their statements on the websites without asking.

The third revision involved reframing the scoring process with four ranks: ideal (10), good (7), something (3) and nothing (0) (see Table 3 and Table 4). This is because a 10 score system is more usable than 3 score system since eventually, in this study, every charity would be given a reporting performance score where the full score is 10. The four ranks were adopted from a one-column rubric found in the Ci Social Reporting Performance methodology, which is explained in detail in the next section.

Table 3

Original Ci Financial Transparency Methodology

CRITERION	SCORE
Audited financial statements for at least the last 2 years posted on the charity's website.	3
Audited financial statements for the most recent year posted on the charity's website.	2
Charity provided Charity Intelligence with its audited financial statements upon request by email or telephone.	1
Charity did not provide Charity Intelligence with its audited financial statements upon request. Financial statements were provided by Canada Revenue Agency.	0

Table 4

Revised Financial Transparency Rating Instrument

RANK	CRITERION	SCORE
Ideal	Audited financial statements for at least the last 2 years posted on the charity's website; and board members or key staff are listed.	10
Good	Audited financial statements for the most recent years posted on the charity's website; and board members or key staff are listed.	7
Something	No financial statement available, but board members or key staff are listed.	3
Nothing	No financial statement available, and no board members & key staff information posted.	0

Rating Instrument for Social Results Reporting Performance

The *social results* reporting performance is another important category used to evaluate charities, and is weighted at 40% of the final score. For this category, Ci's Social Results Reporting methodology was adopted, since the Ci's rating system was the focus for developing a Canadian-based instrument in the study. The other main reason was that, although both Ci and CN have addressed the importance of the social results reporting performance evaluation, Ci has a fully developed instrument available on its website with a detailed explanation of the rationale and the coding system (see Appendix A for the complete instrument). Ci's instrument is not only practical, but also suitable since it is originally designed to evaluate Canadian charities.

The social results reporting category measured charity's *social results* reporting performance (activities, outputs and outcomes reported by the charity itself, to the public)

with a total of 26 evaluation questions. Scores were given to charities based on how much information related to charities' social missions has been provided and how well they report their social results to the public.

Coding Rubric

One highlight of the Ci's social performance evaluation is its design of the coding rubric: a one-column rubric (see Table 5) and a three-column rubric (see Table 6). The *one-column rubric* is designed for questions that evaluate the overall performance of a charity, while the *three-column rubric* is used for questions for how a charity will meet the evaluation requirements without reporting all programs it provides. For example, Q1 requires a charity to report a clear mission and vision explanation (*Is there a clearly labelled statement of what the charity does and why it does it?*), which will be an overarching question in nature. Therefore, the one-column rubric will be used to score the result of Q1; Q2 requires a charity to present its strategy model for guiding its programs and activities (*Is there a discussion and/or model of the charity's strategy that details how its programming will ultimately accomplish its stated mission?*), so that all the programs and activities will eventually address its social mission. Since there is a possibility that the charity only reports its specific strategy of individual programs on its website, and other programs are not well guided under the overall strategy or model, there is a chance that this charity will still receive a high score if the one-column rubric is used. Therefore, in this case, a three-column rubric is used where the strategy is only applied to a charity's certain programs instead of the program as a whole. In this way, evaluators can avoid the possibility of coding all social results equally without consideration of the relevance and importance to the charity's overall performance.

Table 5

Social Results Reporting Performance: One-column Coding Rubric

Applicable to:	The whole charity
Ideal	10
Good	7
Something	3
Nothing	0

Table 6

Social Results Reporting Performance: Three-column Coding Rubric

Applicable to:	A minority of what the charity does: less than ½ of the charity's core programs.	Most of what the charity does: equal to or above ½ of the core work but missing one or more core programs.	All or almost all of the charity's programs: no core programs omitted.
Ideal	3	7	10
Good	2	4	7
Something	1	2	3
Nothing	0	0	0

Social Results Reporting Performance: Questions & Rationales

A total of 26 instrument questions were asked to evaluate each of the charities in the sample. These questions measured each charity's six main aspects of the *social results* reporting performance: *Strategy, Activities, Outputs, Outcomes, Quality, and Learning*. Each aspect was evaluated by asking several questions (see

Table 7). Five questions (Q1, Q5, Q6, Q23 and Q24) were coded using the one-column rubric. All questions and their rationales are explained respectively in the *Ci Social Results Reporting Coding Guide* (Charity Intelligence Canada, 2014).

Strategy. According to *Ci Social Results Reporting Coding Guide* (Ci, 2014), *strategy* is defined as “a clear explanation of a charity’s mission and how it expects to achieve its mission through its programs, taking into account the nature of the problem, degree of need, causes, context, and beneficiaries” (p. 5). Four questions (from Q1 to Q4) are used to detect how well a charity demonstrates its strategy to the public.

Q1 is used to examine whether a charity explains its social mission to the public or not, and how successful its explanation is. The reason for asking this question is to determine, if the social mission is well-demonstrated and reflective of the charity’s ultimate goal, which will be of great importance to the donors.

Table 7

Social Results Reporting Performance Rating Questions

CATEGORY	QUESTION	1/3-COLUMN RUBRIC
Strategy	Q1: Is there a clearly labeled statement of what the charity does and why it does it?	1
	Q2: Is there a discussion and/or model of the charity's strategy that details how its programming will accomplish its stated mission?	3
	Q3: Is there a discussion of the problem(s) the charity seeks to resolve, including mention of causes, consequences and who is affected?	3
	Q4: Does the charity provide quantification of the prevalence, scope and/or magnitude of the problem?	3
Activities	Q5: Is there a clearly demarcated overview of all of the charity's programs?	1
	Q6: Does the charity show how financial resources are allocated by program, in dollars?	1
Outputs	Q7: Does the charity quantify the service level provided by their activities?	3
	Q8: Does the charity report beneficiaries by program?	3
	Q9: Consistency: Are the outputs or levels of service provided compared with previous years?	3
	Q10: Comparability: Do measures of output or level of service allow comparison with other charities?	3
	Q11: Timeliness: Are the output measurements disclosed over a recent time period?	3
	Q12: Forward-looking: Does the charity provide numeric expectations for program outputs?	3
	Q13: Accuracy: Has the charity disclosed definitions and calculations for output measurements?	3
Outcomes	Q14: Does the charity disclose outcomes?	3
	Q15: Are outcomes quantified using absolute numbers?	3
	Q16: Consistency: Are provided outcomes compared with previous years?	3
	Q17: Comparability: Are outcome measures comparable with other charities?	3
	Q18: Timeliness: Is the period over which the outcomes were achieved disclosed?	3
	Q19: Timeliness: Are outcomes assessed after some time has elapsed?	3
	Q20: Forward-looking: Does the charity state goals for outcomes?	3
	Q21: Accuracy: Has the charity disclosed definitions and calculations for outcome measurements?	3
Quality	Q22: Reliability: Has the report been assured?	3
	Q23: Clarity: Is the report clearly presented?	1
	Q24: Balance: Does the charity present a thoughtful assessment of program results?	1
Learning	Q25: Does the charity report what it has learned during the past two years?	3
	Q26: Does the charity report changes made during the past year to programming as a result of what they learned?	3

Q2 is designed to detect how well a charity demonstrates its strategy for achieving its stated social mission. The reason for this question is that donors should not only be informed about the charity's core mission, but also the underlying strategy for every activity or program in achieving what it is supposed to achieve.

Q3 evaluates whether a charity explains the problem(s) it intends to resolve and how well it informs donors of the comprehensive understanding of the cause-and-effects that result in the existence of victims of the problem(s). By being well-informed about the problem(s) a charity addresses, donors could have a better sense of whether a charity's existing programs are effective.

Q4 examines whether the numerical data is presented to quantify the seriousness of the problem(s), and how comprehensive that data is. A charity with a good social reporting performance should provide concrete information about the scale of the problem(s) so that donors may have a critical understanding of the problem(s) before deciding to support this charity, instead of a situation where the donor may only rely on their personal preferences without a numerical illustration of the problem(s).

Activities. The meaning of *activities* in this rating system, according to *Ci Social Results Reporting Coding Guide* (Ci, 2014), is “the actions, work, processes, tools, and events that a charity engages in to produce outputs” (p. 9). Two questions (Q5 and Q6) are asked to examine how well a charity reports its charitable activities to the public; both questions detect the transparency of charity's programs.

Q5 evaluates how clearly a charity provides a labeled overview of all the charitable programs. This question is asked as there is a high demand of interest in the donors who are trying to grasp what the charity is working on, and to know where their donations will be spent.

Q6 tries to evaluate whether a charity has allocated its funding, by program, and how clearly the quantitative data is presented. The question is asked to help donors know where the financial resources have been used by program.

Outputs. *Outputs* are “quantifiable services and products produced as an immediate and direct result of a charity’s activities” (Ci, 2014, p. 11). Seven questions (Q7 to Q13) are asked to examine how well a charity reports their direct impact to the public.

Q7 is used to assess whether outputs of a charity were quantified and how many key outputs were provided numerically. This question is asked to provide a numerical context for other numerical information such as beneficiary information (Q8) and expenditures.

Q8 examines whether beneficiaries are clearly quantified by programs in the charity. This question helps donors understand the scope of charitable programs regarding the beneficiaries.

Q9 is designed to seek whether year-to-year numerical comparisons of the outputs are provided by the charity. The rationale for this question is: if the numerical comparisons are not compared with program outputs from previous years, the output data alone cannot inform donors with organizational trends and growth over time. Also, although establishing comparisons across charities is a daunting task, creating output comparisons within a single charity over time is relatively feasible.

Q10 intends to detect the level of comparability of the numerical reporting outputs as compared to the outputs provided by other charities in the same field. This question is to help donors to make sense of a charity as it adopts a standard or common measurement in reporting their program outputs under a certain comparable format, which gains at least a basic understanding of the charity’s performance compared to other charities’ when comparisons amongst charities are not easy to achieve.

Q11 is designed to evaluate the timeliness of the output data presented by a charity. This question is asked because timely information is more valuable in informing donors than outdated information.

Q12 examines whether a charity presents its future output expectations of program performance in numbers. This information is important because donors could know how their donations will be potentially used by the charity in the future when informed with a charity's future goals in the coming years or in the long run.

Q13 assesses whether a charity provides a detailed explanation of the output data, and its collection methods or not. It is important to the definition of the charity's outputs and measurements so that donors will be less likely to risk the chance of comparing numerical outputs of this charity to those of other charities that have different definitions and methods to explain their output data.

Outcomes. *Outcomes* are “the consequences and cumulative effects of a charity's outputs over time on the beneficiaries, communities, and causes the charity serves” (Ci, 2014, p. 18). In this sense, *outputs* emphasize the immediate results of charitable activities while *outcomes* seek the long-term effects of the outputs by a charity. Eight questions (Q14 to Q21) are used to examine how well a charity reports its long-term impacts of its charitable activities over time to the public.

Q14 seeks whether a charity demonstrates their outcomes to the public or not. This question is asked because outcomes are very important in determining social performance of a charity. It is worth noted that since Ci's criterion for the ideal outcome reporting performance is relatively broad, there is no “good” ranking for this question but “ideal”, “something” and “nothing” are used for ranking.

Q15 examines whether a charity presents outcomes with absolute numbers or not. Quantified outcomes enable donors a better understanding of the social impacts of a charity. Compared to Q14, this question requires precise information in the numerical outcomes.

Q16 is asked to detect whether period-to-period numerical comparisons of the outcomes are provided by a charity. This question is similar to Q9, which requires year-to-year output comparisons of a charity. Outcomes compared with the previous years are more likely to inform donors in order to make smart giving decisions. In addition, in reality, outcome comparison within the same charity over time is possible to implement. Moreover, since outcome means the long-term impact of charitable activities, outcome comparisons requires period-to-period statements of a charity's outcome performance over time, not the year-to-year comparison in the short term required by Q9.

Q17 intends to detect the level of comparability of the numerical reporting outcomes as compared to outcomes provided by other charities in the same field. Similar to the rationale of Q10, this question is to help donors to make sense of whether a charity adopts a standard or common measurement in reporting their quantified outcomes, so that a basic comparison of the charity's performance to other charities' may be achieved.

Q18 is asked to evaluate the timeliness of the outcome measurements of a charity or the third-party evaluation of charity's outcomes. Similar to Q11, timely outcome information is of great value for donors. Since it is a complex nature of measuring outcomes, the question allows a charity to report timely third-party measurements instead, if it has any.

Q19 assesses whether a charity conducts a follow-up measurement for outcome after the completion of a charitable program of a longer period of time (e.g., 6 or 12 months). This question is designed to give recognition and credit to a charity that impressively takes up extra time and resources to evaluate cumulative effects of its programs after program completions.

Q20 is designed to examine whether a charity presents its stated expectations for outcomes with a preference of numeric information or not, which is similar to Q12. Informed with forward-looking goals of a charity, donors are more likely to make sense of how their donations will be potentially used by the charity in the future.

Q21, similar to Q13, is asked to assess whether a charity provides detailed definitions of the output data and its collection methods. In order to make relatively fair comparisons among reporting outcomes from different charities, donors need to know how a charity defines its outcomes and how outcome data is collected.

Quality. *Quality* is defined as “reliability, balance and clarity of all of the charity’s reporting” (Ci, 2014, p. 26). Three questions (Q22 to Q24) are asked to examine the quality of a charity reporting performance to the public.

Q22 intends to give credit to a charity that attempts to increase its reporting reliability by seeking out third party assurance, which is rarely seen among charities. Third-party assurance could improve the reliability of the reports and also shows a charity’s confidence of organizational transparency and willingness to provide high quality reporting to the public.

Q23 is used to assess the clarity of the report presented by a charity. A good report should be well-organized and easy to read so that donors do not need to spend too much time on finding key information from it.

Q24 examines whether a charity thoroughly informs its program results to the public with both success and failure in the performance. This question is asked because a good report should inform donors, not simply advertising how well a charity has been done without mentioning performance failures.

Learning. *Learning* is defined as “new knowledge gained by the charity and changes made as a result of what it learned” (Ci, 2014, p. 29). Two questions (Q25 and Q26) are used to examine the learning process of a charity reported to the public.

Q25 evaluates whether a charity report what has learnt during the past two years. Reflections from the past performances of a charity could strengthen the future performance and deliver better social results. Learning is a slow process; therefore, knowledge gained in the past two years is evaluated.

Based on Q25, Q26 examines whether a charity mobilizes what has learnt from the last two years into practice. For a charity, knowledge and lessons learnt will be more valuable if transformed into actions for continuous improvement.

This chapter has introduced the methodology used to examine reporting performance and organizational ambidexterity of charities which operate leisure and recreational social enterprises in B.C., Canada, including the detailed explanation of purposive sampling strategy, rationale for reporting performance evaluation, research purpose and objectives, and the revised instrument adopted. In the following chapter, the study findings are presented to address each objective in order to fulfil the overall purpose of the study.

Chapter 4: Results

This chapter presents the findings of reporting performance and organizational ambidexterity of those Canadian charities operating their social enterprise in the leisure & recreation field in British Columbia, Canada. The chapter starts with a general description of the sample. Following the sample description are three major sections in accordance with the three research objectives: addressing findings on reporting performance, organizational ambidexterity, and the revised rating system respectively. In each section, results that directly support the research objective are presented first, followed by additional relevant findings that aid in gaining a better understanding of the research purpose. The chapter ends with a summary of findings regarding non-profit organizational reporting performance and organizational ambidexterity. Pilot tests on the utility of the revised instrument which combined the merits of two available rating systems from Ci and CN are also reported.

Introduction of the Sample

In order to understand the findings, the study sample is described, which includes information on the charity's regional distribution, program areas, social enterprise types, and location comparisons between parent charities and their social enterprise.

Region

As shown in Table 8, the locations of parent charities in the sample included all regions of British Columbia. The largest proportion of the sample was located in the Vancouver Island region (40%). The Thompson-Okanagan and Mainland region were presented by 25% and 15% of the sample respectively. The rest of the regions all had one charity located.

Targeted Areas for Charitable Programs

In terms of charity types in the sample, most of the parent charities were in the culture and arts sector (45%). Charities working on other community benefits represented 30%

of the sample. Three charities provided social services within Canada (15%); one charity was from health sector (5%), and one was from religion sector (5%).

Table 8

Summary Table of Charity Information

Item	Frequency	%
Region		
Vancouver Island	8	40
Thompson-Okanagan	5	25
Mainland	3	15
Cariboo	1	5
Kootenay	1	5
North Coast & Nechako	1	5
Northeast	1	5
Targeted Areas for Charitable Programs		
Culture and arts	9	45
Other community benefits	6	30
Social services in Canada	3	15
Health	1	5
Religion	1	5
Social Enterprise Type		
Facilities (banquet, conference, party)	12	60
Sports & Recreation	3	15
Gallery/Arts	3	15
Arts & Culture	1	5
Tourism	1	5
Location: Parent Charities and Social Enterprise		
Same	15	75
Separate	5	25

Social Enterprise Type and Location

Due to the sampling strategy employed, all parent charities' social enterprise were in leisure & recreational field. Specifically, more than half of the charities (60%) in the sample operated their social enterprise in the capacity of facilities for banquets, conferences or parties. 15% of charities operated sports & recreation-related social enterprises, and 15% operated (art) galleries. One charity's social enterprise fell into arts

& culture category (5%), while one fell into tourism category (5%). Table 8 also shows that most charities (75%) shared the same location with their social enterprise. This means that most charities in the sample operated as a social enterprise, while 25% of charities operate their social enterprise separately.

Objective 1

The first research objective evaluated the *overall* reporting performance of parent charities that operate leisure & recreational social enterprise in B.C., Canada. Under Objective 1, there were two sub-objectives addressing *financial health* reporting performance (Objective 1a) and *social results* reporting performance (Objective 1b) respectively.

Objective 1a

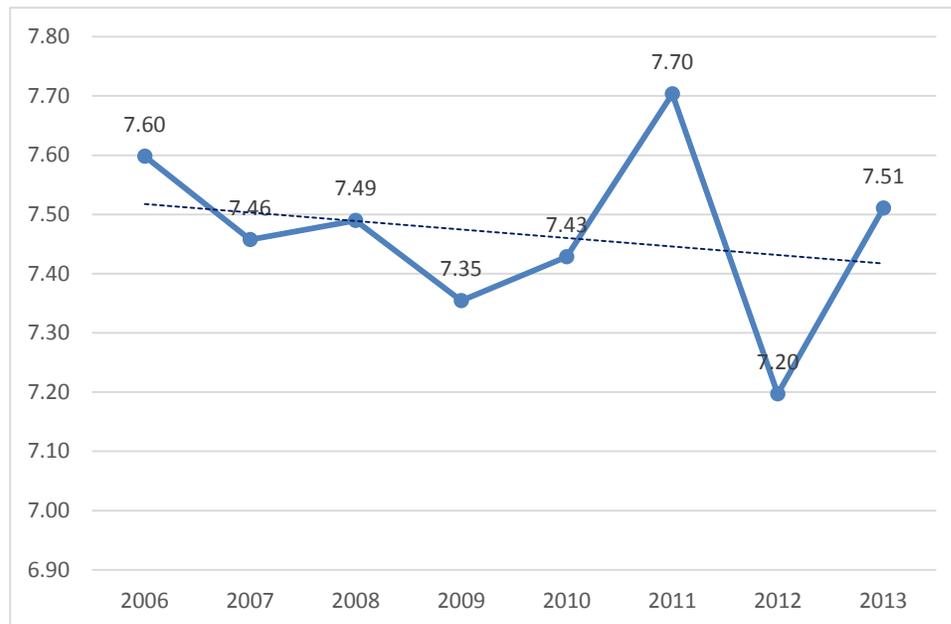
To examine whether parent charities that operate leisure & recreational social enterprises in B.C., Canada experience better financial health reporting performance over time (2006-2013).

Objective 1a aimed to understand the *financial health reporting* performance of the sample during the years from 2006 to 2013 using a revised CN rating system. The results indicate that the parent charities in the sample did not show better *financial health* reporting performance over time; rather, the trend-line as shown in Figure 2 indicates a tendency for a decreasing performance from 2006 to 2013. The *financial health* reporting scores remained promising but unsteady over the years. As shown in Figure 2, the scores of *financial health* reporting were in the range of 7.20-7.70. This means that all scores over the years were above the passing score which is 6 (out of 10), indicating a decent financial reporting performance. Yet the ups-and-downs of scores from 2006 to 2013 show that *financial health* reporting performance varies during the time frame. From 2006 to 2009, there was a general trend of decreasing scores, with 2008 witnessing a slight increase. From 2009 to 2011, the *financial health* reporting score increased, with

2011 reaching the highest score (7.70). After 2 years' increase, the performance score dropped to the lowest point (7.20) in 2012. In 2013 the score bounced back to 7.51.

Figure 2

Financial Health Reporting Performance Over Time (2006-2013)



Overall there was a tendency for decreasing *financial health* reporting scores from 2006 to 2013, however, as shown in Table 9, the *financial health* reporting score in 2013 was not significantly lower than the score in 2006 (1.18% of decrease; $t=0.239$, $p=0.814$). This is also the case of the non-statistically significant decrease in scores among the five sub-*financial health* reporting variables between 2006 and 2013. Yet despite the decreasing scores in those five sub-variables, the scores for *administrative expenses* and *program expenses growth* increased 15.26% and 22.70% respectively. Although the increase was not significantly different either, they were the only two sub-variables which witnessed increasing scores between 2006 and 2013.

Table 9

Comparison: Financial Health Reporting Performance of Parent Charities between 2006 and 2013

Variable	2006	2013	t	Sig.(2-tailed)	Growth	Growth%
Financial Health	7.6	7.51	0.239	0.814	-0.09	-1.18
Program Expenses	6.87	6.85	-0.135	0.894	-0.02	-0.29
Administrative Expenses	4.85	5.59	-0.163	0.873	0.74	15.26
Fundraising Expenses	9.38	9.08	0.335	0.742	-0.3	-3.2
Fundraising Efficiency	9.75	8.88	1.789	0.09	-0.87	-8.92
Primary Revenue Growth	6.5	6.19	0.272	0.789	-0.31	-4.77
Program Expenses Growth	4.67	5.73	-0.697	0.498	1.06	22.7
Working Capital Ratio	5.63	5	0.773	0.449	-0.63	-11.2

In conclusion, findings indicate that parent charities that operate leisure & recreational social enterprises in B.C., Canada did not experience better *financial health* reporting performance over time (2006-2013). There was a non-significantly decreasing tendency in the years of 2006 to 2013. Overtime, *financial health* reporting performance remained decent (scores all above the passing score 6) but varied.

Objective 1b

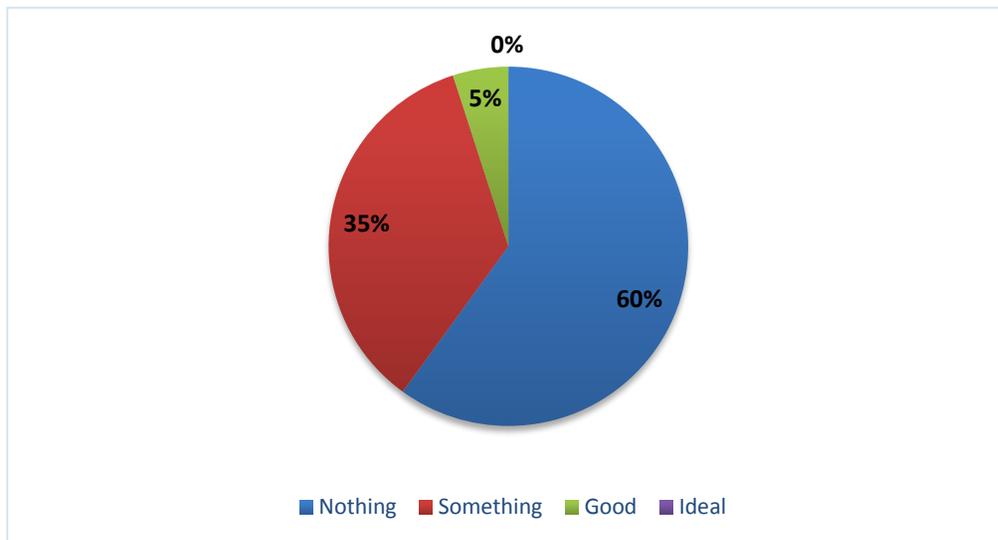
To evaluate current social results reporting performance of those parent charities that operate leisure & recreation social enterprises in B.C., Canada.

Objective 1b aimed to understand how the sample reported on social reporting performance by fully adopting Ci's Social Results Reporting rating system. In general, the results reveal low *social results* reporting performance scores among twenty charities examined. Based on the four rankings (*ideal*, *good*, *something*, and *nothing*) used in Ci Social Results Reporting instrument, 60% were found to have almost no evidence of social reporting disclosure (*nothing*); 7 out of 20 charities (35%) were scored *something*, 1 charity (5%) was scored *good*, and none of the charities received *ideal* score (see

Figure 3 below).

Figure 3

Social Results Reporting Performance by Ranking

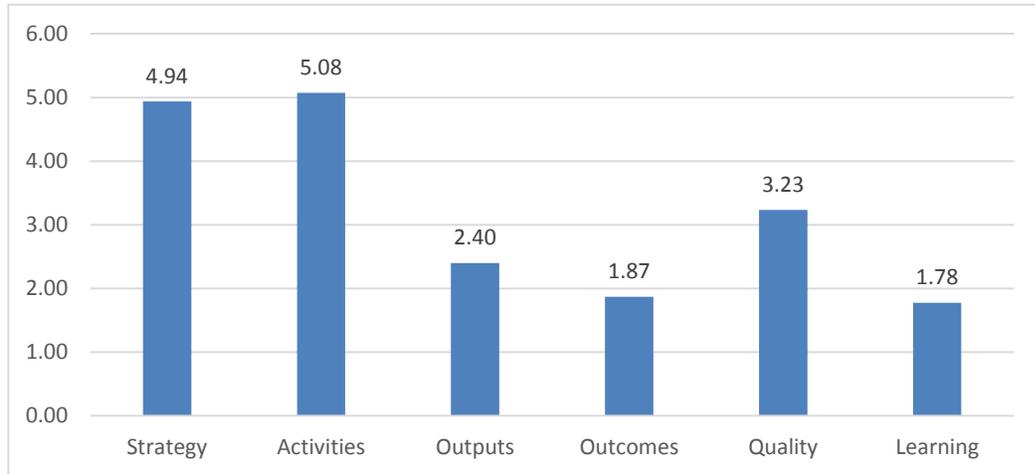


The *social results* reporting performance scores were low according to the breakdown of evaluation category, as no category received a score higher than 6 (see

Figure 4). Charities received the highest scores in the *Activities* category, while the lowest scores occurred in the *Learning* category. Average scores from highest to lowest are in the following order: *Activities* (5.08), *Strategy* (4.94), *Quality* (3.23), *Outputs* (2.40), *Outcomes* (1.87), and *Learning* (1.78). This indicates that charities perform relatively well in demonstrating their strategies and charitable activities, while their explanations of their program outcomes and organizational learning are relatively weak.

Figure 4

Average Social Results Reporting Score by Evaluation Category Breakdowns



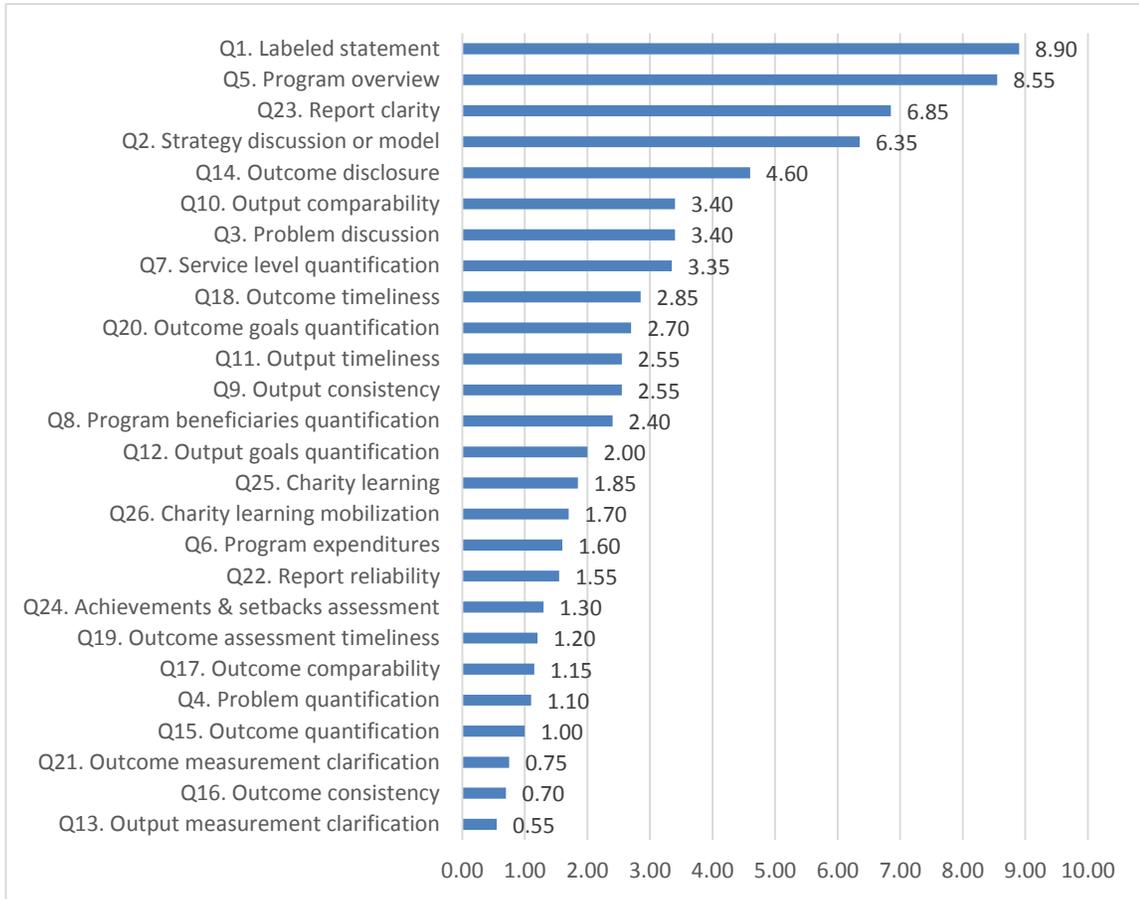
The *social results* reporting performance scores were also low in the breakdown of question (see

Figure 5). Only 4 scores from Q1 *Labeled statement* (8.9), Q2 *Strategy discussion/model* (6.35), Q5 *Program overview* (8.55), Q23 *Report clarity* (6.85) were higher than 6.00. The lowest score came from Q13 *Output measurement clarification* (0.55), while the highest was from Q1 *Labeled statement* (8.9).

The Ci Social Results Reporting rating instrument seems to favor charities providing annual reports, financial statements or strategic plans. In order to detect if there were significant differences, further analysis through SPSS was conducted to compare the average social results reporting scores of charities having annual reports, financial statements, or strategic plans, with scores of charities that do not provide those documents.

Figure 5

Average Social Results Reporting Score by Question Breakdowns



Results from independent-samples T tests showed that there was a significant difference in the *social results* reporting performances between those charities providing annual reports ($t = -3.183, p = .005$), financial statements ($t = -2.374, p = .029$), or strategic plans ($t = -3.950, p = .001$) and those that did not (see

Table 10). This indicates that charities that provide the additional detail in annual reports, financial statements or strategic plans, aid the public in learning more about the charity's social results disclosure. Those additional documents also provide additional data to aid in measuring the *social results* reporting performance.

Table 10

Comparison of Reporting Performance Scores

	Independent samples T Tests	Annual Report (n)		Financial Statement (n)		Strategic Plan (n)	
		Yes (5)	No (15)	Yes (6)	No (14)	Yes (5)	No (15)
Financial Health	mean	8.03	7.34	7.98	7.31	7.71	7.44
	t	-1.464		-1.485		-.543	
	Sig.	.222		.155		.594	
Financial Transparency	mean	8.00	2.87	7.17	2.86	5.80	3.60
	t	-4.980		-3.895		-1.464	
	Sig.	.000		.001		.160	
Financial Reporting	mean	8.02	5.85	7.71	5.83	7.08	6.16
	t	-4.119		-3.510		-1.299	
	Sig.	.001		.003		.210	
Social Reporting	mean	4.87	2.22	4.31	2.27	5.14	2.13
	t	-3.183		-2.374		-3.950	
	Sig.	.005		.029		.001	
Overall Reporting	mean	6.76	4.40	6.35	4.40	6.30	4.55
	t	-4.275		-3.328		-2.623	
	Sig.	.000		.004		.017	

Notes. df=18, Sig. 2-tailed

Objective 1

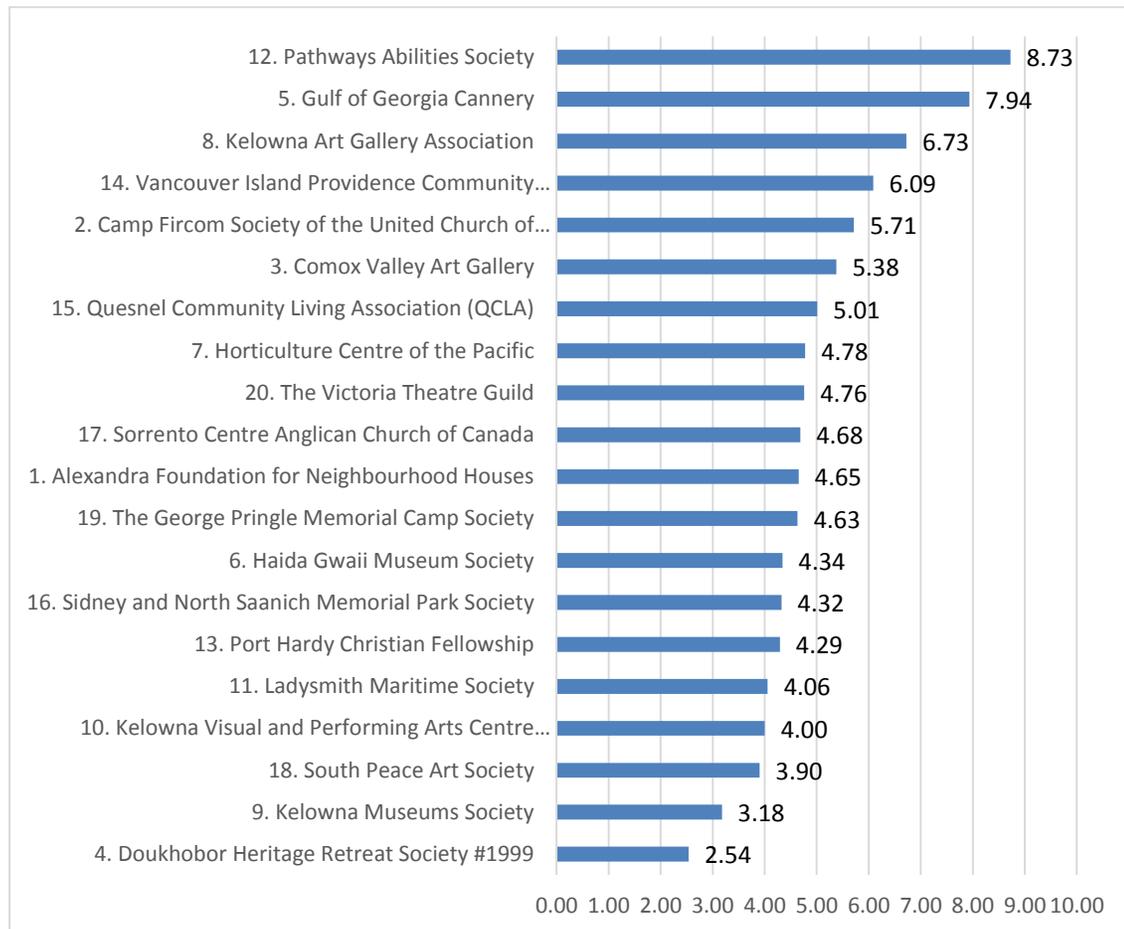
To evaluate the overall financial and social results reporting performance of parent charities which operate leisure & recreational social enterprises in B.C., Canada.

After examining *financial* and *social results* reporting performance respectively, the first research objective aimed to detect the *overall* reporting performance of the sample by further analyzing the two types of reporting performance. In general, twenty charities' scores for reporting performance were used in the analysis (see Figure 6). Overall, the results reflected low levels of the reporting performance among charities examined. Only 4 charities (20%) received decent scores which were higher than 6.00. Pathways Abilities

Society received the highest score (8.73), while the lowest (2.54) came from Doukhobor Heritage Retreat Society #1999.

Figure 6

Overall Reporting Performance Score of the Sample



In general, charities received higher scores in *financial results* reporting performance than in *social results* reporting performance (see Figure 7). Only one charity (Pathways Abilities Society) balanced both *financial* and *social results* reporting performance relatively well among all charities examined. The figure below also indicates positive correlations between the results found in the *financial* and *results social* reporting scores. According to further test results, there was a strong positive correlation between *financial* and *social results* reporting performance ($r=0.676$, $p=0.001$), meaning charities that received good scores in *financial results* reporting are more likely to receive decent scores in *social results* reporting. Between two variables which determined

financial results reporting score, there was no strong relationship between scores of *financial transparency* and *financial health* reporting ($r=0.418$, $p=0.067$).

Figure 7

Comparison of Financial Results, Social Results, and Overall Reporting Performance



In order to detect if there was any significant difference, further analysis was conducted to compare *overall* reporting scores of either having annual reports, financial statements, or strategic plans. Results from independent-samples T tests showed that there was a significant difference of *overall* reporting performance between charities having annual reports ($t= -4.275$, $p=.000$), financial statements ($t= -3.328$, $p=.004$), or strategic plans ($t= -2.623$, $p=.017$) and charities that have not (see

Table 10 earlier). This suggests that charities that have annual reports, financial statements or strategic plans available to the public are significantly better in *overall* reporting performance than those that do not provide any of those documents to the public. Test results also indicate that, whether statistically significant or not, charities having those documents on their websites perform better in *financial health* reporting, financial transparency, *financial results* reporting, *social results* reporting and *overall* reporting (see

Table 10 earlier).

In conclusion, in terms of *financial health* reporting performance over time, the findings indicate that there was a non-significantly decreasing tendency in the years of 2006 to 2013. Overtime, *financial health* reporting performance remained decent but varied greatly. Regarding *social results* reporting performance, the results reveal low performance scores in the sample. Despite the poor *social results* reporting performance, charities were relatively better off to report their activities and strategies, while weak in reporting program outcomes and organizational learning. Taking both types of reporting performances for analysis, the results reflected low levels of *overall* reporting performance among charities examined. In addition, charities performed better in the *financial results* reporting than in the *social results* reporting. Moreover, a charity with a good *financial results* reporting disclosure is more likely to witness a stronger *social results* reporting performance.

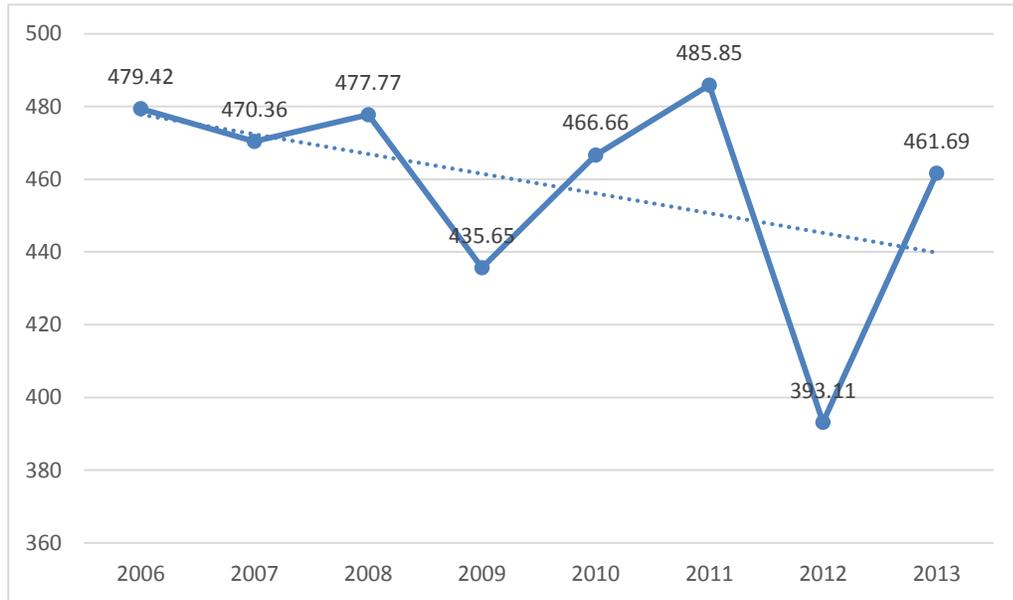
Objective 2

To examine whether parent charities that operate leisure & recreational social enterprise in B.C., Canada become more ambidextrous over time (2006-2013);

The second objective of the study was to determine if operating social enterprise aided the sample in becoming more ambidextrous – or able to manage the constraints by their missions while chasing new opportunities to achieve financial sustainability (Madden, 2012). This study suggests that charities examined do not become more ambidextrous over time. As shown in the trend-line in Figure 8, the sample indicated a decreasing tendency of ambidexterity scores over the years (2006-2013). As shown, the level of ambidexterity remained unsteady over the years. From 2006 to 2009, there was a general trend of decreasing scores, though 2008 witnessed a slight increase. From 2009 to 2011, the *OA* score increased, when 2011 reached the highest point (485.85). After two years' increase, the *OA* score dropped to the lowest point (393.11) in 2012. While in 2013 the score bounced back to 461.69.

Figure 8

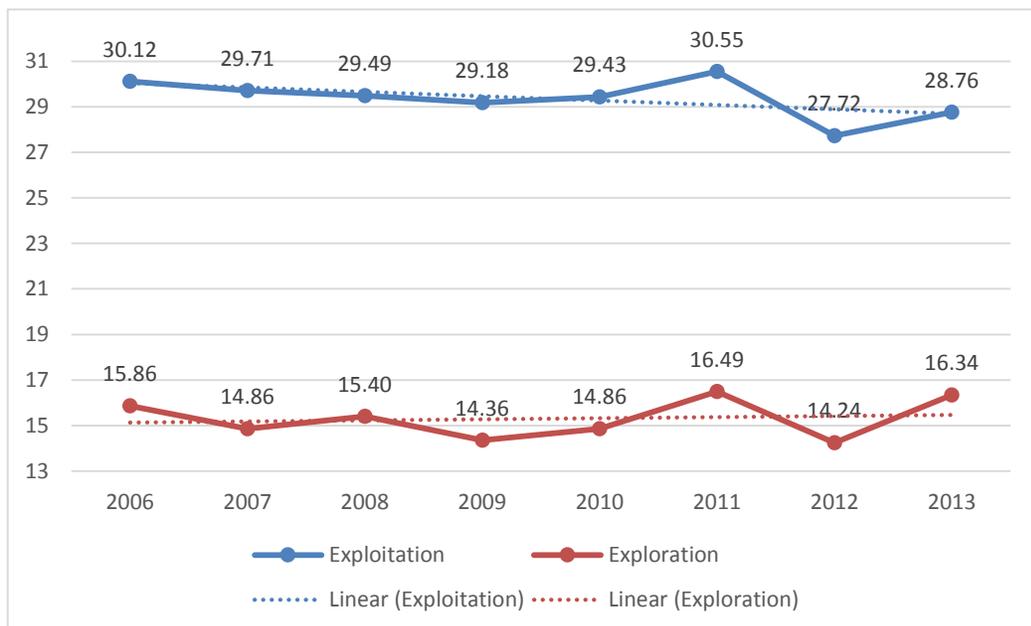
Organizational Ambidexterity Over Time (2006-2013)



In terms of the level of *exploitation* and *exploration* in the sample, two trend-lines in Figure 9 show the increasing levels in *exploration* in the sample, along with decreases in the level of *exploitation*. This indicates that although not becoming more ambidextrous, charities examined have become more explorative.

Figure 9

Levels of Change in Exploitation/Exploration (2006-2013)



According to the paired samples T test results, there were no statistically significant differences in *exploitation* ($t=0.509$; $p=0.617$), or *exploration* ($t=-0.227$; $p=0.823$) or *OA* ($t=0.201$; $p=0.843$) between 2006 and 2013 (see Table 11). Although there was no statistical difference in the level of *OA* in 2006 and 2013, the *OA* performance score decreased by 3.7% (see Table 11 below), indicating the level of ambidextrous performance had not been higher but slightly lower; between 2 sub-variables that determine *OA*, the score of *exploration* had increased 3.03%, while *exploitation* score had decreased by 4.52%.

Table 11

Organizational Ambidexterity: Score Comparison between Exploitation and Exploration (2006 and 2013)

Variable	2006	2013	t	Sig.(2-tailed)	Growth	Growth%
Exploitation	30.12	28.76	0.509	0.617	-1.36	-4.52
Exploration	15.86	16.34	-0.227	0.823	0.48	3.03
Organizational Ambidexterity	479.42	461.69	0.201	0.843	-17.73	-3.7

In summary, the results indicate that parent charities in the sample became less ambidextrous over the years, yet the decrease was not statistically significant. In terms of the levels of exploitation and exploration, results show that charities became less exploitative but more explorative, suggesting that charities became more capable of exploring new opportunities for financial stability but less efficient in coping with existing resources to fulfill their missions.

Objective 3

To develop a revised rating system for non-profit organizational performance evaluation incorporating both social results reporting performance and organizational ambidexterity.

The third research objective was to develop a revised rating instrument in order to fulfill the first and second research objective discussed above. Based on the pilot testing of the revised instrument amongst twenty charities operating leisure & recreational social enterprises in B.C., Canada, this study shows that the revised instrument combining the strengths of two relatively well-developed instruments served the research purpose well in general, making it possible for the first time to simultaneously examine *financial results* reporting performance, *social results reporting* performance and organizational ambidexterity. Pilot tests indicate that the adoption of Ci's rating proportion worked well in weighing *financial* and *social results* reporting evaluation, meaning 60% from *financial results* reporting performance (40% of Financial health, 20% of Financial transparency) and 40% from *social results* reporting performance. By using this revised instrument, *financial results* reporting performance, *social results* reporting performance and *organizational ambidexterity* performance were all eventually converted into numeric scores and used for further quantitative analysis.

Firstly, the revised rating system worked well to examine both non-profit *financial health* reporting performance and *organizational ambidexterity*. As noted earlier, CN's detailed explanations of the measurement and source similarity of financial data provided by the CRA T3010 form and Form 990, allowed the study to transcribe a formula for each financial variable in the CN rating system by using the T3010 financial accounts (see

Table 12 below). In this way, the original CN instrument was revised to evaluate Canadian charities using data from CRA T3010 forms.

Table 12

Conversions of Formulas from Form 990-based to Form T3010-based

	CN Measurement	Related CRA T3010 accounts	Accounts Description
Program expenses	Program expenses ratio=program expenses/total functional expenses	5000/(5000+5010+5020)	5000 <i>Total expenditures on charitable programs</i>
			5010 <i>Total expenditures on management and administration</i>
			5020 <i>Total expenditures on fundraising</i>
Administrative expenses	Administrative expenses ratio=administrative expenses/total functional expenses	5010/(5000+5010+5020)	same as above
Fundraising expenses	Fundraising expenses ratio=fundraising expenses/total functional expenses	5020/(5000+5010+5020)	same as above
Fundraising efficiency	Fundraising efficiency=fundraising expenses/total contributions	5020/(4500+4510+4530+4540+4550+4560+4630)	5020 <i>Total expenditures on fundraising</i>
			4500 <i>Total eligible amounts of all gifts for which the charity issued tax receipts</i>
			4510 <i>Total amount received from other registered charities</i>
			4530 <i>Total other gifts received for which a tax receipt was not issued by the charity</i>
			4540 <i>Total revenue received from federal government</i>
			4550 <i>Total revenue received from provincial/territorial governments</i>
			4560 <i>Total revenue received from municipal/regional governments</i>
			4630 <i>Total non-tax-receipted revenue from fundraising</i>
Primary revenue growth	Primary revenue growth= $(Y_n/Y_0)^{(1/n)} - 1$	4700	4700 <i>Total revenue</i>
Program expenses growth	Program expenses growth= $(Y_n/Y_0)^{(1/n)} - 1$	5000	5000 <i>Total expenditures on charitable programs</i>
Working capital ratio	Working capital ratio=working capital/total expenses in the most recent fiscal year (including payments to affiliates)	(4200-4350)/5100	4200 <i>Total assets</i>
			4350 <i>Total liabilities</i>
			5100 <i>Total expenditures</i>

Secondly, in general, three proposed revisions worked well for examining the *financial transparency* of the twenty Canadian charities in this study. As explained earlier in Chapter 3, revisions included: (1) adding two variables from CN rating instrument; (2) reframing requirement to only evaluate public information; 3) reframing the scoring with four ranks adopted from Ci’s one-column rubric.

Yet three further revisions were made during the pilot tests for better evaluation (see Table 13). Firstly, for the *Good* ranking criterion, the study also took into account charities’ financial statements from the last year, considering that some charities were not able to provide their most recent year’s financial statements. Secondly, for the *something* and *nothing* criterion, the study further clarified that only financial statements less than two years old were scored, considering the importance of the timeliness of the statements. Lastly, during the actual scoring process, this study did not consider whether the financial statements were audited or not. This is because it was noted that only 30% (6 out of 20) of the charities provided financial statements, not to mention “audited” statements. Accordingly, the study further lowered the requirement standard in order to acknowledge those charities with financial statements available to the public, since there would be no point of comparison when most charities would have been scored *nothing*. After further revisions, the final instrument worked well to evaluate *financial transparency* among the twenty charities in this study (see Table 13).

Table 13

Further Revision of Table 4

RANK	CRITERION	SCORE
Ideal	Financial statements for at least the last 2 years posted on the charity's website; and board members or key staff are listed.	10
Good	Financial statements for the most recent year or last year posted on the charity's website; and board members or key staff are listed.	7
Something	No recent financial statement less than 2 years old available, but board members or key staff are listed.	3
Nothing	No recent financial statement less than 2 years old available, and no board members & key staff information posted.	0

Thirdly, in general, the complete adoption of Ci’s Social Results Reporting instrument turned out well in examining the *social results reporting* performances of the

twenty Canadian charities evaluated in this study. (1) The examples provided by the Ci in the *Social Results Reporting Coding Guide* (Charity Intelligence Canada, 2014) helped the evaluator to clarify the requirements and helped to locate score-related content on the website; (2) One-column/three-column rubrics, as suggested by Ci, worked generally well in most situations with a consideration of the relevance and importance to the charity's overall performance, which eliminated the chance of coding all social results equally.

The final version of the instrument adopted for the evaluation of reporting performance and organizational ambidexterity in this study is the product of the revised Financial Results Reporting instrument (see Appendix A) and a complete adoption of Ci Social Results Reporting instrument (see Appendix B).

Results Summary

This study aimed to examine reporting performance and organizational ambidexterity of parent charities with operations of leisure and recreational social enterprise in B.C., Canada. Three major research objectives were achieved by the utility of a revised rating instrument, which combined the strengths of two well-developed rating systems from Charity Navigator (CN) and Charity Intelligence Canada (Ci).

In terms of *financial health* reporting performance over time, findings indicate that there was a non-significantly decreasing tendency in the years of 2006 to 2013. Overtime, *financial health* reporting performance remained decent but varied greatly. Additional results show that two sub-*financial health* variables (*administrative expenses* and *program expenses growth*) witnessed non-significant increase in scores, meaning that charities in the sample had fewer expenses on administration and more expenses on charitable programs.

Regarding the *social results* reporting performance, the results reveal low performance scores in the sample. The majority of charities (60%) were found to have almost no evidence of *social results* reporting disclosure. Despite the poor *social results* reporting performances, charities were relatively better in reporting their activities and

strategies, while poor in reporting program outcomes and organizational learning. Additional analysis indicates that charities that provide details in annual reports, financial statements or strategic plans better aid the public in learning about their *social results* disclosure than charities that do not provide any. Those documents provide additional data to aid in measuring the *social results* reporting performance.

Taking both types of reporting performance to analysis, the results show low levels of *overall* reporting performance among charities examined. In general, charities performed better in *financial results* reporting than in the *social results* reporting. Moreover, charity with a good *financial results* reporting disclosure is more likely to witness a good *social results* reporting performance. Further analysis indicates that, whether statistically significant or not, charities that have additional documents such as annual reports, financial statements or strategic plans on their websites experience a better performance in reporting their statistics than those that have not.

In the discussion of *organizational ambidexterity*, the results indicate that parent charities in the sample became less ambidextrous over the years, yet the decrease was not statistically significant. In terms of the levels of *exploitation* and *exploration*, results show that charities became less exploitative but more explorative, suggesting that charities became more capable of exploring new opportunities for financial stability but less efficient in coping with existing resources to fulfill their missions.

Lastly in terms of the rating system, pilot tests on the utility of the rating instrument among twenty charities suggest that it worked well in general. Combining the strengths of two available instruments, it fulfilled the general purpose of examining *financial results* reporting performance, *social results* reporting performance and *organizational ambidexterity* at the same time.

With several revisions mentioned in the Methodology chapter and several further revisions discussed above, this study reveals several limitations in the revised rating instrument. In the following chapter, the results of *social results* reporting performances, *financial results* reporting performances, and *organizational ambidexterity* are discussed in depth by comparing and contrasting findings from similar research in the literature;

also, the limitations of the instrument revealed in pilot tests are illustrated in detail, with recommendations for potential improvement of the instrument.

Chapter 5: Discussion

Knowledge of whether operating social enterprises results in the better reporting ability of performances and high levels of ambidexterity for parent charities is crucial to gaining insight in current discussions and practices of social entrepreneurship among the non-profit sector in B.C., Canada. The purpose of this chapter is to place the results of the study on the reporting performance and organizational ambidexterity into context by linking the findings to the literature. Moreover, the study provides recommendations with reference to scholars of potential research directions, for watchdog organizations that contribute to the improvement of the rating methodologies, and for non-profit practitioners and their improvement in organizational reporting performance.

The chapter begins with an illustration of the major contributions of the study. Following this illustration is a discussion of the key findings in the reporting performance and organizational ambidexterity, as well as the pilot test results of the adopted revised rating system. After the discussion of how the findings compare to the literature, a demonstration of limitations is presented. The chapter also provides suggestions for future research directions for scholars, and practical recommendations on policy making and practices for watchdog organizations and non-profit practitioners.

The purpose of this study was to examine the reporting performance and organizational ambidexterity of parent charities through the adoption of the revised rating instrument combining two existing rating systems. It must be noted that study results might reflect the impacts of social entrepreneurship on reporting performance (especially *financial results* reporting performances) and OA; however, this does not mean that social entrepreneurship is the only cause in these results. Claiming social entrepreneurship could be an indicator for a better financial performance and a more ambidextrous performance for parent charities needs supporting evidence of a relationship amongst the three. In this study, the data for *financial health* and OA measurement were both taken from the CRA T3010 datasets. The measures of *financial health* and OA were both based on the revised CN financial rating system. Therefore, due to the use of the same datasets and the same rating system, there is already an inherent

correlation between *financial health* performance and *OA* (Madden, 2012) even without considering any other influencing factors. Thus the correlation might not be evidence whether the operations of social enterprises is mainly the reason or not. So instead of examining social entrepreneurship as an indicator, this study simply regarded the operation of social enterprise as a critical sampling criterion, so as to examine how well those charities that operate leisure & recreational social enterprises report their performance and their levels of organizational ambidexterity.

Contributions of the Study

This study intended to focus on Canadian charities with their social enterprise operations in the leisure & recreation field. In general, by gaining empirical knowledge of the *financial* and *social results* reporting performance, along with the organizational ambidexterity levels, this research has the potential to contribute to studies of social entrepreneurship, organizational ambidexterity and organizational performance evaluation with the linkage to the non-profit literature. Specifically, the study contributes to the literature and practices in the following ways:

1. This is the pilot test of Ci's new rating instrument on *social results* reporting performance. As noted earlier, Ci had conducted its own preliminary survey for instrument testing; however, at that time the instrument did not include the *Learning* variables (Q25 & Q26). Therefore, the results regarding *social results* reporting performance represent first insights on the Ci's new Social Results Reporting rating instrument. Findings of the merits and limits of the instrument would be beneficial for Ci to further improve their rating system before mass implementation.

2. This is the first study that mobilizes CN's American-based rating system into the Canadian context. CN has developed a relatively mature rating system which evaluates financial data from the IRS 990 Form but is only applicable to American charities. By comparing similarities between the IRS 990 Form and the CRA T3010 Form, this study presents a feasible approach to mobilizing CN's Financial Health rating system into the context of Canadian charities.

3. This study presents a revised instrument for evaluating *financial results* reporting performance, *social results* reporting performance, and *organizational ambidexterity* at the same time by using accessible secondary datasets. CRA T3010 Form provides a large amount of financial data, while charities' websites could be the source of qualitative information for the *social results* reporting evaluation. Both sources are available to the public. Watchdog organizations have long been criticized in the lack of consideration of social performance evaluation. This study presents a potential rating system that takes into account both the *financial* and *social results* reporting performance, thus the results of reporting performance could be more comprehensive.

4. This is the first empirical study on the potential relationship between social entrepreneurship and organizational ambidexterity. Madden (2012) presented the rationale that the nonprofit sector might be a valuable field for OA studies. This study goes further and proposes that charities which operate social enterprise might also be valuable targets for generating OA knowledge. The OA theory seems to be able to explain and reflect the explorative spirit of charities trying to adopt social entrepreneurship for financial sustainability, since the findings show that parent charities engaged in the operation of social enterprise became more explorative over time. In addition, because the majority of charities in this study were indeed operated as a social enterprise, the OA performance of the sample might also have the potential to reflect the social enterprise's ambidextrous levels. Social enterprise, whether under the operation of a private business or a non-profit, is considered a hybrid entity combining with two opposite purposes: generating profits and making social impacts. Non-profits need to utilize limited resources to balance profit-driven and mission-driven initiatives simultaneously. This trait of balancing two paradoxes reflects an ambidextrous characteristic, which provides a valuable context and great potential to examine the empirical linkage between social entrepreneurship and organizational ambidexterity.

Discussions of the Findings

Social Entrepreneurship and Financial Results Reporting Performance

Although several studies support the positive linkage between social entrepreneurship and financial sustainability for organizations (Félicio, Martins Gonçalves & da Conceição Gonçalves, 2013; Martin & Novicevic, 2010; Westlund & Gawell, 2012), this study reveals that operating social enterprise does not guarantee a better financial performance for the parent charities. Reasons for the non-statistically significant decrease on *financial health* performance over time may result from the choice of type of the parent charities examined. Revenue-generating activities have been common among Canadian nonprofit organizations for a long time (Lasby, 2013), especially for the nonprofits in the field of sports & recreation (Imagine Canada, 2006a), and arts & culture (Imagine Canada, 2006b). Therefore, charities in the sample might have been operating social enterprise for a long period of time but until recently, they may not have labeled their revenue-generating activities as an operating “social enterprise” due to the heated discussion and raising awareness on this topic. For those charities, their financial performance may have already been influenced by their social enterprise, and admitting operating social enterprise does not make too much of a difference to the financial performance.

Social Entrepreneurship and Organizational Ambidexterity

Literature suggests that social entrepreneurship is closely related to innovative activities in exploration of new opportunities to create social value based on overall value-based missions rather than focusing mainly on profit gains (Austin et al., 2006; Certo & Miller, 2008). Specifically, as a type of social innovation, social entrepreneurship provides a direct linkage to social demands and economic activities, and the traditional entrepreneurial activities that go with that (Lisetchi & Brancu, 2014). Findings from this study reinforce this knowledge, since twenty charities that operate social enterprise seem to be more explorative over time. This explorative trend might not be the result of the operation of social enterprise as explained earlier, but the awareness and acceptance of this rising notion might reflect the entrepreneurial spirit among these charities, resulting in a higher level of exploration to some extent. The study shows an increasing

exploration and decreasing exploitation level, suggesting that exploration and exploitation are trade-offs (March, 1991; Mihalache & Mihalache, 2015; O'Reilly & Tushman, 2013) and managing both can be extremely challenging.

Social Results Reporting Performance

This study suggests poor *social results* reporting performances among charities examined, which echoes the results from Ci's preliminary survey on the *social results* reporting performance among 120 well-known charities (Ruff, Thomson & Young, 2013). Similar to the findings from this study, their survey also showed that the overall *social results* reporting performance was not promising, and the performance varied greatly both by question breakdowns and category breakdowns. Those 120 charities also performed relatively well in demonstrating organizational strategies (expressed as "problem & need") and charitable activities, while the explanations of the program outcomes were relatively weak. The poor social reporting performance, according to Ci's preliminary survey, is especially true in the case of charities in the arts & culture sector (Ruff, Thomson & Young, 2013).

Limitations

Despite a number of contributions explained earlier, there are several limitations inherent within the study due to limitations of two rating systems revised and with inevitable subjectivity to the research. These limitations may influence the study results; therefore, they are not eligible for generalization.

Limitations of CN

For the CN instrument, the large financial datasets from the IRS Form 990 could be convenient for theory testing; however, any results generated through the analysis on the datasets by various theoretical measures should be interpreted with caution (Madden, 2012). This is also true of the Canadianized CN instrument in this study. Canada Revenue Agency (CRA)'s annual collection of charities' financial information through T3010 Form is not originally for academic usage of knowledge generation or theory testing. The

variables for either *financial health* or *organizational ambidexterity* used to analyze the T3010 data, although reflecting certain indicators suggested by the literature of organizational performance evaluation, may not be theoretically accurate (Madden, 2012). Thus the findings through the utility of the revised CN instrument regarding *financial health* performance and the levels of *organizational ambidexterity* might reflect the reality to some extent; however, the limitations of the datasets and the instrument measures indicate that the results might be misrepresentative.

In addition, the transformation of CN's American-based rating instrument to a Canadian-based by using financial accounts from CRA T3010 Form inevitably creates deficiencies. Firstly, although as noted earlier the revisions are feasible due to CN's detailed explanations of the measurement as well as data similarity in the CRA T3010 Form and IRS990 Form, the researcher's personal transformation is subjective in nature. Secondly, CN's instrument includes several score conversion tables (see Appendix A) for acknowledging the performance variation among different types of American charities. With revisions of the CN instrument, but with full adoption of its score conversion tables, this study inevitably assumed the performance variation of different types of Canadian charities is similar enough to adopt the conversion tables developed upon knowledge generated among 7,500 American charities.

Limitations of Ci

In terms of the *social results* reporting performance evaluation, this study fully adopted Ci's Social Results Reporting rating instrument, which is designed to evaluate large Canadian charities instead of small-and-medium sized charities similar to the charities in the sample. The 26 questions from the Social Results Reporting rating instrument are framed to evaluate charities with social mandates specifically targeted to vulnerable groups, such as people with physical or mental illnesses. However, in this study, most charities operating social enterprise in the leisure and recreation field do not serve to support the vulnerable, rather, the majority work on community development, culture/history enhancement, etc. (see Appendix C); these missions are so broad and vague that they do not easily meet the requirements of the Ci instrument, although they

may perform very well compared to similar charities in their own fields. Most of the charities examined in the study showed disadvantages in several questions, most obviously in discussing/quantifying the “problems” (Q3 and Q4), also, in quantifying service level or beneficiaries (Q7 and Q8).

Firstly, for *problem discussion/quantification*, most charities examined are not dedicated to resolving "problems", but enhancing "good things", such as history, arts & culture, and sports & recreation. For the charities in those fields, it's hard to quantify "problems" (see Appendix C). There is also occasion where for the purpose of respecting and protecting the beneficiaries, the charity avoids describing problems, which is a good gesture indeed: for example, the mission of the Pathways Abilities Society in its annual report is to “assist people with disabilities to reach their individual goals and to participate and contribute as equal members of the community” (Pathways Abilities Society, 2015). In this mission, the society uses “people with disabilities”, however, in order to respect the disabled as equal members in communities, the society replaces “people with disabilities” with “people with diverse abilities” on the website (pathwayskelowna.ca/). This purposefully avoids the discussion of problems by thoughtful charities, which may lead to lower scores by using Ci Social Results Reporting rating instrument.

Secondly, for *service level/beneficiaries*, the pilot tests showed that the charities that were operating social enterprise were in a disadvantageous position due to the complexity of identifying and quantifying their “beneficiaries”. The definition of "beneficiaries" explained by Ci seems to prefer charities with clear target groups; however, for art galleries, museums, or heritage societies, there are vague differences between “beneficiaries” and “customers”. All types of people, as long as they have visited the physical locations of those charities, seem to benefit with a better awareness of (culture, history, and art, etc.) the social missions the charities are dedicated to achieve.

Therefore, the poor *social results* reporting performance presented in this study might partly be the result of the failure of the instrument in accurately evaluating charities that work in leisure-related sectors. Ci seemed to also notice this limitation. When

presenting the significant lower performance of charities in the arts and culture sector in its preliminary survey, Ci explained that the huge gap of *social results* reporting performance among different types of nonprofits “speak to the nature of different sectors’ aims rather than charities in these sectors” (Ruff, Thomson & Young, 2013).

Limitations of the Purposive Sampling Strategy

According to the research purpose, this study adopted a purposive sampling strategy. Specifically, criterion sampling enabled the researcher to select those parent charities with operations of leisure & recreational social enterprises in B.C., Canada, so that the study results could be more representative of the larger population. However, as a non-probability based sampling mostly used in qualitative research (Palys, 2008), criterion sampling was not suitable for quantitative analysis. Therefore, in this study, all findings from statistical tests on a limited size of the sample might reflect certain evidence but could not be generalized to represent the whole population.

Limitation of the Economic Context

Study results of the financial health reporting performance and organizational ambidexterity levels over time might reflect the economic conditions in Canada from 2003 to 2013; however, this study could not clarify to what extent the results were influenced by the economic conditions or by the social enterprise operations.

Suggestions for Further Research

Cross-National Usage of CN Rating Instrument

The transformation of the CN Financial Health instrument into the Canadian context suggests that CN's rating instrument has the potential to be applied to nations where the charities' mandatory official reports are similar to IRS Form 990. Research on cross-national nonprofit performance evaluation could build on this knowledge to revise and develop a nonprofit organizational performance instrument that could be applied to charities in different countries, and to generate recommendations from a global perspective, so that charities outside of the U.S. could also benefit from an improved

means of reporting financial performance, as well as having an ability to monitor their OA levels.

Potentials for Measuring Leisure Performance Using Ci Instrument

Future studies could build on the Ci's rating categories and evaluation rubrics to develop an evaluation tool for measuring leisure performance. The merits of Ci's rating system in measuring qualitative reporting performance could also be beneficial for evaluating leisure performance, since leisure measurement is also qualitative in nature. By shifting the focus from the organizational reporting performance to the performance of leisure-related programs/services within an organization, it is feasible to apply Ci's instrument to evaluate the leisure performance. This could be achieved by reframing the evaluation questions and by adding performance indicators which have been proved to be relatively robust in the leisure literature.

Exploration of SE & OA Relations

Findings of this study reflect a potential theoretical linkage between social entrepreneurship and organizational ambidexterity. Future research could explore whether if there are relations by using the revised instrument developed in the study. With additional information of the starting dates of charities' social enterprises, researchers could utilize the CN Financial Health instrument to compare OA levels before and after the operations of social enterprises to examine if there is any significant difference of the ambidextrous levels. The knowledge generated would be valuable for expanding OA knowledge from business-oriented social enterprises to nonprofit-oriented social enterprises.

Similar Research with Larger Sample Size

This study presents the potentials for future research to examine similar topics on a large sample size. Since Canadian nonprofits with charitable status need to fill out the T3010 form, future researchers could conduct longitudinal studies on overall reporting performance of nonprofits by keeping track of the annual submission of the T3010 form

and evaluating charity's website disclosure every fiscal year. The knowledge generated from these types of longitudinal studies will aid in understanding of the impacts of time on organizational ambidexterity and on different stages of nonprofit organizational reporting performance in Canada.

Recommendations

Recommendations to Charities

Firstly, charities might need to rethink the impacts of social entrepreneurship. Operating a successful social enterprise is not easy (Dees, 1998a; Massarsky, 2005). Skills and flexibility are required to operate a sustainable business; yet many nonprofits do not possess adequate business and management skills to thrive in commercial markets (Dees, 1998a). Meanwhile, operating business requires an open mind in accepting ideas of multiple failures, risk-taking, and mixing mission-driven initiatives with profit-generating intentions (Massarsky, 2005). Eikenberry and Kluver (2004) pointed out the potential risk of jeopardizing non-profits' roles to maintain healthy civil society might outweigh the financial benefits they receive through marketization practices. Nega and Schneider (2014) also warned that without strong evidence of positive impacts of social entrepreneurial practices on economic growth and poverty reduction, the proliferation of social entrepreneurship should be treated with extreme caution.

The price of this trade-off between social missions and financial sustainability seems to be even higher considering the findings in this study. The results indicate that operating social enterprises may not lead to better financial performance for parent charities; rather, although becoming non-significantly more explorative, charities' decrease levels on exploitation might suggest that charities became less efficient on utilizing existing resources, which may jeopardize their abilities to enhance their mission-related performance.

In addition, charities might also need to rethink the role of leisure and recreation in revenue-generating activities. Literature suggests that leisure plays an important role for enhancing financial sustainability and improving social performance for non-profit

organizations (Kraus, 1984). In this study, all charities utilize leisure and recreational activities in their operations of social enterprises in some sorts, yet the results did not yield a better financial performance. Charging fees for the leisure & recreational-related programs are common practices, yet nonprofit leaders might need to think creative approaches to utilize the role of leisure in the revenue-generating activities to maximize the potentials.

The study results may inform charity practitioners that operating leisure and recreational social enterprises might not result in positive outcomes as expected. The risk of jeopardizing social mandates yet not seeing better financial performance might happen when operating social enterprises. Also, it might also suggest that there needs to be different utilization of leisure & recreation in revenue-generating activities, since the current approaches do not maximize the role of leisure with significant financial outcomes.

Secondly, findings of the poor social results reporting performance in the sample suggest an urgent need for charities to improve their social results disclosure. Financial results reporting performance could be crucial for nonprofit organizational accountability and transparency; however, social results are the very essence of a nonprofit organization compared to business counterparts and the public sector. Therefore a strong social results disclosure could be an important strength for charities in competing limited resources against private businesses. Also, charities could no longer ignore the importance of social results reporting performance considering the popularity of the Internet and social media. Findings suggest that additional documents such as annual reports, (audited) financial statements or strategic plans available to the public help strengthen social results reporting performance. Charity practitioners often find themselves overwhelmed by daily routines, plus with limited human resources, they might not afford to work on additional documents annually, which may be more true to small-and-medium sized charities. Yet those documents could be beneficial for charities keeping track of their outputs and their organizational learning for the long run; also build trust and reputation among donors through high level of social results reporting disclosure. In addition to the annual documents, further suggestion for charities would be to utilize the social media for a

better *social results* reporting disclosure. Social media has showed huge potential for charities to provide activity information, to connect with the community, and to call for participations (Lovejoy & Saxton, 2012). By using tools such as Twitter (Svensson, Mahoney, & Hambrick, 2015), Facebook (Saxton & Wang, 2013) or YouTube (Miller, 2016), charities could inform the public of the charities' missions/visions, programs/activities, and outputs/outcomes in various platforms, which is more likely to deliver a better reporting performance.

Recommendations to Ci

The pilot test results of Ci's new Social Results Reporting rating system reveal the need to develop conversion tables for evaluating social results reporting performance considering different requirements for different types of charities. Ci's instrument is generally developed to evaluate charities with large size. This is reasonable, considering their evaluation of a certain charity is through people's requests. It is more likely that large and well-known charities catch potential donors' curiosity and thus being required for evaluation by Ci. However, if Ci attempts to include as many charities into their database as possible, they might need to start considering how the variations among different types and size of charities could be reflected in their rating instrument. CN's conversion tables, although for the usage of financial results performance evaluation, might be a good example. For creating that conversion table to evaluate social results reporting performance among charities with consideration of charity variation, further research on the characteristics of different types of Canadian charities from large sample would be crucial. Studies could be done to identify good social results reporting performance of charities working in a certain field (sports & recreation for example), then summarize those good performance practices as ideal/good/something/nothing criteria to evaluate charities in this field.

Recommendations to Donors

Results of this study suggest that additional documents such as annual reports, financial statements and strategic plans might be valuable resources for potential donors to look through. Oftentimes, a well-designed website could leave a professional impression, yet

this study shows that websites with good layouts do not necessarily relate to a good social results reporting performance. Pathways Abilities Society, for example, delivers high level of social results reporting performance without fancy website design.

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Appendices

Appendix A: Financial Results Reporting Performance Rating Instrument

FINANCIAL EFFICIENCY (Exploitation) Program Expenses	
Measurement	Program expenses ratio=program expenses/total functional expenses $5000/(5000+5010+5020)$
Accounts Needed	5000 Total expenditures on charitable programs 5010 Total expenditures on management and administration 5020 Total expenditures on fundraising
Final Score	Raw score*10 (higher is better)
Score Conversion Table	N/A
FINANCIAL EFFICIENCY (Exploitation) Administrative Expenses	
Measurement	Administrative expenses ratio=administrative expenses/total functional expenses $5100/(5000+5010+5020)$
Accounts Needed	5000 Total expenditures on charitable programs 5010 Total expenditures on management and administration 5020 Total expenditures on fundraising
Final Score	Converted score based on different types of organizations: general; food banks, food pantries & food distribution; fundraising organizations; community foundations; museums (lower is better)
Score Conversion Table	
Converted Score	10 7.5 5 2.5 0
General	0 -15% 15 - 20% 20 -25% 25 -30% > 30%
Food Banks, Food Pantries & Food Distribution	0 - 3% 3 - 5% 5 -10% 10 -15% > 15%
Fundraising Organizations	0-7.5% 7.5 - 12.5% 12.5 -20% 20 -25% > 25%
Community Foundations	0 - 10% 10 - 15% 15 -20% 20 -25% > 25%
Museums	0 - 17.5% 17.5 - 25% 25 -30% 30 -45% > 45%
FINANCIAL EFFICIENCY (Exploitation) Fundraising Expenses	
Measurement	Fundraising expenses ratio=fundraising expenses/total functional expenses $5020/(5000+5010+5020)$
Accounts Needed	5000 Total expenditures on charitable programs 5010 Total expenditures on management and administration 5020 Total expenditures on fundraising
Final Score	Converted score based on different types of organizations: general; public broadcasting and media (lower is better)
Score Conversion Table	
Converted Score	10 7.5 5 2.5 0

General	0 -10%	10 - 15%	15 -20%	20 -25%	> 25%
Public Broadcasting and Media	0 - 20%	20 - 25%	25 -30%	30 -35%	> 35%

FINANCIAL EFFICIENCY (Exploitation)	Fundraising Efficiency
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Measurement	Fundraising efficiency=fundraising expenses/total contributions 5020/(4500+4510+4530+4540+4550+4560+4630)
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Accounts Needed	5020 Total expenditures on fundraising 4500 Total eligible amounts of all gifts for which the charity issued tax receipts 4510 Total amount received from other registered charities 4530 Total other gifts received for which a tax receipt was not issued by the charity 4540 Total revenue received from federal government 4550 Total revenue received from provincial/territorial governments 4560 Total revenue received from municipal/regional governments 4630 Total non tax-receipted revenue from fundraising
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Final Score	Converted score based on different types of organizations: general; food banks, food pantries & food distribution; community foundations; public broadcasting and media; museums (lower is generally better)
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Score Conversion Table					
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Converted Score	10	7.5	5	2.5	0
General	\$0.00 -0.10	\$0.10 -0.20	\$0.20 -0.35	\$0.35 -1.00	> \$1.00
Food Banks, Food Pantries & Food Distribution	\$0.00 -0.03	\$0.03 -0.10	\$0.10 -0.15	\$0.15 -0.20	> \$0.20
Community Foundations	\$0.00 -0.03	\$0.03 -0.10	\$0.10 -0.15	\$0.15 -0.20	> \$0.20
Public Broadcasting and Media	\$0.00 -0.20	\$0.20 -0.30	\$0.30 -0.45	\$0.45 -1.00	> \$1.00

FINANCIAL CAPACITY (Exploration)	Primary Revenue Growth
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Measurement	Primary revenue growth= $[(Y_N/Y_0)^{(1/N)}]-1$ 4700
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Accounts Needed	4700 Total revenue
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Final Score	Converted score and Intermediate score based on various types of organizations
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Score Conversion Table			
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Converted Score	10	Intermediate Score	0
Advocacy and Education	>6%	Raw Percentage +4%	<-4%
Animal Rights, Welfare, and Services	>10%	Raw Percentage	<0%
Botanical Gardens, Parks, and Nature Centers	>10%	Raw Percentage	<0%
Children's and Family Services	>7%	Raw Percentage +3%	<-3%

Community Foundations	>10%	Raw Percentage	<0%
Development and Relief Services	>9%	Raw Percentage +1%	<-1%
Diseases, Disorders, and Disciplines	>5%	Raw Percentage +5%	<-5%
Environmental Protection and Conservation	>8%	Raw Percentage +2%	<-2%
Food Banks, Food Pantries, and Food Distribution	>10%	Raw Percentage	<0%
Foreign Charity Support Organizations	>6%	Raw Percentage +4%	<-4%
Fundraising	>6%	Raw Percentage +4%	<-4%
Homeless Services	>9%	Raw Percentage +1%	<-1%
Housing and Neighborhood Development	>8%	Raw Percentage +2%	<-2%
Humanitarian Relief Supplies	>5%	Raw Percentage +5%	<-5%
International Peace, Security, and Affairs	>6%	Raw Percentage +4%	<-4%
Libraries, Historical Societies and Landmark Preservation	>5%	Raw Percentage +5%	<-5%
Medical Research	>9%	Raw Percentage +1%	<-1%
Multipurpose Human Service Organizations	>8%	Raw Percentage +2%	<-2%
Museums	>6%	Raw Percentage +4%	<-4%
Non-Medical Science & Technology Research	>7%	Raw Percentage +3%	<-3%
Other Education Programs and Services	>10%	Raw Percentage	<0%
Patient and Family Support	>10%	Raw Percentage	<0%
Performing Arts	>8%	Raw Percentage +2%	<-2%
Private Elementary and Secondary Schools	>7%	Raw Percentage +3%	<-3%
Private Liberal Arts Colleges	>6%	Raw Percentage +4%	<-4%
Public Broadcasting and Media	>10%	Raw Percentage	<0%
Religious Activities	>7%	Raw Percentage +3%	<-3%
Religious Media and Broadcasting	>7%	Raw Percentage +3%	<-3%
Social and Public Policy Research	>7%	Raw Percentage +3%	<-3%
Social Services	>8%	Raw Percentage +2%	<-2%
Treatment and Prevention Services	>7%	Raw Percentage +3%	<-3%

Universities, Graduate Schools, and Technological Institutes	>8%	Raw Percentage +2%	<-2%
Wildlife Conservation	>10%	Raw Percentage	<0%
Youth Development, Shelter, and Crisis Services	>8%	Raw Percentage +2%	<-2%
Zoos and Aquariums	>10%	Raw Percentage	<0%

FINANCIAL CAPACITY (Exploration)	Program Expenses Growth		
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Measurement	Program expenses growth= $[(Y_N/Y_0)^{(1/N)}]-1$ 5000
Accounts Needed	5000 Total expenditures on charitable programs
Final Score	Converted score and Intermediate score based on various types of organizations

Score Conversion Table			
Converted Score	10	Intermediate Score	0
Advocacy and Education	>7%	Raw Percentage +3%	<-3%
Animal Rights, Welfare, and Services	>10%	Raw Percentage	<0%
Botanical Gardens, Parks, and Nature Centers	>8%	Raw Percentage +2%	<-2%
Children's and Family Services	>7%	Raw Percentage +3%	<-3%
Community Foundations	>10%	Raw Percentage	<0%
Development and Relief Services	>8%	Raw Percentage +2%	<-2%
Diseases, Disorders, and Disciplines	>5%	Raw Percentage +5%	<-5%
Environmental Protection and Conservation	>7%	Raw Percentage +3%	<-3%
Food Banks, Food Pantries, and Food Distribution	>10%	Raw Percentage	<0%
Foreign Charity Support Organizations	>6%	Raw Percentage +4%	<-4%
Fundraising	>4%	Raw Percentage +6%	<-6%
Homeless Services	>10%	Raw Percentage	<0%
Housing and Neighborhood Development	>8%	Raw Percentage +2%	<-2%
Humanitarian Relief Supplies	>3%	Raw Percentage +7%	<-7%
International Peace, Security, and Affairs	>6%	Raw Percentage +4%	<-4%
Libraries, Historical Societies and Landmark Preservation	>9%	Raw Percentage +1%	<-1%
Medical Research	>9%	Raw Percentage +1%	<-1%
Multipurpose Human Service Organizations	>7%	Raw Percentage +3%	<-3%

Museums	>8%	Raw Percentage +2%	<-2%
Non-Medical Science & Technology Research	>8%	Raw Percentage +2%	<-2%
Other Education Programs and Services	>10%	Raw Percentage	<0%
Patient and Family Support	>10%	Raw Percentage	<0%
Performing Arts	>7%	Raw Percentage +3%	<-3%
Private Elementary and Secondary Schools	>5%	Raw Percentage +5%	<-5%
Private Liberal Arts Colleges	>6%	Raw Percentage +4%	<-4%
Public Broadcasting and Media	>8%	Raw Percentage +2%	<-2%
Religious Activities	>5%	Raw Percentage +5%	<-5%
Religious Media and Broadcasting	>6%	Raw Percentage +4%	<-4%
Social and Public Policy Research	>8%	Raw Percentage +2%	<-2%
Social Services	>8%	Raw Percentage +2%	<-2%
Treatment and Prevention Services	>7%	Raw Percentage +3%	<-3%
Universities, Graduate Schools, and Technological Institutes	>7%	Raw Percentage +3%	<-3%
Wildlife Conservation	>10%	Raw Percentage	<0%
Youth Development, Shelter, and Crisis Services	>6%	Raw Percentage +4%	<-4%
Zoos and Aquariums	>8%	Raw Percentage +2%	<-2%

FINANCIAL CAPACITY (Exploration)	Working Capital Ratio
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Measurement	Working capital ratio=working capital/total expenses in the most recent fiscal year (including payments to affiliates) (4200-4350)/5100
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Accounts Needed	4200 Total assets 4350 Total liabilities 5100 Total expenditures
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Final Score	Converted score based on various organizations
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Score Conversion Table					
Converted Score	10	7.5	5	2.5	0
General	> 1.0	0.5 -1.0	0.25 -0.5	0.0 -0.25	< 0
Food Banks, Food Pantries & Food Distribution	> 0.25	0.0833 -0.25	0.042 -0.0833	0 -0.042	< 0
Development & Relief Services	> 1.0	0.5 -1.0	0.0833-0.5	0 -0.0833	< 0
Humanitarian Relief Supplies	> 0.10	0.06 -0.10	0.02 -0.06	0.0 -0.02	< 0

Religious Activities	> 1.0	0.5 -1.0	0.0833-0.5	0 -0.0833	< 0
Religious Media & Broadcasting	> 1.0	0.5 -1.0	0.0833-0.5	0 -0.0833	< 0
Botanical Gardens, Parks, & Nature Centers	> 3.0	1.0 -3.0	0.5 -1.0	0 -0.5	< 0
Private Liberal Arts Colleges	> 3.0	1.0 -3.0	0.5 -1.0	0 -0.5	< 0
Private Elementary and Secondary Schools	> 3.0	1.0 -3.0	0.5 -1.0	0 -0.5	< 0
Museums	> 3.0	1.0 -3.0	0.5 -1.0	0 -0.5	< 0
Libraries, Historical Societies & Landmark Preservation	> 4.0	1.0 -4.0	0.5 -1.0	0 -0.5	< 0
Community Foundations	> 5.0	2.0 -5.0	1.0 -2.0	0 -1.0	< 0

FINANCIAL TRANSPARENCY

Measurement	Content evaluation of charity's website
Information Needed	<i>Audited financial statements on charity's website</i> <i>Board members listed on charity's website</i> <i>Key staff listed on the website</i>

RANK	CRITERION	SCORE
Ideal	Financial statements for at least the last 2 years posted on the charity's website; and board members or key staff are listed.	10
Good	Financial statements for the most recent year or last year posted on the charity's website; and board members or key staff are listed.	7
Something	No recent financial statement less than 2 years old available but board members or key staff are listed.	3
Nothing	No recent financial statement less than 2 years old available and no board members & key staff information posted.	0

Appendix B: Social Results Reporting Performance Rating Instrument

ASPECTS	QUESTION & CRITERIA	1/3-COLUMN RUBRIC
Strategy	<p>Q1: Is there a clearly labeled statement of what the charity does and why it does it?</p> <ul style="list-style-type: none"> • Ideal: A clearly labeled section stating <i>what</i> the charity does and <i>why</i> it does it. • Good: A clearly labeled section stating either <i>what</i> the charity does or <i>why</i> it does it. • Something: There is no labeled statement, but there is a sentence somewhere obvious, (the first or second sentence of “about us”; or first or second paragraph of the annual report) that states <i>what</i> the charity does and <i>why</i> it does it. • Nothing: No labeled statement, or any sentence in an obvious location that states what the charity does and why it does it. 	1
	<p>Q2: Is there a discussion and/or model of the charity’s strategy that details how its programming will accomplish its stated mission?</p> <ul style="list-style-type: none"> • Ideal: A clearly labeled or demarcated discussion and/or figure of the charity’s strategy that elaborates in detail how the charity’s combination of programs and activities will contribute to achieving its mission. Common labels include: strategic plan, scorecard, logic model, logical framework analysis, theory of change, and impact chain. By “clearly labeled” or “demarcated”, we mean the discussion stands as a visible section and is not buried in other text. Discussion may be included in individual program sections provided that the strategy is introduced separately and continued in a consistent manner under program discussions. • Good: A clearly labeled or demarcated discussion and/or figure that elaborates in brief how the charity’s combination of programs and activities will contribute to achieving its mission. • Something: An unlabeled, brief statement that explicitly connects the charity’s programs to its mission. By “explicit”, we mean programs must be named and the connection to mission must be stated, not just implied. • Nothing: The charity does not present the reader with statements about its strategy in a summarized or holistic manner. 	3
	<p>Q3: Is there a discussion of the problem(s) the charity seeks to resolve, including mention of causes, consequences and who is affected?</p> <ul style="list-style-type: none"> • Ideal: A rich discussion in one place of the problem(s) the charity seeks to resolve including analysis of causes, consequences and/or who is affected. 	3

	<ul style="list-style-type: none"> • Good: A short discussion of a problem the charity seeks to resolve mentioning some of the causes, consequences and/or who is affected. The short discussion may be found in paragraph or bullet point format, or may be scattered throughout the report, but combined, would constitute a significant discussion of the problem. • Something: A cursory mention of the problems, causes or consequences or who is affected. Such statements of need are often scattered through the report and do not represent a comprehensive or significant analysis of the problem. • Nothing: The charity provides no mention of the problem it hopes to solve. 	
	<p>Q4: Does the charity provide quantification of the prevalence, scope and/or magnitude of the problem?</p> <ul style="list-style-type: none"> • Ideal: Numbers or mathematically-specific words quantifying the prevalence, scope, and/or magnitude of the problem. The ideal quantification provides numerical data on a variety of aspects of the problem. Examples include quantification by subcategory of the problem (e.g., by neglect, physical, sexual and emotional abuse) or subgroups of those affected (male/female, age, etc.) and magnitude expressed in terms of cost to society, potential life years lost, etc. • Good: A quantification of the problem on one dimension (usually prevalence), with some breakdown by subgroup. • Something: Simple summary statistics that speak to the prevalence of the problem OR quantified statements of demand <i>specific to this charity</i>. Statements of demand can include waitlists, waiting times, percent change in demand, number of applicants, number of inquiries, number of referrals, change in call volume, web hits and formal requests for new services or new locations. Demand can also be quantified using the severity of problems facing beneficiaries <i>so long as the charity is positioning the information as the rationale for their programming decisions</i>. • Nothing: No numerical data is provided to describe the scale of the problem the charity hopes to solve. 	3
Activities	<p>Q5: Is there a clearly demarcated overview of all of the charity's programs?</p> <ul style="list-style-type: none"> • Ideal: A clearly labeled or demarcated overview of all the charity's programs, giving a clear synopsis of what the organization does. • Good: Some programs presented in a manner that would leave a reasonable donor with some uncertainty about the charity's programs. Most typically this is in a menu bar on a website where a section called "our programs" or "what we do" contains three or four subcategories, yet there is other program information that either contradicts, or does not fall nicely into the simple categorization. 	1

	<ul style="list-style-type: none"> • Something: The charity describes its programs generally. • Nothing: The charity does not talk explicitly about the work it does. 	
	<p>Q6: Does the charity show how financial resources are allocated by program, in dollars?</p> <ul style="list-style-type: none"> • Ideal: A single table, graph or pie chart that shows how programmatic expenditures are allocated to each program or activity. The total in the chart adds up to some category of expenditures provided in the financial statements. If breakout appears only in the audited financial statements and not in annual report or other prominent position on website, charity scores “Good”. • Good: Charity discloses the amount of expenditures on most, but not all, programs. This information is scattered throughout the report and may not add up to an expense line in the financial statements. • Something: Charity gives a total for programmatic expenditure, but does not break it down further, or charity provides some spending numbers that may not add up to an expense line in the financial statements. • Nothing: No breakdown provided. 	1
Outputs	<p>Q7: Does the charity quantify the service level provided by their activities?</p> <ul style="list-style-type: none"> • Ideal: Two or more key outputs are presented numerically conveying how much, how many and/or how often programs, services or expenditures were delivered. • Good: One key activity output is presented numerically conveying how much, how many or how often programs and services were delivered. • Something: Key activity outputs presented with vague approximations such as ‘hundreds’ or ‘dozens’, or with percentages. • Nothing: Program outputs are not quantified. 	3
	<p>Q8: Does the charity report beneficiaries by program?</p> <ul style="list-style-type: none"> • Ideal: The number of beneficiaries is appropriately quantified by program and total number of beneficiaries is provided, broken out into sub-segments reflecting relevant demographic information. • Good: The number of beneficiaries is appropriately quantified by program or total number of beneficiaries is provided, broken out into sub-segments reflecting relevant demographic information. • Something: The number of beneficiaries is inappropriately quantified. The charity provides the total number of beneficiaries, not broken out by program, or number of people helped since founding without being broken out into the current period. • Nothing: Beneficiaries are not appropriately quantified. 	3

Q9: Consistency: Are the outputs or levels of service provided compared with previous years?	3
<ul style="list-style-type: none"> • Ideal: Numerical data is provided for two or more output indicators for three or more consecutive years in contiguous text or columns/rows. • Good: Numerical data is provided for one indicator for two consecutive years in contiguous text or columns/rows. This may include an absolute number and the percent change from the previous year presented together. • Something: Word comparisons, such as “greater” or “more”, are made for at least one prior year for at least one output. • Nothing: As far as indicators of output are concerned, the reader would have no idea the organization functioned in previous years. 	
Q10: Comparability: Do measures of output or level of service allow comparison with other charities?	3
<ul style="list-style-type: none"> • Ideal: Presents data to readers that uses standardized or common metrics to assess key program outputs. The charity may either present the metrics in the format used to report their metrics to the government, ministry, foundation, coalition, or other standards-setting organization, or may make the explicit claim that its metrics are based on such standards, without providing documentation. • Good: Output data provided is expressed in terms that are, or could reasonably be expected to be, provided by other similar charities. Beneficiary and simple service level data must provide adequate context to allow comparisons with other charity data. • Something: Beneficiary or simple service level data that does not provide enough detail to know if the data is comparable with other charity data. • Nothing: Output data is specific to the charity’s programs. 	
Q11: Timeliness: Are the output measurements disclosed over a recent time period?	3
<ul style="list-style-type: none"> • Ideal: All or almost all output data for the charity is dated, and the date is within the past 18 months. • Good: Output data may not explicitly be dated, but is provided in a dated and current annual report (dated within the past 18 months), and the charity is implying that the data is equally current; or some key data is not appropriately dated. • Something: Output data is dated, and the date is between 18 and 30 months old. • Nothing: The dates of the outputs are unspecified or greater than 30 months old. 	
Q12: Forward-looking: Does the charity provide numeric expectations for program outputs?	3
<ul style="list-style-type: none"> • Ideal: Statements are specific in their targets, provide numeric goals, and feature goals for a 12-month period, as 	

	<p>well as mid-term or long-term programmatic goals. Mathematically specific words can count as numeric targets (“half”, “double”, “eliminate”). Includes statements of intent to close programs, which is essentially a numeric target of zero.</p> <ul style="list-style-type: none"> • Good: Statements are specific, with numeric goals, and feature either 12-month <i>or</i> longer-term targets. • Something: Future-looking statements are present, but are non-numeric in goals or length of time. This may include non-numeric descriptions of planned activities. Statements must be such that a reasonable donor would be able to assess in future (up to 5 years) if the goal has been achieved. • Nothing: No mention of program activity for the coming year(s). 	
	<p>Q13: Accuracy: Has the charity disclosed definitions and calculations for output measurements?</p> <ul style="list-style-type: none"> • Ideal: The charity provides precise definitions of all outputs and methods of data collection with enough detail to understand how outputs would differ from or are similar to those of other, similar charities. • Good: Outputs are stated in precise ways and data collection methods are mentioned, but detail is not provided. • Something: Outputs are stated in vague terms and charity provides no details of how data was collected. • Nothing: The charity makes no mention of definitions or how the output data was collected. 	3
Outcomes	<p>Q14: Does the charity disclose outcomes?</p> <ul style="list-style-type: none"> • Ideal: The charity mentions outcomes. Anything that speaks to the results of the charity’s programs is acceptable. Testimonials and stories are acceptable. Anecdotes are acceptable. Staff impressions are acceptable. The statement must refer to actual results – anything that actually happened; that is, it must be in the past tense but it does not need to be specific or corroborated with evidence, or generalizable to all beneficiaries. • Something: The charity indicates that it is attuned to outcomes but does not disclose any. • Nothing: No mention of outcomes. 	3
	<p>Q15: Are outcomes quantified using absolute numbers?</p> <ul style="list-style-type: none"> • Ideal: Outcomes are quantified with absolute numbers. Percentages are acceptable only if the total associated number is provided in the same area, paragraph, or graph as the percentage so that it is reasonably easy to calculate the absolute figure. • Good: Outcomes that offer percentages but no way to calculate absolute numbers. • Something: The charity represents outcome data with approximate numbers (e.g., over 60%) or mathematically precise words (e.g., half, third, majority) to convey that data 	3

is not merely anecdotal. Vague words are not sufficient (e.g., many, several, few).

- **Nothing:** No quantification of outcomes.

Q16: Consistency: Are provided outcomes compared with previous years? **3**

- **Ideal:** Numerical outcome data is provided for two or more periods, creating a three-period trend, in contiguous text or columns/rows, or links to full evaluation studies on the same page.
- **Good:** Numerical data is provided for one prior year (creating a two-period trend) in contiguous text or columns/rows, or links to full evaluation studies on the same page.
- **Something:** Word comparisons, such as “greater” or “more”, are made for at least one prior period.
- **Nothing:** No comparisons to prior years are made.

Q17: Comparability: Are outcome measures comparable with other charities? **3**

- **Ideal:** Presents data that uses standardized or common metrics to assess key program outcomes. The charity may either present the metrics in the format used to report their metrics to the government, ministry, foundation, coalition, or other standards-setting organization, **or** may make the explicit claim to report based on such standards, without providing documentation.
- **Good:** Outcome data provided is expressed in terms that are, or could reasonably be expected to be, provided by other similar charities.
- **Nothing:** Outcome data is specific to the charity’s programs.

Q18: Timeliness: Is the period over which the outcomes were achieved disclosed? **3**

- **Ideal:** Outcome data is dated and timely. Major evaluations by third-party analysts are considered timely and relevant for up to 5 years from the date of publishing. Annual measurements compiled by the charity are timely if they are explicitly dated, and the date is within the past 18 months.
- **Good:** Outcome data may not explicitly be dated, but is provided in a dated and current annual report (dated within the past 18 months), and the charity is implying that the data is equally current. The reporting can also be considered good if there is a mix of current and old data, including cumulative data (“since the program began...”) if the program began over 18 months ago and annual data are not provided.
- **Something:** Dates are specified for outcomes but are between 18 and 30 months for annual measures, or are over 5 years old for major third-party evaluations.
- **Nothing:** The dates of the outcomes are unspecified.

Q19: Timeliness: Are outcomes assessed after some time has elapsed? **3**

	<ul style="list-style-type: none"> • Ideal: Outcome measures are taken more than 12 months after completion. • Good: Outcome measures are taken between 6 and 12 months after completion. • Something: Outcome measures are taken at or within 6 months of completion. • Nothing: No outcome measures or no way to tell. 	
	<p>Q20: Forward-looking: Does the charity state goals for outcomes?</p> <ul style="list-style-type: none"> • Ideal: Statements are specific in their targets, provide numeric goals, and feature goals both for a 12-month period, as well as mid-term or long-term outcome goals. Mathematically specific words can count as numeric targets (half, double, eliminate). • Good: Statements are specific, with numeric goals, and feature either 12-month or longer-term targets. • Something: Future-looking statements are present, but are non-numeric in goals or length of time. Statements must be such that a reasonable donor would believe the goals are attainable and they must be able to assess in future (up to 5 years) if the goal has been achieved. • Nothing: No stated goals. 	3
	<p>Q21. Accuracy: Has the charity disclosed definitions and calculations for outcome measurements?</p> <ul style="list-style-type: none"> • Ideal: The charity has an appendix that discloses precise definitions of all outcomes, methods of data collection, and details about methodology, such as sample size and levels of significance, sample calculations and assumptions. • Good: Outcomes are stated in precise ways; and/or summary mention of methods and definitions provided. • Something: The charity mentions how the data was gathered, but provides no details. • Nothing: The charity makes no mention of definitions or how the outcome data was collected. 	3
Quality	<p>Q22: Reliability: Has the report been assured?</p> <ul style="list-style-type: none"> • Ideal: The charity has undergone a social audit from an accredited source. Letter of assurance is included or third party has conducted a program evaluation with controls (randomized or matched sample) and provides results. • Good: Charity mentions that a social audit or third-party evaluation has been done but does not provide details; or a third-party evaluation that does not involve controls but does independently assess results. • Something: Some degree of independence in gathering and compiling results (e.g., independent member added to assessment team, assessment team completely independent from team providing programs/services being assessed) • Nothing: No mention of assurance of independence of assessment. 	3

	<p>Q23: Clarity: Is the report clearly presented? 1</p> <ul style="list-style-type: none"> • Ideal: The information is easy to find, the language is clear and key outputs and outcomes are clearly summarized. • Good: Information is relatively clear, with room for improvement. The donor would have to exert some effort and/or occasionally make inferences to find and synthesize information provided. • Something: The charity’s presentation lacks clarity. Information is available but requires significant effort to find and synthesize. Or, charity would otherwise score Good or Ideal, however, minimal information is provided. • Nothing: The charity’s presentation is seriously flawed.
	<p>Q24: Balance: Does the charity present a thoughtful assessment of program results? 1</p> <ul style="list-style-type: none"> • Ideal: Charity uses numbers and mathematically specific words (half, majority) to assess performance. Both positive <i>and</i> negative information is presented numerically, including setbacks or failures to achieve goals. • Good: Positive <i>and</i> negative information is presented using word comparisons (“more”, “greater”) or percentage increase or decreases. • Something: A charity that mentions some form of weak or disappointing performance, even if the charity uses no numbers. • Nothing: The charity provides no numbers, and only positive, upbeat assessments of its performance.
Learning	<p>Q25: Does the charity report what it has learned during the past two years? 3</p> <ul style="list-style-type: none"> • Ideal: Charity describes in detail new information learned during the past 2 years, drawing an explicit link to one or more tracked metrics. • Good: Charity describes in some detail new information learned during the past 2 years. • Something: Charity mentions some general new knowledge learned during the past 2 years. • Nothing: Charity does not mention anything learned during the past 2 years.
	<p>Q26: Does the charity report on changes made during the past year to programming as a result of what they learned? 3</p> <ul style="list-style-type: none"> • Ideal: Charity describes in detail at least one change made during the past year, explicitly linking the change to a key learning and one or more tracked metrics from the past 2 years. • Good: Charity provides reasoning for a program change, explicitly mentioning new knowledge learned during the past 2 years, or charity describes in detail why no changes were made, explicitly mentioning knowledge learned during the past 2 years. • Something: Charity briefly mentions a minor programming

change during the year, **or** charity briefly mentions why no changes were made.

- **Nothing:** Charity does not mention any changes made to programming during the year, nor do they mention reasons for not changing anything.

Appendix C: Mission/Vision Statements of the Sample

Charity	Statement
Alexandra Foundation for Neighbourhood Houses	As a non-governmental organization, the Foundation's purpose is to support Neighbourhood Houses in BC and similar community groups.
Camp Fircom Society of the United Church of Canada	Fircom's purpose is to provide the opportunity for people to form a healthy, sustainable community in nature.
Comox Valley Art Gallery	The Comox Valley art Gallery is a public art gallery featuring contemporary, experimental and applied art by regional, national and international artists presenting contemporary art issues and practices.
Doukhobor Heritage Retreat Society #1999 (DHRS)	The desire of all parties—to have the beauty of the land preserved in perpetuity and be a place where people may gather in peace and harmony.
Gulf of Georgia Cannery	The Gulf of Georgia cannery Society honours Canada's fishing heritage by preserving and promoting West Coast fishing history.
Haida Gwaii Museum Society	Through the Haida Heritage Centre at Kay Llnagaay we celebrate the living culture of the Haida. Through our language, art and stories we share our relationship with the land and sea- that which shapes, nourishes and sustains us.
Horticulture Centre of the Pacific	We will be an internationally recognized botanical garden and a respected centre of lifelong learning, conservation and research.
Kelowna Art Gallery Association	The mission of the Kelowna Art Gallery is to engage, inspire, and enrich the greater community through the exhibition, collection, and interpretation of visual art.
Kelowna Museums Society	The Kelowna Museums Society provides the public with educational exhibitions and programs that foster personal participation, stimulate curiosity, and engage the senses with the cultures, histories, and possibilities of the Okanagan region.
Kelowna Visual and Performing Arts Centre Society	The Kelowna Visual and Performing Arts Centre Society (KVPACS) will champion arts and culture in the Central Okanagan. We will continually strive to improve the economic, cultural and social quality of life in the community by fostering participation in, and appreciation of, the arts.
Ladysmith Maritime Society	We are a non-profit society, committed to preserving, promoting and protecting Ladysmith's maritime heritage.
Pathways Abilities Society	The mission of the Pathways Abilities Society is to assist people with disabilities to reach their individual goals and to participate and contribute as equal members of the community.
Port Hardy Christian Fellowship	To establish in Port Hardy a place which will have the resources, both in numbers of people and amount of finances to impact our town, region, province, nation and our world for the Lord Jesus Christ by being a church for restoring, building and releasing.
Vancouver Island Providence Community Association	We are a therapeutic community that provides programs for people who are encountering barriers to education and employment. Our programs are based on principles of horticultural therapy and vocational training that guide our success that – caring for the land together is by nature healing and therapeutic.
Quesnel Community Living Association (QCLA)	To provide access, acceptance, and assurance to adults living with developmental disabilities.

Sidney and North Saanich Memorial Park Society	The mandate is: to ensure that the MPS Trust Lands and Facilities stand as a memorial to those who served Canada in war and peace, and are used effectively and efficiently, in perpetuity, for the lasting benefit of residents for community, cultural, athletic and recreational purposes.
Sorrento Centre Anglican Church of Canada	Sorrento Centre is a holy place of transformation for learning, healing and belonging.
South Peace Art Society	To foster the growth, awareness and appreciation of the visual arts in Dawson Creek and area.
The George Pringle Memorial Camp Society	We provide opportunities for campers of all ages to experience God's love in close relationship with other people and the natural environment.
The Victoria Theatre Guild	A welcoming theatre community with a passion for creating vibrant, engaging entertainment.

