

2020

Impacting Nonprofit Financial Sustainability and Mission

Jarhal Duncan
Walden University

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Walden University

College of Social and Behavioral Sciences

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Jarhal Duncan

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Walden University
2020

Abstract

Impacting Nonprofit Financial Sustainability and Mission

by

Jarhal Duncan

MA, Indiana University East, 2014

BS, University of Dayton, 2010

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy Public Administration, Nonprofit Management

Walden University

August 2020

Abstract

Nonprofits in the United States have been struggling to maintain financial sustainability and create new pathways to accomplish its mission. The research problem was that there was limited research on leadership strategies for nonprofits to facilitate the balance of achieving the organizational mission and financial sustainability. The purpose of this study was to increase the understanding of how current leaders of niche-based nonprofit organizations use strategies to impact financial sustainability and maintain the mission of the nonprofit organization. Building on this understanding can help address this issue. Theoretical frameworks such as Resource Dependence Theory and General Systems Theory help develop lenses for looking deeper into this phenomenon. Together these theories helped develop the main research question of how, if at all, does a decrease in government funding impacted nonprofit organizations and what leadership strategies, if any, have been employed to increase financial sustainability while maintaining organizational mission. This study used a qualitative case study design with semistructured interviews with 4 participants, which were recorded and transcribed for data analysis. The results showed that innovation/ filling in the gap was the most reported theme to address the research question. This finding reinforced that nonprofits need to adapt to the ever-changing economic environment to maintain sustainability. The conclusion of the study established that organizations do not prefer mission drift to obtain financial sustainability. Building off the results of this study can guide nonprofit governance and how future policy is written concerning how nonprofits should seek financial sustainability and serve their communities resulting in positive social change.

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Dedication

I dedicate this doctoral degree first and foremost to GOD my Lord and Savior, for he has predestined me to achieve and be magnified by my talents (Proverbs 18:16). My mom always believed in me and helped me when I have had no one else. To my father, who provided his confidence in my potential (at the age of five) and his legacy, he left behind after his death. To my sister and brother, who remain my rocks and will always be a point of encouragement and pride. To my closest friends and relationships, you have helped push me in dark times and, in many instances, reassured me that I am worthy. To my Alpha Phi Alpha line brothers of 13 Minds of Distinction (13MOD), you guys have been there since day one, providing me with a multitude of perspectives and the encouragement always to look onward and upward. Finally, to all those who doubted me and verbalized their view of my limitations. I have overcome all of the limitations placed before me by the grace of GOD. I complete this doctorate not for the satisfaction of proving people wrong, but for myself to prove that I am more than a conqueror (Romans 8:37). I hope to help empower others to achieve as well.

Acknowledgments

I want to thank and acknowledge those who have helped me reach this point in my academic journey. First, I would like to send thanks to GOD for allowing me the resources and opportunity to reach new heights in all areas of my life. Next, I would like to thank my family for providing and pushing me to set high goals and strive for them. My accomplishments could not have been made without the support of my family. Next, I would like to thank my chair and dissertation committee members. If it weren't for you, I would be lost in this process. You provided sound guidance and have helped me reach this monumental goal. Lastly, I would like to thank my future. It is for you that I strive and work hard to give you the best of opportunities. It is the idea of the future that keeps me going, and I will continue to work diligently toward making a brighter future my reality.

Thank you, all.

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Chapter 1: Introduction to the Study

Introduction

Nonprofits are struggling to maintain financial sustainability (Bowman, 2011). This struggle is increasing and impacting nonprofits that focus on niche areas or small sectors, such as arts, minority group outreach, youth, and a host of others (Paul, McCoy, & Taylor 2019). Historically, nonprofits receive large amounts of public funding, ranging from \$25.5 billion in 1980 to over \$40.4 billion since 2010 (Cheng & Yang, 2019; Soskis, 2016). Despite the historical support, President Trump proposed to cut \$54 billion from the U.S. budget associated with nonprofit funding during his administration (Cheng & Yang, 2019; Soskis, 2016). Nonprofits are anticipating around \$2.5 trillion in cuts throughout the Trump administration. With these anticipated heavy budget cuts, nonprofits must create new pathways to accomplishing their mission. Failure to meet financial stability has caused a rippling effect in the number of nonprofits that service niche areas (Borges, 2017).

Current researchers, such as Minutolo, Mills, and Stakeley (2017), Cheng and Yang (2019), Lu (2019), have primarily focused on policies related to management as a means to engage donors for continued funding. However, this does not address the balance between these resources and serving the community through the organizations' missions (Mohammed, 2017). The need for funding often results in nonprofit organizations altering their mission statement to obtain resources (Green & Dalton, 2016). There is limited research on leadership strategies used in nonprofits to address the balance of achieving the organizational mission and achieving financial sustainability,

especially in the field of public policy (Shier & Van-Du, 2018). With significant cuts in government funding, this study is needed to explore how nonprofit leaders can use strategies to help adhere to their mission and achieve financial sustainability (Mohammed, 2017).

Chapter 1 provides the following: the background of the problem, the problem statement, the purpose statement, the nature of the study, the research questions, the conceptual frameworks to be used as a lens to assess the research questions, a review of scholarly literature on sustainability and maintaining an organizational mission in the nonprofit sector, and possible social change implications.

Background

Nonprofits have historically had a significant impact on society (Benoy, 2018). This impact reached the U.S. government on a policy level, influencing government financial support to nonprofit organizations and the incentive for financial support of nonprofit organizations, via the Revenue Act of 1913 (Bryce, 2019). Both the policy actions and the national economic strength have an impact on how nonprofits receive funding (Kim, Peng, 2018). The link between public policy support and the longevity of a nonprofit organization is its ability to maintain financial sustainability (Arik, Clark, & Raffo, 2016; Bowman, 2011). Maintaining sustainability remains a significant concern for the nonprofit sector (Jensen, 2018).

Researchers have analyzed ways nonprofits approach achieving sustainability and the consequences of not achieving this goal (Borges, 2017; Bowman, 2011). Achieving sustainability is more of a concern and challenge for niche-based nonprofits (Borges,

2017). Research has demonstrated that niche-based nonprofits struggle more than traditional nonprofits with obtaining financial sustainability (Jackson, 2016). Financial climates add to the struggle to maintain a sustainable budget for nonprofits (Shier & Van-Du, 2018). With every shift in the national budget or funding trends, nonprofits must adjust to maintain financial sustainability (Bowman, 2011).

Most nonprofits have been affected by the budget cuts under President Trump's administration's budget (Grantsplus, 2017; Soskis, 2016). Historically, nonprofits have received large amounts of public funding, ranging from \$25.5 billion in 1980 to over \$40.4 billion since 2010 (Grantsplus, 2017; Soskis, 2016). The administration under President Trump has been budgeted to cut up to \$971 million in funding for cultural agencies (Grantsplus, 2017).

The national budget decreased \$1 billion in 2017 and has been declining since (Grantsplus, 2017; Soskis, 2016). With more anticipated budget cuts, it is now imperative that nonprofits determine new ways to accomplish their mission with minimal public support. With the cuts in government funding, nonprofits are inheriting a need to serve their funders and their mission (Raišiene & Urmanavičiene, 2017). Nonprofit leadership has to address balancing sustainability and mission drift (Mohammed, 2017). The struggle between balance and sustainability often leads to an alteration of the mission to obtain resources (Green & Dalton, 2016). There is limited research on leadership strategies for nonprofits to address the balance of achieving the organizational mission and financial sustainability, especially in the field of public policy (Shier & Van-Du, 2018).

This study is needed to identify strategies nonprofit leadership can use to adhere to their mission and achieve financial sustainability (Mohammed, 2017). Increasing understanding in this area can potentially change how niched-based nonprofits strategically plan and lead their organizations. Further understanding can also effect positive social change for nonprofit management overall. In the following chapter, I explain in detail the literature surrounding nonprofits' struggles for sustainability and maintaining organization missions.

Problem Statement

The problem this study addressed was the limited research on leadership strategies for nonprofits to facilitate the balance of achieving the organizational mission and financial sustainability. In this study, I focused on the gap in the literature about the balance between maintaining resources and serving the community through the organization's mission. Financial sustainability is the rate of change in capacity over time and can be both short term and long term (Bowman, 2011). This concept increasingly impacts nonprofits that focus on niche areas or small sectors, such as arts, minority group outreach, youth, and other areas.

Failure to meet financial stability is a social problem that has caused a decrease in the number of nonprofits that service niche areas (Borges, 2017). Nonprofit sustainability is also a public administrative concern; federal spending has direct and indirect effects on nonprofits (Soskis, 2017). By funding areas in which nonprofits operate, the budget shapes the demands for their services (Soskis, 2017). The effects of budget cuts lead to decreased funding, the abolishment of agencies, halting of initiatives, and closing of

programs in nonprofits across the country (Soskis, 2017). In the U.S. administration under President Trump, up to \$971 million in funding for cultural agencies has been cut. The administration is expected to decrease the overall budget by 87% (U.S. Report, 2017). This change makes it imperative for nonprofit agencies to increase their understanding of their role in creating and maintaining financial sustainability. Current literature focuses on donor and funding engagement (Mohammed, 2017), leaving a gap in how nonprofit leadership can use strategies to address financial sustainability and organization mission.

Purpose of the Study

The purpose of this study was to increase the understanding of how current leaders of niche-based nonprofit organizations use strategies to impact financial sustainability and maintain the mission of the nonprofit organization. In this study, I looked at the balance between financial sustainability and organizational mission in the current U.S. funding environment. I explored two theories to deepen the understanding of altruistic behaviors concerning financial sustainability. First, resource dependence theory (RDT) states that organizations will change their behavior, for better or for worse, to obtain resources (Shon, Hamidullah, & McDougle, 2019). Second, general systems theory (GST) states that as an organization, one portion (leadership) can affect how the organization operates (Bradley-Swanson, 2019). In this study, the focus was on how leadership responds to the pressures of resource dependency while maintaining the organization's mission. I conducted a case study on the leadership of niche-based nonprofits with the Midwest states. This case study was used to explore the phenomenon

of leadership strategies for financial sustainability and organizational mission. Gaining a better understanding of these strategies may help decrease the struggle of nonprofits to maintain financial sustainability and fulfill their mission, allowing organizations to become sustainable and serve the public (Mohammed, 2017).

Research Question

RQ1: How, if at all, has a decrease in government funding impacted nonprofit organizations and what leadership strategies, if any, have been employed to increase financial sustainability while maintaining organizational mission?

Theoretical Framework

Research Dependence Theory

RDT was formalized in 1978 by Pfeffer and Salancik and focused on how external resources of organizations affect the behavior of the organization (Doyle, Kelly, & O'Donohoe, 2016). This theory offers insight into how nonprofits use division making as it concerns gaining and maintaining resources. RDT helps outline how the impact of obtaining external resources influences strategic and tactical management (James & Harder, 2016). For nonprofits, resources become a source of power; however, the need to acquire these resources sets constraints and limits (Lincoln, & Jäger, 2015). RDT will help me focus on analyzing how niched-based nonprofit organizations use strategies to impact their state of financial sustainability and maintain their organizations' mission statement.

General System Theory

GST explains the structure and operation of systems within an organization (Godwin, 2019; Hardy, 2017). GST states that as an organization, one portion (leadership) can affect how the organization (as a whole) operates (Godwin, 2019). This theory offers broadly applicable concepts as opposed to concepts and principles applicable to one domain of knowledge (Godwin, 2019). The use of GST allows for the application of concepts and solutions on leadership and tools to solve problems, make recommendations, and predict future patterns. This theoretical framework speaks to how leadership can employ new concepts or systems to address problems, such as financial sustainability.

This information influenced the design of the research question, How, if at all, has a decrease in government funding impacted nonprofit organizations and what leadership strategies, if any, have been employed to increase financial sustainability while maintaining organizational mission? Through this research question and theoretical framework, interviewing nonprofit niche leadership can increase the understanding of strategies used to gain financial sustainability. In this study, the focus was on how leaders respond to the pressures of resource dependency while maintaining the organization's mission. A more detailed explanation of RDT and GST regarding nonprofit leadership will be explored in Chapter 2.

Nature of the Study

The nature of this study was a qualitative case study design. Few organizations fit the study's criteria, and a case study allowed for these circumstances to give adequate

data for saturation (Burkholder, Cox, & Crawford, 2016). This method of study can generate an in-depth, real-world context of how current nonprofit leadership uses strategies to positively impact financial sustainability and stay true to the organizations' mission. A case study is a process of research in which detailed consideration is given to a particular phenomenon (Burkholder et al., 2016).

Through this case study, I examined leadership strategies addressing mission drift and financial sustainability. I chose a case study design because it would allow an analysis of leadership addressing sustainability and mission (Burkholder et al., 2016). To gain more insight, an interview questionnaire (see Appendix A and Appendix B) was used to interview leaders of target nonprofits. A case study was conducted involving niche-based nonprofit organizations in a Midwest state; leadership staff were interviewed on strategies used to positively impact financial sustainability and stay true to the organization's mission. Leadership interviews were completed one-on-one. They were conducted either face-to-face (in person or video chat) or by telephone. The interviews were then transcribed and data collected for review. After the data were collected, it was coded, analyzed, and presented in the study's findings.

Definitions

The following are terms used throughout this study:

Leadership: Those managing an organization's day-to-day operations and long-term success; this process takes time, cultivation, and strategic planning (Crosby, 2016).

Mission: An organization's overall function to achieve the desired goals. The mission can be measured by the market served, core competencies, or markers met by the organization (Cannon, 2018).

Mission drift: The act of a nonprofit operating outside their purpose or mission statement to achieve financial gains (Ramus & Vaccaro, 2017).

Niche-based nonprofit: Nonprofits that focus on niche areas or small sectors, such as arts, minority group outreach, and youth (Borges, 2017).

Resources: Essentials to maintaining an organization, typically in the form of financials or information (Witesman & Heiss, 2017).

Sustainability: The rate of change in capacity over some time; can be both short term and long term (Shapiro & Oystriick, 2018).

Urban art-based nonprofit: A niche-based nonprofit typically found in minority communities, focusing on arts, such as hip-hop dance, spoken word, and graffiti (Borges, 2017).

Assumptions

There were several assumptions made for this study. A primary assumption was that all nonprofits' goals are to achieve financial sustainability. The secondary assumption was that mission drift associated with nonprofits is harmful instead of evolving to meet the needs of its beneficiaries. The third assumption was that participants interviewed currently use strategies to address mission drift and financial sustainability. The fourth assumption was that individuals interviewed would answer the questions honestly.

Scope and Delimitations

This study focused on niche-based art nonprofit organizations and their leadership concerning financial sustainability. The population of interest and the topic of financial sustainability set this study's boundaries. The population for this study was the leaders of niche-based nonprofits in a Midwest state. The scope and delimitations of this study focused on leadership strategies used to address the problem area.

Delimitations are boundaries that control the extent of a study (Burkholder et al., 2016). The problem this study addressed was that there is limited research on leadership strategies for niched-based nonprofits to address the balance of achieving the organizational mission and financial sustainability. The boundaries of this study were the interview questions that relate to organizational leadership and financial sustainability using both RDT and GST as the theoretical framework. The interview questions focused on leadership strategies to reach financial sustainability while maintaining the organization's mission. This focus does not explore other options nonprofits could use to achieve financial sustainability, thus making the interview question delimitations of this study.

The theoretical framework provided direction and informed the questions used during this study. This study only focused on niche-based nonprofits and not nonprofits in general, which could impact transferability and generalization. Transferability and generalization of this study can be obtained if the research is looking to duplicate or understand the themes or processes given to reach financial sustainability. This study

focused on the strategies and processes more than the algorithm to achieve financial sustainability at any given state.

Limitations

There is a limited amount of niche-based nonprofits located in Midwest states. Many such organizations have been founded in the last 10 years, classifying them as *new organizations* with only 10 years of experiential data on this topic. Each organization is located in a different major city in the Midwest, which could have an impact on the financial resources available in that area. Although a case study would provide the insight needed to understand the strategies used by nonprofit leaders concerning financial sustainability, a case study was limited to the information reported by participants. Limitations were also associated with the number of participants and the level of experience to the given topic of this study.

Specific limitations of a qualitative case study are that answers are subjective, results can be interpreted differently, and the research question may be answered differently by each participant (Burkholder et al., 2016). These limitations impact the ability to gain knowledge from a larger pool of nonprofits and can create limitations in proof of validity and transferability. This study only focused on niche-based nonprofits and not nonprofits in general. This focus also impacts transferability and generalization.

This study used its limitations to increase transferability by designing the interview questions in such a way that they address general financial sustainability for niched-based nonprofits. This effort was made to ensure that future research will build on the strategies being used to achieve financial sustainability, instead of just methods to

achieve financial sustainability in any environment. The questions focused on the common denominators, such as the need for resources, organizational mission, and the leadership strategies to obtain resources and maintain the organization's mission. Given the assumption that every participating organization is working toward financial sustainability and maintaining their mission, the one-on-one interview addressed this bias by allowing the participant to clarify the accuracy of said assumption.

Significance

In this study, I explored strategies nonprofit leadership can use to address financial sustainability while avoiding mission drift. If alternative strategies toward financial sustainability are being used and help prevent mission drift, then this lessens the impact proposed government budget cuts for the public sector (Soskis, 2017). Through this study, I intended to add to the knowledge of financial sustainability by way of strategies administered and executed by nonprofit leadership. Through qualitative in-depth interviews, I explored leadership strategies to avoid mission drift while enhancing the development of the organization's mission. By understanding the strategies currently being employed, leadership may create more effective policies that address financial sustainability.

Financial sustainability is defined as an organization's ability to resist economic instabilities and fulfill its primary functions over time (Bowman, 2011; Godwin, 2019). This understanding can potentially change how urban art-based nonprofits strategically plan and lead to positive social change for nonprofit management overall. The nonprofit sector is a large and valuable industry in the United States, and it contributes to the

economy by serving the welfare of individuals, families, and culture through philanthropic, social service, and religious activities (Greiling, 2015). In a broad sense, nonprofits serve the public and the community through their services. When they have to change their focus to financials, they may then be neglecting the public. With imminent federal budget cuts to the nonprofit sector, it becomes imperative to better understand how nonprofits can balance financial sustainability with their mission (Ramus, Vaccaro, 2017).

Summary

In Chapter 1, I discussed the introduction, background, problem statement, purpose of the study, research questions, theoretical framework, nature of the study, definitions, assumptions, scope of delimitations, limitations, and significance of the study. Nonprofit organizations are having to balance financial sustainability and their organizational mission. Nonprofit leadership must employ effective strategies to achieve this goal. Both RDT and GST provided a lens of viewing the concept of balancing financial sustainability and staying true to organization mission (Bradley-Swanson, 2019; Ward, 2017). A qualitative case study was conducted to explore nonprofit leadership perspectives on the process. Chapter 2 will provide a more in-depth analysis of information by offering a synthesis of current research associated with the problem statement and research questions. Chapter 2 will explain the literature search strategy as it relates to referencing related articles and guide the understanding of the research problem from its conception to the present.

Chapter 2: Literature Review

Introduction

The problem addressed in this study was the limited research on leadership strategies for nonprofits attempting to achieve both organizational mission and financial sustainability. The purpose of this study was to increase the understanding of how current leadership strategies are being used in nonprofits to achieve financial sustainability while maintaining the organizational mission.

A literature review provides a concise synopsis of the current literature that establishes the relevance of the current problem. The literature review in this chapter includes information that outlines how the combination of RDT and GST was used to assess nonprofit leadership strategies for financial sustainability. This literature review provides additional information on financial sustainability, efforts commonly used by nonprofits to obtain financial sustainability, and the leadership role in achieving this goal. Having a better understanding of this information can help ease the endeavor to maintain financial sustainability and fulfill the organization's mission. This also allows organizations to become sustainable to serve the public (Mohammed, 2017).

This research focused on the issue of mission drift and how leadership has used strategies to address financial sustainability without drifting from the organization's mission. Because nonprofit organizations are more likely to drift from their mission under times of resource constraints (Ramus, Vaccaro, 2017), there may be sufficient information concerning best practices on addressing this concern. These practices could be used to positively affect the policy and practice of nonprofits in general concerning

financial practices (Fyall, 2016). Information learned about maintaining financial sustainability can help nonprofits in financial hardships. This chapter will contain the literature search strategy, theoretical foundation, literature review, and summary and conclusion.

Literature Search Strategy

The literature review consisted of primary sources, such as peer-reviewed journal articles, dissertations, and books. Articles were accessed through Walden University research databases, including PsycINFO, SocIndex, Public Administration Abstracts, SAGE journals, and Political Science Complete and Business Source Complete Combined Search. An extensive database search was completed using keywords: *nonprofit sustainability, mission drift, nonprofit leadership, and nonprofit management*. The search using these keywords produced over 400 articles; approximately 90–150 articles were used for this literature review.

Theoretical Foundation

This study used a combination of RDT and GST as the foundation based on the problem statement. The problem this study addressed was the limited research on leadership strategies for nonprofits attempting to balance both achieving the organizational mission and financial sustainability. RDT focuses on how external resources of organizations affect the behavior of the organization (Doyle, Kelly, & O'Donohoe, 2016). RDT helped focus on analyzing how niched-based nonprofit organizations use strategies to impact their state of financial sustainability and maintain their organization's mission statement. GST explains the structure and operation of

systems within an organization (Godwin, 2019; Hardy, 2017). This theoretical framework speaks to how leadership can employ new concepts or policies to address problems such as financial sustainability. Both theories add conceptual value to my ability to analyze the actions of nonprofit leadership.

Resource Dependence Theory

Nonprofit organizations depend on a diverse external resource pool to maintain their activities. RDT, first described by Pfeffer and Salancik (1978), depicts financial support for programs as a crucial role in nonprofits' survival. Nonprofits are in a constant state of financial anxiety due to the uncertain nature of future funding (Martin, 2014). RDT is the theoretical foundation for this study because it sets the foundation for understanding sustainability.

RDT primarily focuses on the environment, organization effectiveness, and sustainability. This theory is closely related to other frameworks, such as GST, contingency theory, institutional and organizational theory, and modern organizational theory (Shon et al., 2019). With this study, RDT provides the theoretical foundation central to leadership adjustment for the external environment pursuit of financial sustainability (Shon et al., 2019). When applying RDT to nonprofits, the primary focus is on analyses of how nonprofits manage unpredictable external environments.

RDT is a crucial part of this study. Research shows that RDT has been used as a primary method for understanding the actions of nonprofit organizations (Doyle et al., 2016; Kim, Peng, 2018). RDT has been used to investigate nonprofit factors related to addressing financial sustainability (Arik et al., 2016). In this research, I evaluated current

gaps in the literature by examining how RDT guides nonprofit organizational leaders' strategies toward creating financially sustainable nonprofit organizations.

RDT is used to carefully examine internal organizational activities. These activities generally contribute to the development of organizational performance, the ability to sustain, and potential growth (Shon et al., 2019). RDT allows for a better framework to evaluate how leadership is contributing to supporting the organization's financial sustainability. According to this theory, leadership should help an organization gain, retain, and preserve resources, which creates financial sustainability (Doyle et al., 2016). All this information helps increase the understanding of how current organizational leadership is handling the process to obtain financial sustainability.

Funding is a common theme when addressing resource dependency (Arik et al., 2016). Nonprofits typically depend on external funding, which has regulations related to the allocations of its funding (AbouAssi, 2018). These stipulations cause nonprofits to become innovative in ways of obtaining funding, which can result in changing the services of the organization (Henderson & Lambert, 2018). Leadership is then tasked with devising new approaches for resource generation. These situations are delicately strategized and may lead to an organization acting outside of its mission to secure funding (known as *mission drift*).

RDT has previously been used to explain why nonprofits need to use innovative tactics to create resources (Arik et al., 2016; Doyle et al., 2016). Researchers who focus on nonprofit sustainability have demonstrated that there are multiple ways to secure resources that were previously unavailable in environments with limited resources. The

leadership of such nonprofits generally has to be strategic to produce a higher level of organizational capacity to plan long term and distribute resources appropriately (Xiaodong, 2017). Leadership preparation and responses to financial shock are key to achieving nonprofit sustainability (Dranove, 2017). In general, strategic planning, marketing, and financial campaigning have been positively associated with achieving tremendous levels of growth (Bryson, 2011). Throughout the literature, researchers agreed that in areas where resources are constrained, achieving sustainability and growth is problematic (AbouAssi, 2018; Henderson & Lambert, 2018; Shon et al., 2019).

RDT explains how the nonprofits in this study face this decision-making system, which affects the way nonprofits strive to achieve financial sustainability (Doyle et al., 2016). RDT also helps to identify the constructs involved in leadership decision making. This was also explored in the target population of leadership for niche-based nonprofits in the Midwest. The problem evaluated in this study was the struggle nonprofits encounter to achieve financial sustainability without being forced into mission drift or diverting their attention away from the overall mission in an effort to comply with donor interest (Doyle et al., 2016). The abilities of the associated (niche-based) nonprofits are lessened due to the limits mentioned above and funding related to regulations and requirements (Doyle et al., 2016). The purpose of this qualitative case study was to increase the understanding of how leaders of niche-based nonprofit organizations use strategies (such as structural, leadership, program, and financial development) to impact financial sustainability while maintaining the mission of the nonprofit.

RDT is similar to other theories, such as GST. Both theories favor organizational or institutional behaviors in response to environmental challenges (Kim, Peng, 2018). Both theories have been used to understand and explain an intellectual exchange of information, people, and other resources to exist between an organization and its external environment (Doyle et al., 2016; Kim, Peng, 2018). Both theories offer a perspective lens toward the understanding of financial sustainability among nonprofits. GST directs attention to an organization rather than individuals. This model allows this study to use small nonprofits and the focal point of this study.

General System Theory

Like the RDT, GST has a similar approach to organization and institutional behavior to explain organizational and environmental challenges. GST, introduced by Katz and Khanin 1978, increases understanding and explains how organizations operate (Hardy, 2017). Research depicts how organizations operate through an input-output model (Caws, 2015). Organizations commonly have an open system or an exchange of information between people and other resources in the external environment (Hardy, 2017). This theory analyzes the structure and operation of systems within an organization. Systems theory (not originally a business theory) was proposed in the 1940s by biologist Ludwig Von Bertalanffy (Caws, 2015). This theory has been the foundation for studies looking at organizational innovation, criminal justice, mental health, human rights, and many other fields (Valentinov, 2016). As research continues to evolve, the use of this theory to describe the behaviors of organizations has expanded (Caws, 2015).

Now GST can be related to other aspects of business associated with for-profit and nonprofit businesses.

In this study, I focused on how leadership responds to the pressures of resource dependency while maintaining the organization's mission. In business, a system theory of the organization refers to the way a part of a company or organization interacts with the organization, market, or industry as a whole. The current use of GST in business defines possible ways to interpret the operations/functions of any corporation or organization. (Shapiro & Oystriick, 2018). The view of organizations as open social systems must collaborate with their environments to survive, known as the systems theory approach. These systems enable the application of concepts and solutions on a universal scale and give leadership the tools to solve problems, make recommendations, and predict future patterns.

In previous research, this theory has been applied to define how organizational leadership may affect organizations to operate collectively (Valentinov, 2016). Leadership is permitted to employ new concepts or systems to address problems such as financial sustainability. Since 2010 research on GST and organizational leadership has overseen Information systems, organizational behavior, and multiple social issues (Olinske, 2017). As a combination, this theory has helped the business field understand that Organizations depend on their environments for several essential resources: consumers who purchase the product or service, suppliers who provide materials, employees who provide labor or management, shareholders who invest, and governments that regulate (Van, 2018).

Application of Theories

Current literature focuses on management policy to engage donors or maintain funding and does not address the balance between maintaining resources and serving the community (Jeffrey, 2018). Exploring strategies for improving the financial sustainability of nonprofits could promote policy development by changing management cultures (Godwin, 2019). Such changes would redefine the administrative policies of public institutions (Cannon, 2018). Additional research is required to define how nonprofit leadership can use structural, programmatic, and financial strategies to improve financial sustainability while aligning with the organization's mission (Mohammed, 2017).

Literature Review

Nonprofit History

Research has noted that nonprofit organizations are an essential part of serving the community and assisting the government in meeting the needs of those communities (Pozil, 2017; Abernathy, 2018; Benoy, 2018; Fox, 2018; Cheng, Yang, 2019). Claims have been argued that nonprofits exist to diminish the financial burden on the government in advancing the general public (Bryce, 2019). Findings prove that the general public frequently views nonprofits' assistance as decreasing the financial burdens of the communities and governments they serve and create socioeconomic benefits (Butler, 2016). Nonprofits provide infrastructure for translating public funding into public services towards the community (Prentice, 2018). These organizations tend to connect the dots between government infrastructure and the social impact of individuals (Bryce, 2019).

Nonprofits have an influential connection between the United States government and society. Historically nonprofits were created to serve a need or fill a gap in society (Vollman, 2016). Many nonprofit organizations have been created and led by individuals who seek to fill the wellbeing of others (Kearns, 2015). The nonprofit sector is a large and valuable industry in the U.S., and it contributes to the U.S. economy. The nonprofit sector serves the welfare of individuals, families, and culture through philanthropic, social service, and religious activities (Vollman, 2016). With the magnitude of impact nonprofits have in the United States inclusively, nonprofits leaders and policymakers must understand how to maintain the existence of nonprofits. In fact, from the conception of the nonprofit sector, both governments and local communities have tested ways to support this sector.

In the United States, efforts of nonprofit are supported by government bylaws and financial initiatives. The U.S. Constitution's objectives are to advance the general welfare of the population (Bryce, 2019). The concept of general welfare is divided into advancing economic political, social, and general happiness of the population (Matei, 2015). The governments usually assign this responsibility to the states and nonprofit agencies, ranging from national organizations to small local organizations (Sledge, 2019). These organizations range from hospitals, schools, local law officials, public works, and much more (Sledge, 2019). A consensus among these organizations is that they each contribute to social and economic regeneration (Bryce, 2019).

The nonprofit sector has become so crucial that the U.S. government sought out action to stabilize support (Sledge, 2019; Cheng, Yang, 2019). Due to the impact of

nonprofits' efforts, it became policy for the United States government to provide financial support. This support is provided directly to nonprofit organizations and other supporters of these organizations via the Revenue Act of 1913 (Bruce, 2018). Both the policy actions and the national economic strength has an impact on how nonprofits receive funding (Neumayr, 2015). This evidence demonstrates that external factors impact the way nonprofits operate. The degree of impact varies from the local community up to a national level. Collectively, this confirms that nonprofits can be affected by multiple levels of the community. Such level is micro (individuals), mezzo (systems that connect communities and government/ policy), and macro (Policy itself). Though the U.S. government has recognized the importance of nonprofits, some governmental decisions have had adverse effects on the industry (Chang, Yang, 2019).

Globally, nonprofits serve similar purposes, on a larger scale (Rey-Garcia, 2018). Nonprofits or non-government agencies fill gaps and often have missions to bring social change as a focus (Yi Feng, 2017). Typically, global sized nonprofits are found tackling significant issues such as cancer, global hunger, or disaster relief (Watson, 2018). Collectively no matter the location, the purpose of a nonprofit is to serve the community.

The nonprofit sector is such a crucial aid that the U.S. government sought out action to stabilize support (Toepler, 2018). Due to the impact these organizations had on society, it became public policy for the United States government to provide financial support to nonprofit organizations and the incentive for financial support of nonprofits organizations, via the Revenue Act of 1913 (Bruce, 2018). Both the policy actions and the national economic strength has an impact on how nonprofits receive funding (Kim,

Peng, 2018). This evidence shows that external factors impact how nonprofits operate. The level of impact ranges from the local community up to a national level, depending on the nonprofit. Overall this establishes that nonprofits' effect can be affected by multiple levels within the community. Such level is micro (individuals), mezzo (systems that connect communities and government/ policy), and macro (policy itself) (Fox, 2018; Singh, 2018). Though the U.S. government has recognized the importance of nonprofits, some governmental decisions have caused adverse outcomes to the industry (Cheng, Yang, 2019).

Literature has shown that not all policy acts lead to favorable resolutions, affecting the nonprofit market (Despard, 2016; Fletcher, 2019). Policymakers have contributed to the decline of different nonprofits by reducing public funds that have traditionally financed these institutions (Fletcher, 2019). A continued concern faced by the majority of small to medium-sized nonprofits is that there is a lack of sufficient and stable funding for social services (Despard, 2016). Policymakers have contributed to the decline of various nonprofits by reducing public funds that have traditionally financed such institutions (Fletcher, 2019). This contributes to the knowledge that the economic environment has a significant impact on public agencies. Funding has become a crucial part of the life span for a nonprofit, as evident by all of the articles above.

Aside from the mission that is created by the nonprofit, the funding of the organization is equally important. Nonprofits are generally funded by direct pay, fundraisers, or grant/ government funding (Neumayr, 2015). Unlike the private sector, nonprofit organizations have two sets of stakeholders, one being the individuals they

serve and the other being the parties that supply the funding itself (Sanders, 2015). On average, a nonprofit can be funded up to 75% through grants and government funding. At the same time, their direct pay (comes from the individuals they serve) often supplies around 10% of the overall income (Hommerová & Severová, 2019). The financial lifeline appears to depend on grant and government funding primarily. This form of funding typically is not stable (Valeau, 2019). Not having a guarantee for grant funding that will continue after the initial funds run out, is considered a being unstable. Nonprofit leaders have to understand how all three levels of funding operate and devise methods to utilize/obtain funding to serve their organization best.

The micro-level of funding is known as direct pay funding. This level of funding is directly related to the services offered by the organization and the income earned from service, membership, or other forms of subscriptions (Cheng, Yang, 2019). Funding per individual often is minimal and depends on the individuals' financial strength (Cheng, Yang, 2019). Nonprofits would need to generate a significant number of participants on this level to reach financial sustainability, as compared to larger, substantial donations and grants. Grants and individual donors usually generate various levels of contribution power to the nonprofit (Hommerová & Severová, 2019). Nonprofits considering financial sustainability via this method would need to develop a campaign and strengthen marketing to reach a broader sect population (Hommerová & Severová, 2019). Nonprofits that do not possess a strong marketing presence or do not employ enough members to balance cost would consider implementing fundraisers.

Fundraisers are considered a mezzo level of funding because they can capture direct services individuals and indirect members and organizations of the community. Fundraisers can draw funding sizes ranging from minimum donations of a couple of dollars to large lump sums of thousands of dollars (Sargeant, 2016). The effectiveness of fundraisers varies in the scholar community. Some research showed that fundraisers are beneficial (Levine, 2018); other scholars suggest that fundraisers by themselves are highly ineffective as they lack control over the return of funding (Cheng, Yang, 2019). Assuming that nonprofits use their fundraisers effectively, a fundraiser can be a useful tool for nonprofit leadership in leading the organization towards financial sustainability. Though fundraiser may bring in large sums of money, many nonprofits depend on grants and government funding to remain in financial health (Wasif, 2017).

Grants and government funding remain the primary source of income for the nonprofit sector. Current research shows that grants and government funding cover more than 75% of the funding given to nonprofits (Lu, 2018). With the awarding of these grants and funding usually comes specific stipulations that differ according to the funder (Cheng, Yang, 2019). These restrictions generally apply to the amount and designation of the funds that can be used for any purpose and how the nonprofit will be required to report results (Cheng, Yang, 2019). Nonprofits that are in dire need of funding may apply for grants that do not line up with their organizational mission, resulting in mission drift due to a need for resources (Shier & Van-Du, 2018). Throughout the literature, there does not appear to be an equivalent alternative to major grants and government funding for larger nonprofits (Cheng, Yang 2019). Though still affected, smaller nonprofits can scale

themselves back to reduce the need for grants and government funding (Kim, Peng, 2018). Other larger organizations build on their subscriptions and membership to meet their financial needs. This information links back to the fact that nonprofit leadership now have the responsibility to gauge what their organization requires and seek the appropriate funding, according to the economic environment.

Nonprofits have the responsibility of using all levels of funding to stay financially afloat. As agencies consider ways to keep their organization funded, research findings are commonly suggesting that nonprofits stay flexible to the economic environment (Shon et al., 2019). Exploring strategies for improving the financial sustainability of nonprofits could promote policy development by changing management cultures (Jensen, 2018).

These changes redefine the administrative policies of public institutions (Lu, 2019). This implies that nonprofit sustainability is pivotal on all levels of the nonprofit spectrum (micro, mezzo, and macro). Organizational leaders must gain an in-depth understanding of financial sustainability to ensure the livelihood of their organization.

Structure. Nonprofits are typically organizations devised around social issues, which evolved the organization's mission (Sanders, 2015). This mission becomes the organizations' lifeline and purpose for existing. Nonprofits oversee a wide range of missions in various aspects. This is noted in social and economic development (Sanders, 2015). Nonprofit organizations generally exist in their sector, precipitating a unique business structure (Cheng, Yang, 2019). Often, nonprofits are led by a board, consisting of members that make decisions relating to the identity of the organization and how it will operate (Shon et al., 2019). Next, in the general chain of command, is the

organization's President, who serves as the public face of the organization (Harry, 2017; Pope, 2018). In this position, the President communicates the decisions of the board and relates the operations of the organization to the board. This position may be decided between multiple individuals.

Generally, authority is given to the board, superseding the rest of the organization (Pope, 2018). Under the direction of the organizations' president, services the organizations' leadership. The organizations' leadership technically includes the board along with this body of individuals present. This leadership team is usually selected according to areas of responsibility, such as programs, financials, outreach, amongst others. (Kearns, 2015). This body subsequently answers to the organizations' President (Sloan, 2016). The next sect is the lifeline of the programs and functions of the organization. They will be the working body and volunteers. This group of people deliver the services of the organization and are typically supervised by program directors' organization leaders.

After covering the operational functions of a nonprofit, the next group of people associated with such organizations is their clientele and stakeholders. Unlike for-profits and private sector organizations, nonprofits' stakeholders are often different from the sect of people (Fitzgerald, 2018). Nonprofits generally receive money from grants, foundations, fundraisers, and large donations from individuals (Shea & Wang, 2016). These stakeholders are usually someone other than the individuals who come in the front doors looking for services. With one group providing the financial pose for the

organization and the other providing the life and personality, leadership has to consider ways to appease the interests of both entities.

Funders. Public funding is defined as funding given by either government funds or funds from the public to go towards a specific issue or cause (Cheng, Yang, 2019). This funding is typically partnered with restrictions and regulations (Toepler, 2018). restrictions and regulations help to ensure that the organizations requesting funding adheres to the guidelines set by the funder. The general relationship between a nonprofit and a funder is that the nonprofit acts towards solving a social problem while the funder provides financial support (Toepler, 2018). Both parties have essential roles in concerns to the overall social good. Understanding the nuances of the parties' relationship with each other helps provide the foundation for understanding the critical need for cohesion when it comes to matching the funder with a nonprofit.

Within those who generally fund nonprofits, research divides them into funding groups. These groups are grants, donations, and fundraising campaigns or funding groups (Sargeant & Shang, 2016). Grants are typically large amounts of funding given by the government or wealthy a funder (Shea & Wang, 2016). These funds usually support the interest of the funder, which requires the recipients to adhere to the interest of that donor (Shea & Wang, 2016). The next level of funding comes from the donation group. This group may include funders that give out money in the form of grants. Typically, these are large endowments or gifts dispersed directly from one individual (Sacristán, 2016). This group of funding is closely correlated to one person's interest (commonly, the funder). Nonprofits must adhere to that person's interest to receive the funding (Zhan, 2016). The

last group funding achieved through fundraising. These funders generally give at a funding event or have received communications related to the organizations' efforts and like agree to offer support (Sacristán, 2016). This type of funding happens frequently but often produces less funding per donor (Cheng, Yang, 2019). This method affords the organization to remain intimately involved in a mission or issue and the donor support because they care about said mission or issue as well.

Being that public funding typically goes towards public issues or social causes (Cheng, Yang, 2019), This funding is typically partnered with restrictions and regulations. Though new information can be discovered about public funding, funding for the public good has existed before the formation of the United States government carried out by settlers in America from Holland and England (Benoy, 2018). This was accomplished by collecting from churches, schools, and colleges (Lu, 2019). As referenced by Abernathy, the United States constitution was developed with public support in mind (2018). As of today, the Internal Revenue Code allows for organizations to form an exemption of federal income tax (Jarvis, 2015). Most of these organizations can receive tax-deductible contributions (Jarvis, 2015). The federal government classifies these organizations under the category code of 501 (c)(3) (Jarvis, 2015). To qualify for this benefit, organizations must have a mission that is charitable, religious, scientific, literacy, or education purposed (Jarvis, 2015).

Based on nonprofits' fund structures, these organizations are at the whim of the financial generosity of their funders. Research has clarified that nonprofits are dependent on their external environment (Kim, Peng, 2018). These dependency changes in range

due to factors such as financial shock, technological changes, and stakeholder pressures (Shon et al., 2019). Researchers have pointed to Strategic management as a standard solution to address the challenges of this resource dependency (Kong, 2008; Arik et al., 2016). Strategic management has been noted as a method to assist organizations in response to environmental change and improve organizational decision making (Miller, 2018).

Financial sustainability. Understanding the nuances of funding is very important to the lively hood of an organization. Nonprofits are essential and financial sustainability is the key to the organizations' overall survival (Schatteman, 2017). Financial sustainability is generally defined as a plan or ability to gain and maintain resources for a business (Schatteman, 2017). The literature demonstrates that an organization without resources has a high likelihood of dismantling (Mitchell, 2019). As a collective, it seems that some scholars suggested that financial sustainability is in the leadership's plan for their organization (Shea & Wang, 2016; Kearns, 2015; and Godwin, 2019). Seeking financial sustainability starts with an understanding of what makes an organization sustainable.

Financial sustainability is a complex concept. Financial sustainability is measured by the rate of change in capacity in both short-term and long-term stages (Bowman, 2011). The short-term sustainability is usually measured in terms of annual surplus (Bowman, 2011).

Long-term sustainability is commonly measured by asset growth, which must stay ahead of the long-run rate of inflation (Bowman, 2011). Upon reviewing the available

literature, it appears that more effective nonprofits have a contingency plan for both short term and long term threats to the financial sustainability of their organization. This behavior is similar to the business plans of private sector businesses. In summary, it is beneficial for nonprofit leaders to build their current capacity while preparing to secure future financial sustainability.

Financial sustainability and financial capacity are inter-related (AbouAssi, 2019). Financial sustainability builds off of financial capacity, which consists of resources that give an organization the ability to take opportunities and react to unexpected threats (Watson, 2018). Financial capacity vs. financial sustainability is the same as comparing short term to long term goals. These two terms reflect different degrees of managerial flexibility to reallocate assets in response to opportunities and threats (Dranove, 2017). An organization's long-term goal is to have the financial capacity to create sustainability by matching the rate of change and resources (Bowman, 2011; Oto, 2019). Organizations seeking financial sustainability must understand how to create financial capacity first. This is an essential skill of an effective nonprofit leader or leadership team. Effective leadership will not start at the end goal; instead, build their way from their current status to a place of financial sustainability.

The journey to reach financial sustainability is not without challenges. To reach financial sustainability, an organization must meet financial capacity (Henderson & Lambert, 2018). An organization's mission, values, opportunities, and threats come into play when it determines its preferred level of capacity (Bowman, 2011; Oto, 2019). Organizations must ensure they have the adequate short-term capacity, or else external

economic shocks may force them to liquidate or cause mission drift (Bowman, 2011; Henderson & Lambert, 2018).

Capacity is either long-term or short-term and is a management choice (Bowman, 2011). An organization must determine its preferred capacity level (Watson, 2018). An organization's long-term financial capacity is sustainable if its rate of change is sufficient to maintain assets at its replacement (Bowman, 2011). This process is very similar if not the same as strategic planning. Given the literature on this topic, the consensus is that nonprofits need to have a plan that addresses these strategic issues. Planning on the behavior of organizational leadership rings promenade in topics concerns building up of resources and maintaining them over time, which directs the organizations' focus.

Organizational focus drives the responsive direction of the organization.

Organizations that focus on financial capacity typically strive to maintain at least three months of spending on operations as a reserve (Shumate, 2017). Without financial sustainability, every organization is susceptible to a financial shock. Programs will change due to the need to please funders secondary to resource dependency (Dranove, 2017). Depending on an organization's funding strategy, the overall financial health can be entirely dependent on economic time and place (Lu, 2019). In summary, internal factors such as leadership, programs, and policies must interact with external factors, such as funding policy, economic health, and public interest (Sacristán, 2016).

Organizations have to decide how to deal with both external and internal factors.

Though internal planning may prove beneficial for organizations' structure, external factors may also help benefit the organization. Generally, acquiring resources

means the organizations must interact with others who control resources (Henderson & Lambert, 2018); in a sense, organizations depend on their environment. In transition, sustainability acknowledges short-term resiliency as a precondition for long-term success (Bowman, 2011). Because organizations do not control the resources they need, getting those resources may be problematic (Kim, Peng, 2018). Those who control the resources may be undependable, mainly when resources are scarce. (Sacristán, 2016).

Organizations have to determine instead, put their focus on short-term financial shock or the long-term financial sustainability plan. These decisions are executed by the organizations' leadership (Olinske & Hellman, 2017). These are reasons that leadership utilize experiences, and knowledge may also significantly affect processes nonprofits prepare for financial sustainability.

The fight to reach financial sustainability can ultimately test the mission and well-being of the organization. One of the significant signs that an organization is struggling to reach financial sustainability is its level of debt (Bowman, 2011; Schatteman, 2017). Through a decade of research, literature proves that traditional financial analysis identifies excessive debt as an indicator of financial vulnerability (Bowman, 2011; Cortis, 2019; Lin, 2016; Schatteman, 2017). Financial vulnerability is when an organization is likely to cut back its service offerings immediately when it experiences a financial shock (Cortis, 2019). Organizations must understand and balance the need to obtain resources and fulfill their mission. Without alternative means of raising financial resources, nonprofit leadership faces the decision of going into debt to meet their

organizational goals of service. Instances, as such, places the organization at a higher risk of mission drift.

Mission drift. One of the most common threats towards a nonprofit is Mission drift. Mission drift became closely related to financial vulnerability due to nonprofits showing of short-term reactions to external shockers (Bowman, 2011; Raišiene & Urmanavičiene, 2017). Mission drift happens when an organization deviates from its original mission (Henderson & Lambert, 2018; Raišiene & Urmanavičiene, 2017). Sustainability combats mission drift by acknowledging short-term resiliency as a precondition for long term success (Watson, 2018). Mission drift is an international issue affecting nonprofits across the world and is commonly caused by resource dependency (Pedrini, 2016; Henderson & Lambert, 2018).

Mission drift may be challenging to avoid. Some literature has shown that there are instances where mission drift may be a necessity; for example, if the needs of beneficiaries have changed (Henderson & Lambert, 2018). Nonprofit organizations of all sizes struggle to meet financial capacity. With limited resources, these organizations must balance being appealing to funders or their mission statement (Bowman, 2011; AbouAssi, 2019). Mission drift is not a one-time treat, and it can happen anytime there is an imbalance between money and mission (Henderson & Lambert, 2018). For example, when a nonprofit expands its mission due to potential financial gain, and not for services related reasons. Mission drift may also take place when there is a lack of a plan, which could be avoidable.

Nonprofit leadership can be proactive while planning ways to deal with mission drift. Nonprofits can protect its mission despite resource dependency by diversifying its funders. Linking with funders of a similar mission, program development, or other initiatives to strengthen the organization, commonly lead by the leadership of the organization (Henderson & Lambert, 2018). Exploring strategies for improving the financial sustainability of nonprofits may promote policy development by changing management cultures (Godwin, 2019). These changes may redefine the administrative policies of public institutions (Wiley, 2018). With this in mind, mission drift is not a guaranteed outcome for attempting to gain more resources. Nonprofit leaders can explore problem-solving to find workable outcome solutions for mission drift and possibly avoid it altogether.

Currently, there are multiple schools of thought on how to explore and problem solve mission drift. Researcher suggests that further development could come from recommendations to explore more strategies promoting the financial sustainability of public organizations through other avenues (Henderson & Lambert, 2018; Welty, 2018). Research shows that the current aspects of a nonprofit business model are revenue generation, volunteer workforce, cost-containment emphasis, leadership model, and Branding. (Henderson & Lambert, 2018). Borrowing from the private sector model may be beneficial, considering that there are many similarities in business planning. These avenues appear to focus on examining causes of mission drift, and showing that avoiding the threat of mission drift does not make it an easy task.

Not much has been documented to guarantee successful avoidance of mission drift. At the time of this literature review, there is limited research on leadership strategies for nonprofits to address the balance of achieving the organizational mission and financial sustainability. Research suggests that the issues of mission drift and none profit sustainability are still relatively new (Welty, 2018). Research has shown that in the U.S., it was not until the end of the 19th century that activities of nonprofit organizations became recognized as an industry, also labeled the third sector (Christopher, 2019). Since this time, Nonprofits have been struggling to maintain financial sustainability (Henderson & Lambert, 2018). Furthermore; This struggle is increasingly impacting nonprofits that focus on niche areas or small sectors such as arts, minority group outreach, and youth.

Sustainability is a make or breaks concept for nonprofits today. Failure to meet financial stability has caused a decrease in the number of nonprofits that service these niche areas (Borges, 2017). Achieving sustainability becomes more of a challenge for niche-based nonprofits (Grizzle, 2015). Currently, nonprofits across the board are affected by budget cuts under President Trump administration's budget (Soskis, 2017). To fulfill this gap, nonprofit leadership has inherited a multitude of responsibilities related to nonprofit sustainability (Godwin, 2019). These responsibilities are staff development and organizational culture, Organizational identity, financial and other system administration, long-range fundraising, annual operation plans, long-range strategic plans, and board development (Kearns, 2015; Dart, 2019). More information is required to broaden the understanding of how leaders of niche-based nonprofit organizations utilize strategies to impact financial sustainability. This was accomplished

while maintaining the mission of the nonprofit due to significant cuts in government funding.

As resources decrease, nonprofit leaders must develop strategies to address mission drift. The business world has changed dramatically, forcing all companies to face a direct effect from decreasing natural resources, rising populations, and disruption from climate change (Lachance, 2019). This change is not limited to the United States, and these are now global challenges that have already stimulated new legislation with future regulations pending (Bryce, 2019). An organization's mission, values, opportunities, and threats come into play when it determines its preferred level of capacity in the long term. The long-term inflation establishes a floor under the rate of return on assets necessary to sustain it at any given level (Kim, Peng, 2018). However, organizations must take precautions, ensuring adequate short-term capacity or else external economic shocks may force them to liquidate (Neumayr, 2019). All of these elements must be taken into consideration by the organizations' leadership. Leadership is one of the critical factors of reaching financial sustainability while maintaining the organizations' mission.

Leadership Solutions

There are multiple ways in which leadership can impact financial sustainability and mission. Some of these ways are leadership development, organizational strategic planning, organizational branding, program development, outcome reporting, and funder diversity (Gilstrap, 2016). Through these avenues, leadership can focus on improving parts of the organization in hopes of positively impacting financial sustainability.

Because this responsibility is vital, researchers have suggested the best description of what a leader is.

Leaders are those that have a vision, inspire others, act with integrity, and are authentic (Kearns, 2015). In business settings, a leader is expected to deliver results (Jones, 2017). Some researchers suggest that leadership must have a holistic understanding and approach operating in business environments. Leadership done effectively can lead to sustainability (Godwin, 2019). Leadership is responsible for solving capacity while combating mission drift over the long range (Takos, 2018).

To increase the impact of positive leadership, organizations engage in leadership development. Leadership development is described as the training or education given to the leadership team itself to positively impact the ability to make “good decisions” (Shier & Van-Du, 2018). Leadership may evaluate circumstances and determine the best action to take to reach sustainability financially (Porter, 2015). Leadership is responsible for managing the organization’s day-to-day operations, and long-term success takes time, cultivation, and strategic planning.

Leadership development is essential because nonprofit leaders have a multitude of responsibilities related to nonprofit sustainability. These responsibilities included managing stage development and organization culture, organization identity, financial and other systems administration, long-range fundraising plan, annual operational plan, long-range strategic plan, board development plan.

Nonprofit leadership often serves as a solution to creating sustainability and balancing mission drift. Leadership and sustainability are closely linked because

Leadership directly affects sustainability at each level (Routhieaux, 2015). Leadership has been conceptually researched and developed over time (Gleaves, 2017). Nonprofit leadership is associated with organizational culture and nonprofit sustainability (Gleaves, 2017). Leadership identifies individuals that have vision, inspire others, and act with integrity (Gleaves, 2017). Positive leadership impacts a nonprofit's performance. This impact may be due to the allocation of resources; alteration of behaviors, which leads to achieving goals (Kearns, 2015). Leadership allocates organizational resources. Leadership also changes the behaviors of the organization to reach goals and the mission (Crosby, 2016).

Leaders of a nonprofit are responsible for the maintenance of every level within the organization. Literature shows that leadership can affect the organization on three levels, policy, programs, and direct management of employees (Freiwirth, 2017). Typically, leadership will strategically target one of these three areas to have an impact on external factors (Kearns, 2015). Research proves that a lack of leadership in any of these three areas can adversely impact the longevity of an organization (Porter, 2015).

Leadership may also harm the overall health of the organization. Organizational actions reflect the direction of leadership. Leaders who are unfamiliar with the challenges their organizations are confronted with, tend to be unprepared for any financial shock (Gilstrap, 2016). Research strongly supports tenacious leadership as a means of having a sustainable organization. Leaders are encouraged to familiarize and apply their leadership towards making new policies. This is for the betterment of organization operations, and develop programs to deliver better services. Each affects the client and stakeholders or

improves employee delivery and moral to strengthen the day to day operations of the organization. It also provides revitalization for the organization as a whole (Rhine, 2015).

Leadership must display competency in its approach to establish sustainability to avoid negative outcomes for the organization. Nonprofit leadership is charged with the responsibility of directing the organizations to success through challenges, constant external changes, and competition (Scheitle, 2018). Effective leaders must be aware of both internal and external factors to direct their organization (Gilstrap, 2016) strategically. These leaders have to be committed to understanding the organization's level of dependence on grants, contracts, and donors.

Leadership may be divided into teams. The leadership team is sometimes responsible for strategic planning, overall performance, and sustainability of the organization (Lu, 2016). Regardless of the form of leadership, it is crucial that the leadership role be mindful and uphold the organization's mission while trying to secure funding. Each organization's leadership may take numerous forms, resulting in multiple approaches for obtaining nonprofit sustainability.

Nonprofit leadership may be comprised of multiple roles within the nonprofit's management team (Uzonwanne, 2015). The typical representation of this management team is the CEO, president, executive director, and the board of directors (Kearns, 2015). These individuals have the responsibility of both the strategic plan and the organizations' outcomes. The leadership of the nonprofit would be responsible for evaluating and implementing strategies to reach financial sustainability (Pandey, 2017). A nonprofit's

level of achieving financial sustainability and maintaining the organizations' mission rests solely on the shoulders of organizational leadership (Gilstrap, 2016).

A large segment of the research on organizational management and effectiveness utilizes fragments of the resource dependence theory (Doyle et al., 2016). It is imperative to broaden the understanding of nonprofit leadership strategies related to financial sustainability and organizational mission. There remains a great deal of knowledge that needs to be understood, relating to resource management that could potentially help the nonprofit field (Reilly, 2016). While focusing on leadership, a greater understanding of sustainability can be divided into short-term and long-term sustainability. Dependent on leadership strategies, nonprofits may become more effective in carrying out their mission while decreasing external financial threats.

Leadership is challenged with accomplishing the mission-driven agendas and maintaining the financial lifeline of the organization (Chenhall, 2016). As resources become increasingly limited, the threat of mission drift will increase (Shon et al., 2019). The necessity for leaders of nonprofits to understand strategies to achieve financial sustainability in detail and maintain the organizations' mission becomes increasingly critical. Leadership has to devise a plan to maintain the operations for meeting the organizations' mission while also developing new avenues to gain resources from stakeholders or funders. This process is known as resource dependency (Verbruggen, 2018).

As resource dependence theory states, nonprofits are currently competing with each other for resources (Reheul, 2018). Historically, nonprofits organizations have been

competing for a resource such as funds and services for the past decade (Kim, Peng, 2018). It is essential that nonprofit organizational leadership have the necessary strategies to secure resources needed to develop sustainable organizations that are accountable to funding sources, and the clients served. Regardless of the type of leadership, nonprofits are faced with balancing resource dependency to reach sufficient levels of sustainability and maintain their organizational mission without succumbing to mission drift.

Gap in Research

The gap in research for both resource dependence and general systems theory is that not much research is on niche-based nonprofits. Current literature focused on management policy to engage donors or maintain funding but does not address the balance between maintaining resources and serving the community. Exploring strategies to improve the financial sustainability of nonprofits could promote policy development by changing management cultures (Lin, 2016; Scheitle, 2018). Changes would redefine the administrative policies of public institutions (Lu, 2019). Additional research is required to establish how nonprofit leadership uses structural, programmatic, and financial strategies to improve financial sustainability while aligning with the organization's mission (Mohammed, 2017; Scheitle, 2018).

Summary and Conclusions

This literature review provided information outlining how the combination of RDT and GST are used to assess nonprofit leadership strategies for financial sustainability. This review provided information on financial sustainability, efforts

commonly used by nonprofits to obtain financial sustainability, and the leadership role in achieving this goal.

The research focused on the issues of mission drift and how leadership has used strategies to address financial sustainability without drifting from the organizations' mission. Due to nonprofit organizations being more likely to drift from their mission under times of resource constraints, there was information provided concerning best practice on addressing this concern.

Funding has become a crucial part of the life span of a nonprofit. As agencies consider ways to keep their organization funded, research findings are commonly suggesting that nonprofits stay flexible to the economic environment (Shea & Wang, 2016). Exploring strategies for improving the financial sustainability of nonprofits could promote policy development by changing management cultures (Pandey, 2017).

Organizational focus drives the responsive direction of the organization. In summary, internal factors such as leadership, programs, and policies have to interact with external factors such as funding policy, economic health, and public interest (Bowman, 2011). Organizations have to decide how to deal with both external and internal factors.

The fight to reach financial sustainability can ultimately test the mission and well-being of the organization. One of the most common threats towards a nonprofit is mission drift. As a solution, leadership has inherited a multitude of responsibilities related to nonprofit sustainability (Rhine, 2015).

Nonprofit leadership can serve as a solution to creating sustainability and balancing mission drift. Leaders of a nonprofit are responsible for the maintenance of all

levels of the organization. Leadership can also harm the overall health of the organization. Organizational actions reflect the direction of the leadership; therefore, leaders who are unaware of the struggles their organizations go through, tend to be prepared for any financial shock (Dranove, 2017). Nonprofits are in a constant state of financial anxiety due to the uncertain nature of future funding (Reilly, 2016). Resource dependency theory allows for a better framework to evaluate how leadership is contributing to supporting the organizations' financial sustainability.

Similar to RDT, general systems approach has been researched and applied to organizational and institutional behavior to explain challenges (Shon et al., 2019). Both theories have been used to understand and explain an intellectual exchange of information, people, and other resources to exist between an organization and its external environment. Both theories offer a perspective lens towards the understanding of financial sustainability among nonprofits.

The gap in research for both RDT and GST is that not much research has been done on urban arts nonprofits. Current literature focuses on management policy to engage donors or maintain funding but does not address the balance between maintaining resources and serving the community. Exploring strategies for improving the financial sustainability of nonprofits could promote policy development by changing management cultures (Shumate, 2017). Such changes would redefine the administrative policies of public 'institutions (Fletcher, 2019). Additional research is needed to address how nonprofit leadership can use structural, programmatic, and financial strategies to improve

financial sustainability while aligning with the organization's mission (Mohammed, 2017).

In the next chapter, the research method of this study will be covered. This section will look at the research design, the role of the researcher, methodology of the study, data collection instruments, data analysis plan, issues of trustworthiness, and validity. This chapter will dive into greater detail of the research method and design of the study as a whole.

Chapter 3: Research Method

Introduction

The purpose of this study was to increase the understanding of how leaders of niche-based nonprofit organizations use strategies to impact financial sustainability. This is achieved by ensuring the mission of the nonprofit organization remains intact, despite significant cuts with government funding (Bowman, 2011). RDT states that organizations will modify their behavior in hopes of obtaining anticipated favorable resources (Doyle et al., 2016). GST states that, as an organization, one sect (leadership) may affect functions of how the organization operates (von Bertalanffy, 1972). In this study, I focused on how leadership responds to the pressures of resource dependency while maintaining the organization's mission. I conducted a case study on the leadership of select nonprofits in a Midwest state.

This case study was used to explore the phenomenon of leadership strategies addressing financial sustainability and organizational mission. A greater understanding of this information can diminish the hardship of maintaining financial sustainability while fulfilling the organization mission. Organizations can then be sustainable and serve the public (Mohammed, 2017). This chapter details the research design intended to identify leadership strategies used to address financial sustainability and organizational mission. Additionally, this chapter depicts clarification for the role of the researcher, methodology, data collection, data analysis, sampling, issues of trustworthiness, and a summary.

Research Design and Rationale

The research question for this qualitative study is:

RQ1: How, if at all, has a decrease in government funding impacted nonprofit organizations, and what leadership strategies, if any, have been employed to increase financial sustainability while maintaining the organizational mission?

Research Design

The research design for this study was qualitative, and I used a case study approach, by way of interviewing the participants. The research question implies a subjective nature to each response, in which a qualitative study would be appropriate. Qualitative studies are typically used when exploring phenomena or processes (Aulgur, 2016). The central phenomenon of interest for this research was determining how the leadership of nonprofits enforce financial sustainability and maintain the organization's mission, which can be impacted by government funding cuts.

Traditionally, researchers use case studies as an approach to explore and understand a phenomenon (Burkholder et al., 2016). For this reason, I used a case study to create a detailed analysis of this phenomenon in its real-life context. Furthermore, a case study affords other opportunities to apply the principles and practices learned in this case, promoting transferability (Burkholder et al., 2016). Case studies can be carried out by numerous techniques, such as observations, field notes, and interviews (Burkholder et al., 2016). In this study, I used interviews to collect data.

In this case study, I used semistructured interviews to obtain insight into the phenomenon of interest from a leadership perspective. Semistructured interviews include structured interview questions directly related to the research questions. This can be followed by probing questions to gain an in-depth analysis of the participants' responses.

Semistructured interviews are useful and usually associated with qualitative studies (Burkholder et al., 2016). A combination of structured and probing questions was used to explore each participant's responses and provide a rationale for the chosen tradition.

Role of the Researcher

In a qualitative study, the researcher is the primary instrument serving as an observer, participant, and observer-participant (Burkholder et al., 2016). As the interviewer, the researcher's role is to focus questions toward research and disseminate the answers given by the participants. In this study, I conducted the interview, documentation, transcription of the interview, and analysis of the data. There were no overt concerns related to any bias. There were no personal or professional relationships between any of the participants. Incentives were not implemented or encouraged by the participants. Data were obtained using semistructured interview questions to obtain detailed information. The interviews were recorded and stored to ensure accuracy. The interviews were transcribed from the recordings before data analysis, converting speech to written text. Each interview was transcribed promptly upon the completion of the interview for enhanced accuracy.

Peer review of codes and excluding the use of any incentives is essential for ensuring an objective analysis of data (Hanly, 2015). Such a review is also essential for ensuring the accuracy of data collection and transcription. This can be accomplished by sending transcriptions of interviews to participants for review before completion of the data analysis. There was no identified conflict of interest for this study.

Methodology

Participant Selection Logic

The purpose of this study was to broaden the understanding of how leaders of niche-based nonprofit organizations currently apply strategies to impact financial sustainability while maintaining the mission of the nonprofit organization. To accomplish this, it was crucial that participants provide abundant data related to the research questions. The criteria for participation in this study were that each participant was a leading member of a niche-based nonprofit organization in the Midwest. Few organizations fit the study's criteria, and a case study allowed for adequate data for saturation (Burkholder et al., 2016).

Under this approach, to reach saturation, I only needed one qualifying nonprofit organization and one member of the leadership team to be interviewed (Burkholder et al., 2016). In this study, I interviewed participants and analyzed their transcripts to develop themes. The themes developed helped establish and increase dependability. A researcher's efforts in making themes can increase the understanding of the issues and maximize confidence in the findings of qualitative studies (Burkholder et al., 2016). This method of study can generate an in-depth, real-world context of how current nonprofit leadership uses strategies to positively impact financial sustainability and stay true to the organization's mission.

To identify potential participants for the study, I completed a directory search for niche-based nonprofits in a Midwest state. A list of potential participant organizations and leaders was compiled. Being a current niche-based nonprofit in a particular

Midwestern state, with a leadership team or member met the criteria for potential participation. It is required that, at a minimum, at least one organization agree to be interviewed to reach saturation for a qualitative case study (Burkholder et al., 2016). Within this organization, numerous leadership members (as defined in the study) were interviewed to attain an in-depth perspective on what actions leadership is taking to achieve financial sustainability while upholding the organization's mission. Upon the organization's agreement, the members of the organization leadership team were interviewed individually for the study.

Participants were ensured anonymity regarding their responses. Informed consent was required. The informed consent form included explicit declarations that participants from the same organization may be aware of the inclusion of each other in the study. However, participant responses remained confidential between myself and each participant. The sample size of at least one nonprofit organization was selected with the expectation that saturation would be reached within these boundaries. Saturation can be attained by conducting the case study on one organization and interviewing leadership until resources (participants) or after three interviews fail to provide new significant themes (Burkholder et al., 2016).

Instrumentation

In this study, I used a case study design with semistructured interviews as the data collection method. I was the principal collection instrument in this case study, and I used interview questions (Appendix A) to aggregate information to enhance the understanding of current strategies being executed in a nonprofit organization under the current national

budget cuts for nonprofits. The interview questions were developed based on the Crosby (2016) study on sustainable leadership strategies to increase corporate revenue. These questions were modified to examine the nonprofit leaders' strategies on addressing the financial sustainability of the organization while maintaining organizational mission.

Crosby's (2016) study focused on leadership strategies of business leaders to increase corporate revenue. Nonprofit leaders are considered business leaders. They operate under an ethical responsibility to serve the organization's mission (Sanders, 2015). Examining the approach of business leaders to increase revenue translates to the approach to reach financial sustainability (Godwin, 2019). Considering both the participants and the interview questions of Crosby's study are comparable to this study, modifying the interview questions to adhere to nonprofit leadership should not alter the integrity of the interview tool.

Researchers commonly process interview data related to opinions, approaches, occurrences, and attitudes (Burkholder et al., 2016). Information obtained from participants referenced their approaches to problem-solving the financial sustainability of the organization while maintaining organizational mission. This confirms that using a case study and the interview method were most appropriate for this study. In a semistructured interview, the interviewer has the liberty of asking probing questions to elicit enhanced details following a structured question (Burkholder et al., 2016). After responses are gathered from both the structured and the nonstructured questions, data were transcribed and analyzed.

The secondary data collection instrument was a digital audio recording device used for each interview. The research questions, interviewee's response, and any other verbal communication between the two parties also used a digital audio recording device. This device was an Apple device recording the interview, using an internal app to record the vocal data. Precautions will be taken to ensure protocol requirements for the Walden University doctoral program guidelines are met. The data collection instruments (interview, digital recording, and interview notes) served the purpose of developing a guide for interpretation of the data. The interview summary notes were used to divulge keywords or phrases mentioned during other interviews and assist member checking. Initial contact with prospective and qualified participants was via direct telephonic and email contact.

Data Analysis Plan

This study used a case study design with a semistructured interview. In this interview, a combination of structured and probing questions was implemented to ascertain information to investigate the research question. While conducting the interview phase of this study, it is necessary to clarify themes when interpreting the data. Coding (tagging or labeling) the interview information according to phrases, sentences, and paragraphs secured from each participant relating to each interview question, enhances qualitative studies (Sowicz, 2019). With this in mind, each interviewee was recorded using an audio recorder and transcribed for data analysis. Researches used an Apple device and Scribe transcription service to decipher the collected data and provide a

transcription of the interview. A report was generated to capture the themes and outcomes of data collected during the interviews (Burkholder et al., 2016).

Issues of Trustworthiness

Trustworthiness is associated with the level of reliability and validity in a study (Burkholder et al., 2016). There are two recommendations for establishing credibility via a case study design. It is recommended that the study reach saturation by interviewing the leadership of at least one nonprofit organization or when three or more interviewed participants repeat the same themes (Burkholder et al., 2016). For this study, the researcher interviewed leadership from three different niche-based nonprofits. These interviews were transcribed in order to increase dependability.

Dependability establishes the research findings as consistent and repeatable (Burkholder et al., 2016). Dependability is a researcher's way of verifying that their findings are consistent with the raw data collected. The overall goal is that when another researcher looks over the data, they can come to the same or similar conclusion. To achieve this level of dependability, this research used the transcriptions from the interviews and outlined common themes from the participants.

Given the human nature of gathering responses into themes, a generalized approach will be used to clarify common themes based on this study. The case study design also provides transferability due to its ability to analyze a phenomenon and use structured, semi-structured, or unstructured interviews. With the duplication of this study, the results may be generalized to a larger population. Aligning the methodology with the research question ensures that the study is examining the desired phenomenon, which

increases reliability and validity. Validity exists when the instruments measure the events, behaviors, actions, or concepts as intended (Gater, 2016). Validity is dependent on the method and its use in the context of what is being measured, as well as the extent to which an account accurately represents the phenomena it refers to (Beck, 2018). Once again, the combination of a case study and using a semistructured interview allows for the interview questions to remain objective. At the same time, the participant's responses are subjective (Burkholder et al., 2016).

Ethical Procedures

To maintain ethical research, a consent form (see Appendix C) was approved by IRB (approval # is 03-26-20-0611066) then sent to each participant in advance. The consent form served as a document giving the researcher permission to proceed or the participant's ability to decline to interview (Burkholder et al., 2016). Each participant received a notification stating the purpose of the study, the interview process, and the confidentiality rules. No incentives were offered to participants to interview for this study.

Summary

Chapter 3 included vital points. These include research method, design, participants and population sampling, data collection, and analysis techniques. Also, the study's reliability and validity. Data was collected via interviews and transcriptions; covering how the leadership of nonprofits address financial sustainability and maintain the organization's mission while being impacted by government funding cuts.

The benefits of this study reflect the potential to produce crucial knowledge for nonprofit leaders and their organizations. The intent was that this qualitative study's findings would broaden the understanding of how leaders of niche-based nonprofit organizations currently implement strategies to impact financial sustainability, all while maintaining the mission of the nonprofit organization, despite significant cuts with government funding.

In Chapter 4, elements of the study were carried out and broken down by sections. These sections included the setting of the study, demographical information, data collection, data analysis, evidence for trustworthiness, and the study's results.

Chapter 4: Results

Introduction

The purpose of this study was to increase the understanding of how leaders of niche-based nonprofit organizations currently use strategies to impact financial sustainability. Despite significant cuts with government funding, financial sustainability should be obtained by ensuring the mission of the nonprofit organization remains intact (Bowman, 2011). RDT states that organizations will modify their behavior to obtain anticipated resources (Doyle et al., 2016). GST states that in an organization, one sector (leadership) may affect functions of how the organization operates (von Bertalanffy, 1972). In this study, the focus was on how leadership responds to the pressures of resource dependency while maintaining the organization's mission. A case study was conducted on the leadership of three nonprofits in Ohio.

This case study was used to examine the phenomenon of leadership strategies addressing financial sustainability and organizational mission. A comprehensive understanding of this information may diminish the hardship of maintaining financial sustainability and fulfilling its mission. This affords organizations to achieve sustainability and serve the public (Mohammed, 2017). This chapter specifies the study's description, settings, demographics, data collection, data analysis, evidence of trustworthiness, and results.

Setting

The setting was comprised of art based nonprofits throughout Ohio. At the time of this study, the United States was impacted by the COVID19 virus, which caused stay-at-

home quarantine orders in some states. This quarantine impacted budgets, face-to-face interactions, family dynamics, and job security. Participants were impacted on various levels and may have answered the research questions with their newfound circumstances in mind (bias).

All interviews were completed virtually and by phone. This was an option based on IRB approval # 03-26-20-0611066. The research questions were compatible with how financial shock can impact an organization. The need for quarantine in response to COVID-19 caused a grave financial shock to these organizations. All organizations were presented with an opportunity to express how they were dealing with this shock, which falls in line with the overall research question and design of this study.

Demographics

Demographic information collected consisted of participants' sex, race, organization location and participants' position within the organization. All four participants were men, half (50%) were African American, and the other half were Caucasian. Each participant occupied a leadership position in an Ohio art-based nonprofit and was aware of the governance and financial structure of their perspective organizations. Participants discussed their realm of impact on the financial sustainability of their perspective organization. Participants are currently active and serve in various leadership capacities in their organization. These leadership positions ranged from board members to program leads. Each participant reported having experiences in multiple positions within their organization.

Because so few nonprofits fit this niche in Ohio, to preserve confidentiality, the demographic information reported in this study was limited to the type of organization, the participant's role, and the participants' responses to the research questions.

Data Collection

A case study design with semistructured interviews was used for data collection. A combination of structured and probing questions was implemented for ascertaining information to answer the research question. While conducting the interview phase of this study, it was necessary to clarify themes when interpreting the data. Coding the interview information according to phrases, sentences, and paragraphs secured from each participant relating to each interview question enhances qualitative studies (Sowicz, 2019). With this in mind, each interviewee was recorded using an audio recorder and transcribed by a professional third-party transcription services (Scribe). Using a third-party transcriber decreases the chances of researcher bias. All data was transcribed, coded, and broken down into themes and subthemes.

The coding process started with collecting the recorded interviews to be transcribed using Scribe transcription services. Scribe transcription services provided an electronic manuscript with an average reported accuracy of 95%. Each manuscript report from the interviews had a 90% accuracy rate. I then proofread each manuscript, referencing the audio recording of the interviews. Proofreading helped add to the accuracy of each transcript. It was essential to hire a professional transcribing agency for the interviews to provide adequate time for analyzing the data collected. Every interview was processed in the same way by uploading the audio files and receiving a transcript.

Then, I highlighted frequently used terms, correlating statements, and overall themes into subgroups.

After the creation of all four transcripts, I compared the responses to the eight interview questions across interviews. The number of times each leadership skill was mentioned throughout the interview was tallied and created the first level of theme (see Figure 1). Throughout this study, terms and phrases were compared on multiple levels. The primary theme comparison level was leadership strategies mentioned throughout the interview. The next level of analysis was the type of leadership strategy. This was further examined and is depicted through figures and discussion in this chapter. The subtheme sections were derived by comparing leadership strategies that involve coinciding principles—for example, proactive versus reactive leadership strategies. Each subtheme was compared to see which theme the participants used more or which showed dominance.

Data Analysis

A case study design with semistructured interviews was used for data collection. A combination of structured and probing questions was implemented for ascertaining information to address the research question. While conducting the interview phase of this study, it was necessary to clarify themes when interpreting the data. I looked at the frequency of leadership terms used to answer each interview question. I tallied the responses based on similar terms and compared their frequency of use against other similar terms. This action created the first level of themes, which resulted in 10 leadership strategy categories. The subtheme sections were then derived by comparing

leadership strategies that evolve coinciding principles—for example, proactive versus reactive leadership strategies. Each subtheme was compared to see which theme the participants used more or was more dominant.

Themes

The first level of the analysis demonstrated there were 10 leadership strategies identified throughout this study, thus creating the first theme of leadership strategies. I analyzed the frequency each participant mentioned the use of these strategies. These 10 leadership strategies were calculated and charted. I probed the participants' responses to the interview questions and devised 10 leadership strategy codes: (a) innovation/filling the gap, (b) communication, (c) diverse funding, (d) internal analysis, (e) external analysis, (f) proactive actions, (g) reactive actions, (h) strategic partnership, (i) donor engagement/ focus, and (j) alignment with core values. Figure 1 displays the codes and levels of frequency.

Subthemes

Next, dissecting the level of themes, I compared the level of frequency of leadership focus for each subtheme. After developing the main level of themes, each of them was derived by comparing leadership strategies that involve coinciding principles—for example, proactive versus reactive leadership strategies. Each subtheme was compared to see which theme the participants used more or was more dominant.

Strategic planning. Strategic planning was divided into three areas: (a) funding, (b) services, and (c) participants. *Funding* references all activities focused on current or future capitalization as the driving factor for new actions. *Services* referred to actions

surrounding programs and their delivery to their clientele. Each of the three focal points has been assessed according to the level of frequency, giving the research its overall focus for the strategic planning theme group.

Organizational analysis. The next level of subthemes was organizational analysis. These subthemes compared internal and external activity. The internal activity consists of analytical actions relating to the organization's activities, its services, and its structure. External activity refers to funders, financial claimants, and public policy. These two coding groups were compared with each other in terms of frequency of use.

Financial shock. After evaluating organizational analysis, I reviewed financial shock level. There were two codes within this theme level: reactive and proactive. Being *reactive* referred to actions taken after a financial shock. Being *proactive* referred to actions taken to prepare an organization for a prospective financial shock.

Mission drift. In the successive subgroup, I explored mission drift activities, referencing any behaviors that would cause the nonprofit organization to respond outside the mission. This research did not reveal any findings in this area, which was attributed to the responses not indicating this behavior. This examination included this research theme, considering the evidence presented reflects no response in this area speaks directly to the research question.

Communication focus. The final theme group evaluated was communications. This group was defined as answers that described the topics and areas of focus of the leadership's communication. These groups were divided into sets for funding, programming, and consumer needs. Funding referred to any information concerning

finances and budgets. Programing referred to the services offered and programmatic needs. Consumer needs refer to the consumer or clients' participation and needs.

Upon complete analysis of the subgroups, there was only one discrepancy that emerged in this study; the organization concentrates on internal versus external analysis. This aligned with the organization being proactive vs. reactive to a financial shock. Organizations that reported consistent internal analysis were linked to proactive responses towards financial shock. The organizations that centered on externals analysis, such as funding sources, reported additional reactive strategies when faced with a financial shock.

Evidence of Trustworthiness

To increase trustworthiness, four participants from four different art-based nonprofits were interview producing similar responses to the interview questions. As a reference in Chapter 3, when two or more interviews report similar findings, you have reach saturation. Saturation increases a case study's level of trustworthiness. To further increase trustworthiness and transferability, I used thick descriptions to define themes. Thick descriptions are a way of using verbiage in context to this field of study. Therefore, these descriptions were used for transferability and enrich the context of the study. My study's outcome represents transferability for other art-based nonprofits with similar studies conducted in the future. Future studies using the same population, but in a different area or socioeconomic setting, may experience a skewness in reliability. Although the population is the same, there is a potential reliability factor in the participant's perceptions and experiences of leadership strategies and their organizations'

sustainability. No changes were made to modify my study's credibility, transferability, dependability, or conformability, as mentioned in Chapter 3.

Results

The research question, gaps in research, and my study's purpose align with this study's conclusion. As noted before, the purpose of this qualitative research study was to broaden the understanding of how leaders of niche-based nonprofit organizations currently utilize strategies to impact financial sustainability. Each participant conveyed their perspective on the subject matter. The participant's responses provide insightful information. The information demonstrates how their organization utilizes strategies that have a positive or negative effect on the organization's sustainability, especially in a time of crisis.

Upon asking the eight interview questions, the participants' responses were separated into themes—the first level of themes where leadership strategies mentioned by the interviewees, indicated in the chart below.

Main Themes

The chart below assorts the frequency of mention of each leadership strategy in response to the interview questions. According to the 'participants' responses, the top four leadership strategies currently being used are innovation/ fill in the gaps with 18% of responses and proactive, internal analysis, and communication ties with 15% of responses. After comparing these frequencies, the responses were then segmented into subgroups, based on leadership areas commonly addressed in the leadership and management of nonprofits, referenced in Chapter 2.

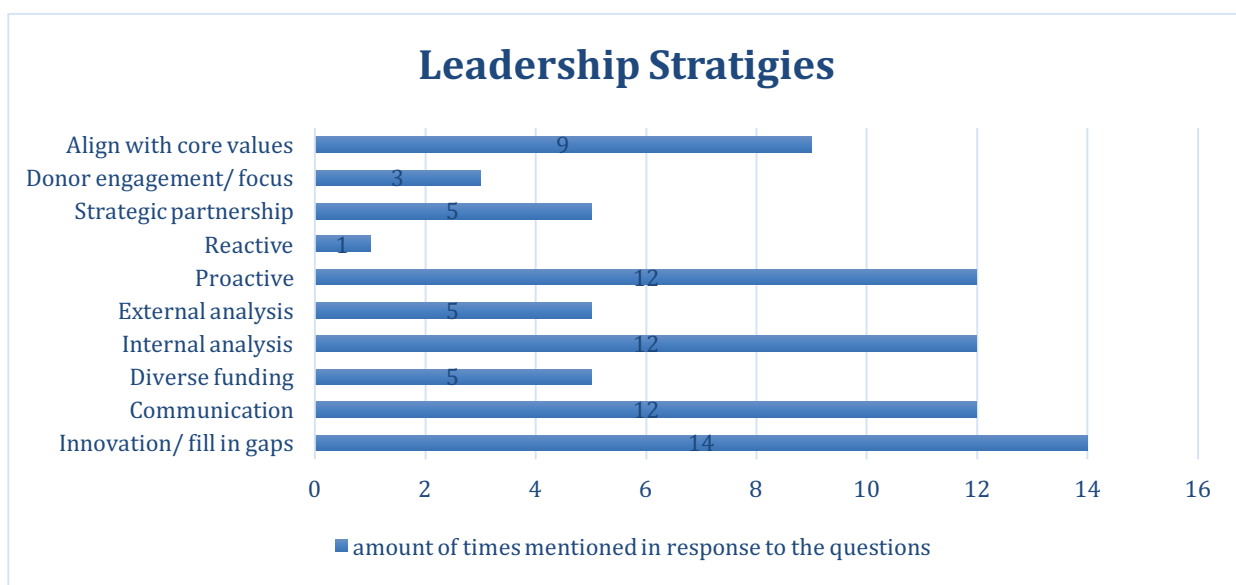


Figure 1. Frequency of leadership strategies used in response to the interview questions.

The following are the five leadership areas reported in this study: strategic planning, analysis, financial shock, mission drift, and communications. Each area was analyzed by internal factors related, which are reflected in the frequency of responses relating to the subgroup within each area. Below a chart for each area was produced and will be explained based on their findings. Interoperation of the reported results are found in Chapter 5.

Subthemes

From the interview (which consisted of eight interview questions), all responses were divided into three strategic planning focus areas. These three focus areas are Funding, Services, and Participants. These areas referred to where leadership may place their focus and activates in efforts of dealing with financial sustainability. As depicted in Figure 2, services led in the frequency of response, with 37% of responses. The

participant was 33% of the response, setting it in second place. Funding ranked at 30% of responses.

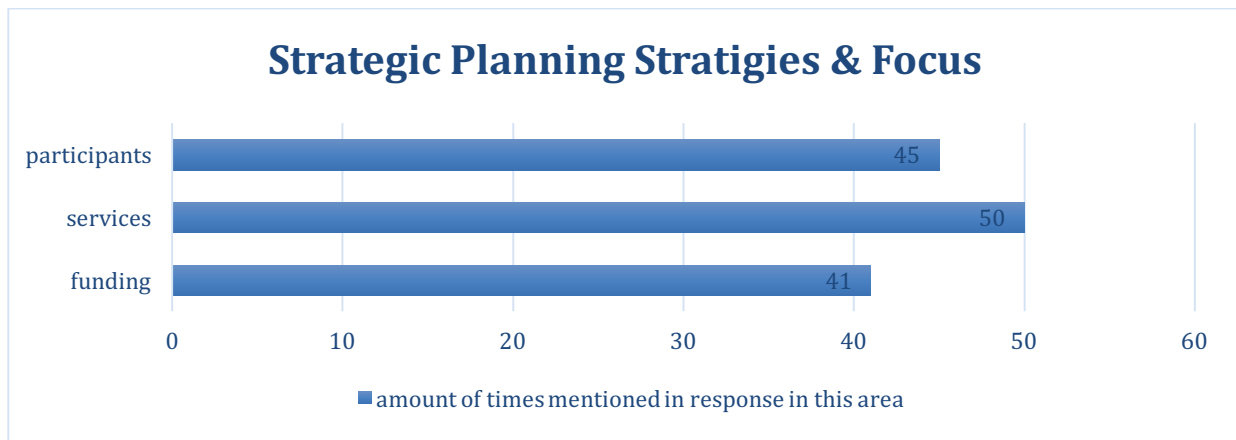


Figure 2. Strategies that relate to strategic planning.

The following subarea (shown below) is analyzed. This area refers to gauging internally or externally on strengths, weaknesses, opportunities, threats, and others to determine what alternatives may be implemented to improve the organization. This area was divided into two areas: internal analysis activities and external analysis activities. Figure 3 depicts the results of this analysis 53% of responses related to internal activities 47% of responses related to external activities.

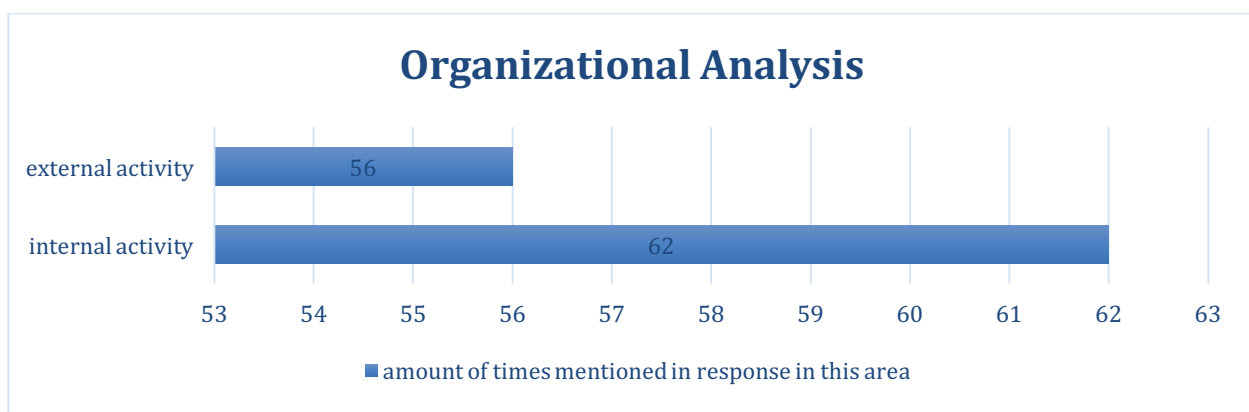


Figure 3. Strategies that relate to the analysis.

In subsequent sub-area, responses related to strategies concerning financial shock were analyzed. This area explores if responses were reactive or proactive concerning financial shock. As depicted in Figure 4, 57% of the responses reported being reactive towards financial shock. 43% of the responses reported being proactive toward financial shock. According to these results, these organizational leadership strategies are more reactive (though reasonably close to being equal) towards a financial shock.

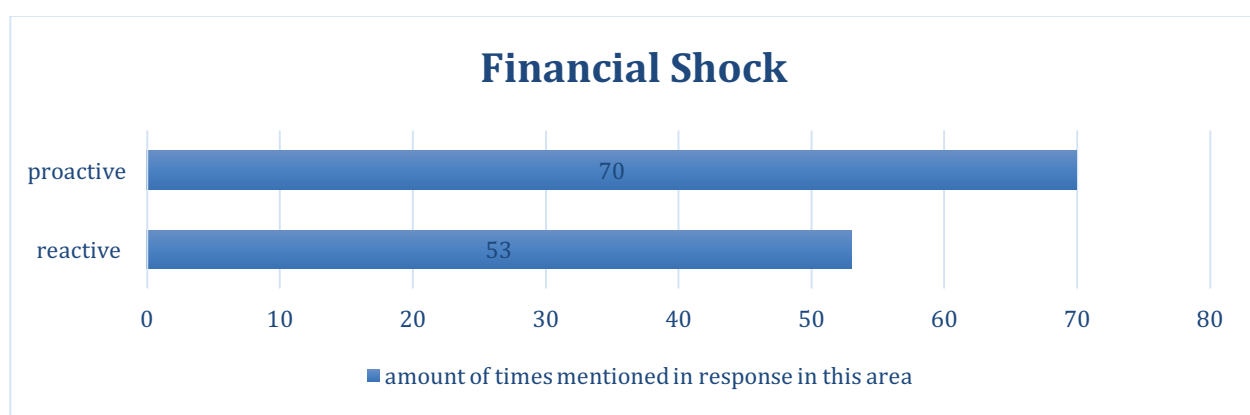


Figure 4. Strategies that relate to financial shock.

The next strategy analyzed was to drift from the organization's mission (shown in Figure 5). According to the literature review in Chapter 2, nonprofits threatened with financial shock are tempted to drift from their mission to secure resources (Ramus & Vaccaro, 2017). Based on the responses in this interview, not any of the participating nonprofits reported actions of drifting from their organization's mission. The results also yielded that zero responses mentioned mission drift.

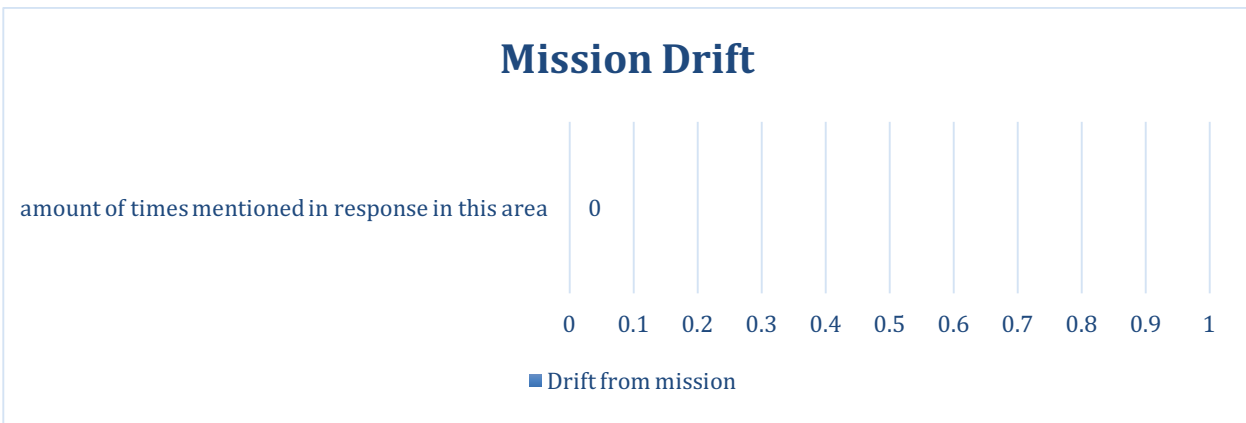


Figure 5. Strategies that relate to mission drift.

The final area of analysis is communication. Communication refers to the direction of connection to maintain sustainability. As depicted in Figure 6, communications related to consumer needs ranked at 37% of the responses. Funding communication was 32% of the responses, and programing communication comprised 31% of the responses. Overall, leadership reported that communicating to the consumers about their needs is the highest priority in communication strategies. An interpretation of this data is found in Chapter 5.

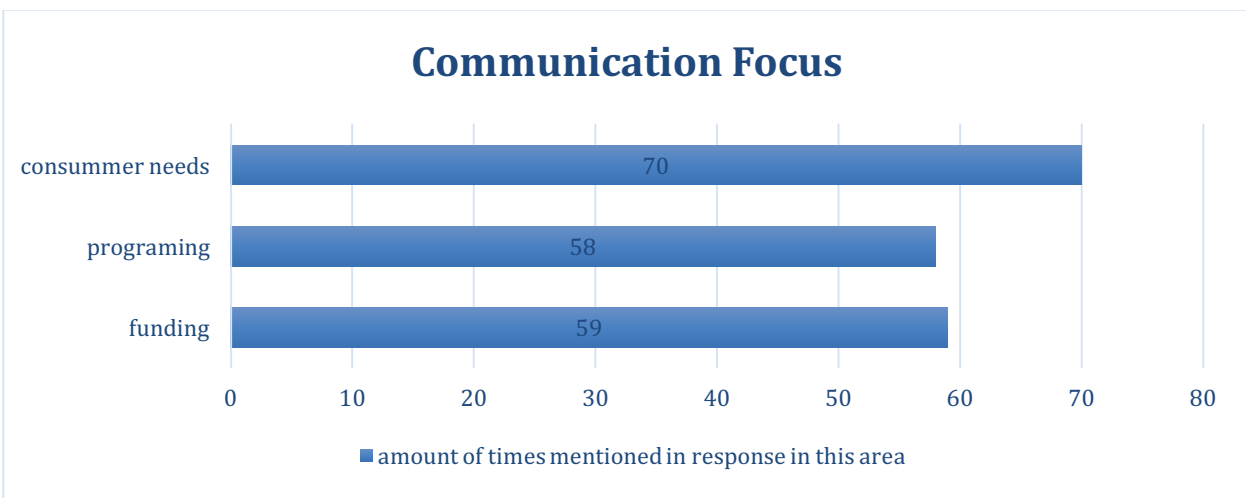


Figure 6. Strategies that relate to communication.

Summary

Chapter 4 provides a detailed description of the setting of my study. It also entails characteristics of the nonprofits of interest, data collections method, procedures, data analysis, evidence of trustworthiness, and overall results of the data collected. The results gave insight into what leadership strategies are currently being used to address the research question. Participant's responses to all the research questions showed that innovation/ filling in the gap is the most reported theme concerning financial sustainability and maintaining its mission. Communication and internal analysis were the next two most common themes addressing the research question. The conclusion of my study establishes that organizations do not prefer mission drift to obtain financial sustainability.

Chapter 5 discussed the interpretation of the research findings. This included recommendations for other art-based nonprofits, the implementation of social change, suggestions for future research, and limitations for this study.

Chapter 5: Discussion, Conclusions, and Recommendations

Introduction

The purpose of this case study was to increase the understanding of how leaders of niche-based nonprofit organizations currently use strategies to impact financial sustainability. Financial sustainability is achieved by ensuring the mission of a nonprofit organization remains intact, despite significant cuts with government funding (Bowman, 2011). My review of the literature affirmed a lack of research on the balance between maintaining resources and serving the community through a nonprofit's mission. My examination condensed the literature gap by exploring how current leadership responds to the pressures of resource dependency and supports the organization's mission. An in-depth understanding of this information may diminish the hardship of maintaining financial sustainability and help nonprofits achieve their organization mission. This affords organizations to become sustainable and serve the public (Mohammed, 2017). My study results include strategies being used to manage sustainability successfully. Organizations achieve this by weathering financial shock and not drifting from the organizational mission.

Chapter 5 includes a detailed summary of my study. In this summary is an interpretation of the findings, limitations of the study, and recommendations for further research. Also enclosed are recommendations for niche-based nonprofits, implications for social change, and my conclusions.

Interpretation of the Findings

The study participants shared their experiences, including leadership strategies they use to maintain financial sustainability within their organization. The findings demonstrate that the current leadership of these niche-based nonprofits use innovation, proactive planning, and internal analysis as their dominant leadership strategies. From this study, overall findings show that innovation is rated as the most frequently used leadership strategy compared to the other strategies reported by these participants. Within the findings, the following subthemes were reported: (a) strategic planning, (b) analysis, (c) financial shock, (d) mission drift, and (e) communications. The findings in these areas indicate that strategic leadership planning focused on services, and organizational analysis proved to be more internal than external. Leadership strategies among the participants were proactive and focused on consumer needs. No mission drift strategies were identified in the data. Below I describe all primary and secondary findings.

The Most Frequently Used Leadership Strategy

The primary theme found was leadership with an innovative/filling in the gap strategy. This theme focused on addressing financial sustainability and maintaining the organization's mission. This finding is consistent with the leadership responsibilities mentioned in Gilstrap's (2016) study. This finding reinforced that nonprofits need to adapt to the ever-changing economic environment to maintain sustainability, as mentioned in the literature review. Innovation supports the idea that nonprofit leaders can find ways around financial roadblocks and maintain their organizational mission. Hearing this theme throughout the interviews did not surprise me; however, I was surprised that

there have been few specific innovative strategies reported in the literature surrounding these types of organizations. It would appear that innovation is a mandate for today's nonprofit leader. In retrospect, I would have liked to extend the reach of my study to other Midwest states. This extension would have given me the ability to see if this theme occurred across more states.

The second two most frequent themes were internal analysis and communication. These two themes are consistent with the suggested solutions for financial sustainability. An organization needs to use self-analysis to maintain functionality; financial consistency in the nonprofit realm is not a constant. Communication is also supported as a staple because organizations need to have connections internally and externally to maintain social relevance. The surprising factor about this finding was that I thought external analysis would have been ranked higher in nonprofits. In correlation to Kong's (2008) and Arik et al.'s (2016) studies, it is common practice for organizations and their leaders to put their focus on external factors such as funders. This practice is common in addressing financial shock. In addition to the findings of this study, I would continue looking at how nonprofits use internal analysis to gain a better understanding of this process for current nonprofit environments.

Secondary Finding 1

Nonprofit leaders in this study focus on services over their participants and funders. Leaders reported focusing on the activities used and services delivered to increase participants and funders. Gilstrap (2016) and Freiwirth (2017) confirmed that leadership plays a crucial role in choosing what critical components of the organization to

improve in efforts to have a positive impact on financial sustainability. In the case of this study, leadership focused on services as a way to create this impact. To better understand how programs and activities affect financial sustainability, further research should be done isolating this one factor.

Secondary Finding 2

According to the frequency of responses, organizations involved, as referenced in the primary findings, the internal analysis was consistently mentioned throughout the study. The following sub-area yielded 53% of responses related to internal activities and 47% of responses related to external activities. Research supports the idea of using the analysis to understand the financial world around you; however, there was not much research pointing towards internal analysis is more powerful than external dealing with nonprofit sustainability. Further research could be done to compare the two and find out why this correlation currently exists.

Secondary Finding 3

With this study focused on Proactive behavior over-reactive behavior, concerning financial shock. As mentioned in the literature review, organizations that primarily focus on reactive behavior to financial shock increase their probability of the need for mission drift. In combination with findings supporting the importance of innovation (reference primary finding #1), it seems likely that using innovation and focusing on future problems could have a strong correlation. This correlation could further the understanding of how to prepare a nonprofit organization for success through financial shock.

Secondary Finding 4

Throughout this study, there was no mention of any strategy leaning towards mission drift. This is a significant finding because our research question directly looks at leadership behavior to avoid mission drift while trying to meet financial sustainability. The fact that there were no efforts towards mission drift shows that it is possible to have financial sustainability without drifting from the organization's mission. This adds to the body of literature that suggests the organization's mission drift primarily to survive financially. More studies can be done to discover why mission drift is irrelevant when the focus is on other leadership strategies.

Secondary Finding 5

None profits leaders focus on communicating the consumer needs over-communicating programming and funding. According to secondary finding #1, the focus of leaders is on the programming or service of the nonprofit. As far as development, communication outwards shows that they prefer communicating about the consumer's needs. This allows for connection with their active stakeholders building trust and relationships with the organizations surrounding the community. Literature supported the idea of building confidence from the community to increase the organization's financial sustainability.

Summary of Findings

These findings communicate how leadership strategies are combating financial shock. All findings show that leadership strategies can impact real financial sustainability and not commit mission drift. This confirms the inquiry of studies such as Chenhall

(2016), and Mohammed (2017) and Dranove (2017) that report the necessities of organizations finding alternative ways of achieving financial sustainability outside of mission drift. Innovation/ fill in the gap was the most prevalent leadership strategy in each organization to achieve their financial and missional goals. This leadership skill acknowledges that there is a degree of shock (in the case of this study, financial shock), requiring leadership to think alternatively regarding the issue. All organizations that reported this as being most pivotal also reported higher resistance to a financial shock.

Resource dependence theory (RDT) focuses on how external resources of organizations affect the behavior of the organization (Doyle et al., 2016). RDT will support focus relating to analyzing how niched-based nonprofit organizations utilize strategies to impact their state of financial sustainability and maintaining their organizations' mission statement. Based on the results of this study in conjunction with RDT, we can conclude that the level of dependency an organization has may be impacted by the quantity of innovation its leaders are using. This information may have advantageous use for future studies.

General system theory (GST) explains the structure and operation of systems within an organization (Hardy, 2017; Godwin, 2019). This theoretical framework explains the process related to leadership employing new concepts or systems for addressing problems such as financial sustainability. Each participant of this study reporting their leadership strategy is directly related to the sustainability outcome, confirms that leaders of these organizations do have an impact on the entire organization. GST is consistent with the results of this study.

Limitations of the Study

Although a case study may provide the insight needed to understand the strategies used by nonprofit leaders in financial sustainability, this case study was reserved for the information reported by the participants. Limitations were the number of participants and the level of experience on given topics in this study. Specific restrictions of a qualitative case study are that answers remain subjective. Results may be interpreted differently. The research question may be answered differently by each participant (Burkholder et al., 2016). These prohibitions impact the ability to gain knowledge from a larger pool of nonprofits.

Furthermore, this creates restraints in proof of validity and transferability. This issue is created because this study exclusively focuses on niche-based nonprofits and not nonprofits in general. This center also impacts transferability and generalization.

This study applied its limitations to increase transferability by designing the interview questions to address general financial sustainability for niched-based nonprofits. This effort was devised to ensure that future research is built on the strategies incorporated to achieve financial sustainability. This is to ensure that methods to achieve financial sustainability in any environment are not used. The questions focused on the common denominators, such as the need for resources, organizational mission. This is also for the leadership strategies to obtain resources and maintain the organizations' mission. The assumption that every participating organization is working towards financial sustainability and maintaining their mission is challenged. The one-on-one

interview addressed this bias by allowing the participant to clarify the accuracy of said assumption.

Recommendations for Action

Niche-based nonprofit organizations provide necessary services to target populations within their communities. Concerning this study, the groups are impacted by the services these organizations offer. These consist of artists, youth, and minorities, to name a few. For continual service, these community nonprofits leadership must maintain or find to establish financial sustainability. My study conclusion indicates several recommendations for niche-based, nonprofit leadership strategies to achieve concurrent financial sustainability and maintain the organization's mission. This study allowed me to see opportunities to strengthen the community by strengthening nonprofit leaders. Through each interview, I gained further confirmation that strong nonprofit management is both a business and public policy concern.

With the confirmed knowledge that innovation and analysis are essential to the financial and missional survival of nonprofit organizations, I gained an understanding of where research should look next. My overall recommendation is to look at the impact variables such as innovation strategies, or frequencies of internal and external analysis are doing in correlation with the organization's financial strength. Gaining insight in this manner could change the way we train nonprofit leaders and nonprofit operations. Next, I will share some recommendations I felt necessary for the next steps concerning this study.

The number one leadership strategy utilized by participants of this study was innovation/ fill in the gap. This leadership strategy encompassed all activities that focus on solving current or future problems. Each organization reporting this as their primary focus also stated that they were able to maintain their mission and sustainability, through the experiences of financial shock. Given this response, it is recommended that organizations use innovation/ fill in the gap leadership strategies, to maintain financial sustainability.

Organizational leaders who participated in this study reported five focal areas that they incorporated to achieve financial sustainability in correlations with their leadership strategies. These five areas focused on services delivered to participants; proactive planning for financial shock, internal analysis, consumer needs, and absolutely no mission drift.

Based on these five reported focal areas, it is recommended that the leadership of niche-based nonprofits incorporate these focuses on their operations for maintaining financial sustainability.

Recommendations for Future Research

Any future studies should not limit their population to one specific niche-based group of nonprofits. My study exclusively focused on art-based nonprofits in the state of Ohio. By listening to the perceptions of other niche-based nonprofit groups, it may have diversified the responses given for in-depth qualitative interviews. Also, I recommend that future studies evaluate how innovation specifically impacts organizations during financial shock. This study was conducted at a time whereby the national quarantine

impacted nonprofits across the nation in response to COVID-19. Examining how innovation impacted these nonprofits after the financial shock is over would prove up to date information along with insight relating to the strength of innovation on financial sustainability.

Implications for Social Change

As mentioned before, nonprofits are an asset to the communities in which they serve. Exploring my study affords one to gain an in-depth understanding of current leadership strategies towards financial sustainability. Acquiring and maintaining financial sustainability renders support for these organizations that primarily exist to provide public services. A greater understanding of leadership strategies achieves this goal. An in-depth understanding enhances future leadership protocol on nonprofit management. This may facilitate a ripple effect on the policies of running nonprofits organizations.

Conclusion

As previously stated, the purpose of this study was to expand the understanding of how leaders of niche-based nonprofit organizations currently utilize strategies to impact financial sustainability. This can broaden our ability to assist nonprofits in obtaining and maintaining financial sustainability. This financial sustainability is achieved by ensuring the mission of the nonprofit organization remains intact, despite significant cuts with government funding (Bowman, 2011). My study closed the gap in the research literature on the balance between maintaining resources and serving the community through the organization's mission. This achieved by exploring how current leadership responds to resource dependency pressures while maintaining the organization's mission. Based on

this study's outcome, leaders currently use invocation strategies to address financial sustainability and do not engage in mission drift. Within these innovations and leadership strategies, the primary focus is on services, internal analysis, proactive planning, and consumer needs.

Based on the findings, it is recommended that organizations use innovation/ fill in the gap leadership strategies to maintain financial sustainability. It is also recommended that the leadership of niche-based nonprofits incorporate the focal areas mentioned above in their operations to maintain financial sustainability. Future studies should look at how innovation specifically impacts organizations during financial shock. Specifically, how innovation impacted these nonprofits after the financial shock is over will prove up to date information and insight relating to the strength of innovation on financial sustainability.

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Appendix A: Interview Questions

These interview questions were developed based on the Crosby (2016) study on sustainable leadership strategies to increase corporate revenue. These questions were modified to examine the nonprofit leaders' strategies for addressing the financial sustainability of the organization while maintaining the organizational mission. All questions are used with the intent of increasing the understanding of current strategies being used in a nonprofit organization under the current national budget cuts for nonprofits.

1. How, if at all, has a decrease in government funding impacted your nonprofit organization?
2. What leadership strategies, if any, positively impact financial sustainability for your organization and are in alignment with the organizations mission?
3. How do you reinforce these leadership strategies with all stakeholders?
4. In relation to sustainability, are your leadership strategies reactive or proactive to financial shock?
5. In relation to sustainability, how do you balance brand equity, consumer satisfaction, and long-term stakeholder value with short-term financial viability?
6. How does sustainability fit in when going beyond the bottom line for results that enhance brands, consider customer satisfaction, and integrate long and short-term viability, while providing long-term value for all stakeholders?
7. How do you keep ethical issues into perspective while maintaining profits?

8. What else would you like to share with me about how business leaders can integrate leadership sustainable strategies and move beyond individual reactive tactics, in order to gain competitive advantage?

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Appendix B: Permission to Use Interview Questions

Subject: Re: Dissertation research questions.

Dear Jarhal,

Thank you for reaching out and congratulations on being so far along in your dissertation. Yes of course, you are welcome to use my questions to aid in your research. It sounds very interesting, and I'd love to read it when you are done.

The best of luck to you.

All the best,

Linda Goulet, DBA