

2023

## Strategies to Improve Nonprofit Governance to Increase Donations

Charmaine Nicola Williams Tate  
*Walden University*

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# Walden University

College of Management and Human Potential

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Charmaine Williams Tate

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2023

Abstract

Strategies to Improve Nonprofit Governance to Increase Donations

by

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MBA, Northern Caribbean University, 2008

BS, Northern Caribbean University, 2002

Consulting Capstone Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

July 2023

## Abstract

The leaders of nonprofit organizations rely on donors to achieve the organization's mission, and governance practices are a key contributor to donor confidence and positive donor behavior. Some nonprofit leaders lack effective strategies to improve governance processes and encourage donor confidence to increase donations. Grounded in resource dependence theory, the purpose of this qualitative single case study was to explore strategies that nonprofit leaders use to improve governance processes and encourage donor confidence to increase levels of donations. The participants comprised four senior executive members of a donor-amalgamation nonprofit organization in the Midwestern United States. Data were collected from semistructured interviews, internal archival documents, and public data reports. The data were analyzed using Yin's five-step analytic technique, which yielded the following three themes: regulatory compliance, internal assessment, and engagement. A key recommendation for nonprofit leaders is to maintain regulatory compliance while innovative strategies for mitigating external dependence are implemented to encourage sustainability. Implications for positive social change include the potential for increased altruistic giving by community members.

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## Dedication

I dedicate this study to my children, Kelsie, Khyle-David, and Rebekah. This study symbolizes a shift and change in our family's bloodline; this study is the beginning of a changing narrative—a narrative that represents success, dedication, and a realization that nothing is impossible or unattainable. It takes one person believing that they can change the future—my future is you—Kelsie, Khyle-David, and Rebekah.

I also dedicate this study to my father figure, Keith Anthony Salmon Sr. You are my hero. You believed, supported, encouraged, and invested in me. Your love and support changed the trajectory of my life.

I also dedicate this study to Monique Lewis, a dear friend, who stood by me through the hardest transition of my life. You prayed for me and encouraged me to reach for the stars. You gave without me asking and reminded me that God has a wonderful plan for my life. You reminded me, ever so often, that all I needed to do was to continue to strive and never give up on my dreams.

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It is often said that it takes a community to make a change. I am grateful to have had a vibrant and supportive community that has been instrumental in allowing me to accomplish my goal of completing my Doctor of Business Administration (DBA) degree. I would like to thank my committed and helpful chair, Dr. Peter Anthony. Thank you for always being my voice of reason, for providing me with consistent encouragement and practical tools for minimizing stress, and for always answering my ad-hoc calls for guidance. Thank you, Dr. Janice Garfield, my second committee member, for the insightful feedback in enhancing the quality of this doctoral study. Thank you, Dr. Denise Land, for serving as the university research reviewer; your valuable input and wealth of knowledge have ensured that this study met industry standards.

I would like to thank and acknowledge the executive director and the team of the client organization that I worked with to complete this study. Your leadership acumen has been an inspiration to me, and your willingness to provide all the needed data along with providing prompt, comprehensive clarifying answers has contributed to the quality and richness of this study.

Thank you to my children for being patient and giving me the time I needed to complete this study. Your understanding of the sacrifice, commitment, and dedication to complete this study was valuable and comforting. Thank you to my dear sisters who encouraged me to not give up, reminding me that I would become the global change agent that this world needs. I give all the glory to God for placing the dreams in my heart and for giving me all tools needed to make this dream a reality.

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## Section 1: Foundation of the Study

In this study, the 2023–2024 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2023) was used as a tool to explore strategies that nonprofit organizational leaders use to improve governance practices to increase donations. This study was completed in compliance with the Walden University consulting capstone (Walden University, 2021), in which I served as a scholar consultant. Section 1 establishes the foundation of the study, and Section 2 provides details of the context of the study. Section 3 outlines the specific aspects of the client organization through the lens of resource dependence theory (RDT), with a discussion of my findings and recommendations.

### **Background of the Problem**

The main source of a nonprofit organization's financial resources is donations. Many factors influence an individual's or organization's decision to donate to a nonprofit organization. Governance practices have been identified as one of the main contributors to donation behavior (Becker et al., 2020; Seo, 2020). Governance practices have been recognized as a mitigating strategy for combating agency problems, increased instances of fraud, embezzlement, and financial loss (Abu-Khadra, 2020). Blouin et al. (2018) stated that donor confidence has been negatively affected by reports of financial impropriety among nonprofit organizations; as such, nonprofit leaders have recognized the importance of developing strategies to incorporate effective governance practices as a mechanism that encourages potential and existing donors to contribute to the nonprofit's mission accomplishment.

Individual donors accounted for over 70% of the \$466 billion contributed to charitable organizations in the United States in 2020, and over \$2 billion of that amount was spent on fundraising initiatives to appeal to potential donors (Kamatham et al., 2021). In the United States, the federal government does not require nonprofit organizations to comply with many of the regulatory requirements that for-profit organizations have to comply with (Adena et al., 2019; Nguyen & Soobaroyen, 2019); however, there is a regulatory form, IRS Form 990, that provides public accountability information. Donors depend on organizations such as Charity Navigator and BBB Wise Giving Allowance, as charity “watchdogs,” to provide financial and governance information about charities (Hatfield, 2018) to make informed decisions about giving. The leaders of nonprofit organizations rely on donors to provide resources to fulfill mission accomplishment, and governance practices contribute to donor confidence and the decision to give. It is therefore imperative that leaders understand and implement effective strategies to improve governance practices, impacting donor confidence and increasing donations.

### **Problem and Purpose**

The specific business problem was that some nonprofit leaders lack effective strategies to improve governance processes and encourage donor confidence to increase the levels of donations. The purpose of this qualitative single case study was to explore strategies that nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations.

### **Population and Sampling**

The target population consisted of four senior executive members of the donor-amalgamation nonprofit organization in the Midwestern United States. These leaders participated in semistructured interviews designed to gather information about successful strategies the organization's leaders implemented to improve governance processes and encourage donor confidence to increase the levels of donations. I also reviewed organizational archival data, such as internal board reports and minutes, personnel records, and organizational manuals.

### **Nature of the Study**

The single case design was appropriate for this study because I collected relevant data from the client organization's internal archival records and public forums and conducted semistructured interviews with four senior executive leaders from the client organization. This approach facilitated the exploration and identification of the strategies that nonprofit leaders used to improve governance processes and encourage donor confidence to increase the levels of donations. Researchers have the option of choosing to conduct a qualitative, quantitative, or mixed methodology for inspecting, measuring, and testing a proposed business problem. The qualitative method was chosen for this study. Researchers use the qualitative method to explore a phenomenon in a naturalistic and social environment, focusing on answering the whys and hows of the phenomenon, using nonnumerical data (Saunders et al., 2016). Conversely, a researcher using a quantitative methodology will examine relationships among variables, using statistical or numerical data (Marshall et al., 2022). The quantitative method would not have been appropriate for



this study because the purpose of the study did not include examining variables' characteristics or relationships. Researchers may opt to use the mixed method for a study, where they use measurements and analytical components of the qualitative and quantitative methodologies (Saunders et al., 2016). The mixed method would not have been appropriate for this study because the purpose of the study did not include testing hypotheses for examining relationships. The qualitative methodology was the most appropriate method because I explored strategies that nonprofit leaders use to improve governance practices for encouraging confidence to increase the levels of donations.

Researchers utilizing a qualitative research design can employ a case study, phenomenology, ethnography, or narrative design (Yin, 2018). Researchers use a case study design to develop and explore in-depth data in a real-life setting (Saunders et al., 2016). A phenomenological design is used to explore the commonalities of a group's experiences (Yin, 2018). An ethnographical design is used to explore a group's cultural narrative (Guha et al., 2021). A narrative design is used to interpret a personal story, or a biography of an individual (Saunders et al., 2016). A phenomenological design would not have been appropriate because it is used to explore a business problem through the lens of the participants' lived experiences. An ethnographical design would not have been appropriate because I did not explore a group's cultural commonalities. A narrative design would not have been appropriate because I did not explore an individual's personal story.

I applied a single case study design instead of a multiple case study design for this study because I explored a business problem in a unique phenomenon for a particular

organization. A single case study design was appropriate for this study because I identified and explored strategies that the participating nonprofit organization leaders had used to improve governance processes and encourage donor confidence to increase donations.

### **Research Question**

The research question explored in this study was the following: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations?

### **Interview Questions**

The following questions were asked of nonprofit leaders:

1. What are some of the strategies you or other leaders use to improve governance practices in the organization?
2. What major policies or programs have you or other leaders implemented to encourage accountability within the organization?
3. What strategies have you or other leaders used to encourage a strong relationship between potential donors and nonprofits?
4. What major obstacles have you or other leaders encountered during fundraising initiatives?
5. How do you or other leaders measure the success of implemented governance strategies and fundraising initiatives?

6. What feedback have you or other leaders received from current clients about the impact of governance practices or accountability standards on the rate of donations received?

### **Conceptual Framework**

Pfeffer and Salancik's (1978) RDT indicated that leaders need to acknowledge and understand the ecological parameters that influence the organization's dependence on external entities for the sustainability of the organization. Pfeffer and Salancik (1978) argued that leaders who acknowledge and seek to understand the ecology of the organization will be equipped to navigate the external challenges that threaten the sustainability of the organization. The authors explained that though external factors are uncertain and unexpected, leaders who understand the constraints and influence of the organization's dependence on external entities will be able to incorporate strategies to mitigate the risk that these factors can have on the organization.

Pfeffer and Salancik (2003) expanded and refined the prior work of Pfeffer and Salancik (1978), which established a connection linking resources and power to organizational behavior. Pfeffer and Salancik (2003) explained that organizations that rely on external entities for resources usually need to comply with the demands of external stakeholders. A dependent organization becomes vulnerable to the demands of external entities (Hung & Berrett, 2021), which dictates the organizational strategies, compliance, and decision-making with which leaders will comply (Berrett & Holliday, 2018). When leaders implement strategies to improve the governance processes of the organization, they will be able to effectively manage the effects of external dependency

and donor confidence on the levels of donations received. Consequently, Pfeffer and Salancik's (2003) RDT was the lens through which I explored the strategies that nonprofit leaders use to improve governance practices for encouraging donor confidence, to increase the levels of donations.

### **Operational Definitions**

The following terms have been defined, facilitating clarification of their specific use within the context of this study:

*Donors*: Individuals or entities who support the mission of a charity or nonprofit organization through monetary and nonmonetary contributions (Finley et al., 2021).

*Governance practices*: A set of limitations conferred on the leadership of an organization that promotes accountability, transparency, equity, fairness, and disclosure (Lacruz et al., 2023; Shahid & Abbas, 2019).

*Nonprofits*: Organizations that offer socially beneficial services that support the needs of a community (Farwell et al., 2019). Nonprofits are tax-exempt under the Internal Revenue Code, Section 501 (c)(3).

### **Assumptions, Limitations, and Delimitations**

#### **Assumptions**

Assumptions in a qualitative single case study are necessary facts, ascertained by the researcher, within the scope of the study that are unverified (Zhou & Jiang, 2023). I made three major assumptions for this study. I assumed that the participants would give honest and relevant information during the interview process. Additionally, I assumed that the four senior leaders had relevant experience implementing governance practices

that have encouraged donor confidence and increased donations. The final assumption that I made was that the data collected would provide the relevant information to answer adequately the scope of the research question being explored for this study.

### **Limitations**

Limitations are those restrictions that are outside of the researcher's control (Zhou & Jiang, 2023), which present potential weaknesses in a study. A qualitative single case study can be suggestive and may not have generalized applications of the findings (Yin, 2018) because of the unique-phenomenon nature of the business problem being explored. Consequently, one limitation of this single case study resided in the data collection that was exclusive to one donor-amalgamation nonprofit organization in the Midwestern United States. Further, the responses given by the four senior managers during the interviews may have reflected biases and limited perspectives on the business problem being explored.

### **Delimitations**

Delimitations are the defined boundaries for the highlighted limitations that were previously referenced (Coker, 2022). The first delimitation of this qualitative single case study was that the four senior leaders interviewed and the data collected and analyzed were exclusive to the donor-amalgamation nonprofit organization in the Midwestern United States. The donor-amalgamation nonprofit organization has been in existence for more than 70 years, with the four senior leaders having more than 20 years of operational experience relating to the scope of this study.

### **Significance of the Study**

The study is significant in that some nonprofit leaders may be able to identify and implement successful strategies to improve governance processes to increase donor confidence and levels of donations. Nonprofit organizations depend on external resources to remain sustainable (Ilyas et al., 2020). Understanding how the improved effectiveness of governance processes contributes to increased levels of donations can impact how organizational leaders make decisions (Zhou & Ye, 2021). Nonprofit leaders will be able to ascertain effective approaches to evaluate and improve governance processes, improve relationships with key stakeholders, and develop derivative services for contributing to the continued support of the mission of the organization.

The reported findings derived from the study have the potential to enrich organizations' positive social contribution through increased altruistic giving by members of the community for enabling expansion to benefit communities' citizens. When nonprofit leaders are equipped with effective strategies to improve governance processes and encourage donor confidence, the resulting increases in donor engagement could enhance the efficacy of the social interactions within the community they serve. Engagement is a key element for sustainability and a sense of community involvement in the missions of nonprofit organizations. Additionally, improving governance practices may result in increased donations that could contribute to nonprofit leaders' ability to implement strategies to encourage sustainability practices, enhance social initiatives, and encourage positive social and economical enrichment.

## **A Review of the Professional and Academic Literature**

Nonprofit organizations significantly contribute to the economy. There are more than 10 million nonprofit organizations worldwide, with 1.3 million contributing to 5%–10% of the economic GDP and 10% of the employment in the United States (National Council of Nonprofits, 2022). Researchers and scholars have extensively explored and studied many business problems relating to the nonprofit industry. With this study, I focused on the strategies that nonprofit leaders have used to improve the governance practices of their organization to increase donations. This section highlights literature that is relevant to my research topic. The section includes a discussion of the application of RDT to varied elements of this study's focus, representing the conceptual framework for this study. Theories with similar elements, as well as a theory that expostulates the elements of RDT, are highlighted. The role of governance practices and donor behavior is delineated. I conclude this section by expounding on other strategies that nonprofit organizations have used for financial viability and providing insight into the structure of nonprofit organizations.

For this literature review, I used the Walden University Library and the following research databases: Business Source Complete, Emerald Insight, SAGE Journals, ScienceDirect, EBSCO, ProQuest, Google Scholar, and GuideStar. The search terms and key words used included *nonprofit*, *nonprofit organizations*, *governance*, *regulatory compliance*, *fundraising*, *resource dependence theory*, *donation behavior*, *donor motivation*, *strategic planning*, *revenue diversification*, and *donors*. In this study, I included 152 cited resources, with 90.2% being peer-reviewed articles. Among the peer-

reviewed sources, 75% were published within 5 years of my anticipated completion of this study.

### **Resource Dependence Theory**

Competition for resources within the nonprofit industry has increased. Nonprofits need resources from external contributors to survive, and nonprofit leaders have had to adhere to the demands that suit the interests of external stakeholders (Lacruz et al., 2019). Pfeffer and Salancik (2003) explained that organizations that rely on external entities for resources usually need to comply with the demands of external stakeholders. Though external factors are uncertain and unexpected, leaders who understand the constraints and influence of the organization's dependence on external entities will be able to incorporate strategies to mitigate the risk that these factors can have for the organization. RDT indicates that there is power gained through relationships; this power is fostered because one party can convince another to do things that they would otherwise not do on their own (Cuervo et al., 2019). According to the principles outlined in RDT, when external influences, such as stakeholders, provide resources that affect the operation of the organization, they can dictate the decisions that should be made, resulting in conflicts (Liu et al., 2021). Resource dependence patterns include resource diversity, resource dependency, and resource competitiveness; these patterns influence the decisions, structure, and function of an organization (Seo, 2020).

Nonprofit leaders do not have autonomy for decision making and strategic planning; they are usually influenced by external supporters who demand that specific actions are present to maintain their contributions to the organization (Lu et al., 2020).



Although nonprofit leaders are not usually autonomous because they are dependent on external resources (AbouAssi & Bies, 2018), dependence can negate the internal functionality of the nonprofit organization. Dependence must not dictate the self-regulatory practices that should be developed and implemented based on the unique mission of each nonprofit organization (Hung & Berrett, 2021). Leaders of nonprofit organizations have implemented strategies that will allow them autonomy during the decision-making process that mitigates the underlined external dependency that dictates autonomy. Pfeffer and Salancik's (2003) RDT outlines that nonprofit organizations should develop strategies aimed at mitigating the adverse risk that dependence on external sources can have on a nonprofit organization. Interlocking boards are a lucrative strategy that improves governance practices, reduces the risk of external uncertainty, and optimizes the need for resource demands (Bloch et al., 2020). The principles outlined in RDT have been used by nonprofit leaders to influence donor behavior, shifting the power to the organization through media influence (Luo et al., 2021). Power dependence becomes evident when nonprofit leaders depend on governmental resources that are donated or rewarded by government agencies. Nonprofit leaders can incorporate politically focused activities that will lower the risk of external power and increase autonomy for decision making, reducing the negative risk of dependence (Sutton et al., 2021). The principles of RDT focus on the relationship that organizations have with the external environment through power dependency (Cuervo et al., 2019). Pfeffer and Salancik (2003) recommended four major strategies to minimize the adverse effects of organizational dependency.

### *The External Environment*

Management experts have focused on the internal environment as a priority for organizational sustainability; however, the authors of RDT highlighted the intricate dynamics that even perceived self-sustainable organizations will have in relationships with the external environment. The perceived self-sustainable organization will have direct or indirect relationships with the external environment (AbouAssi & Bies, 2018). The external environment will consist of social components that are not related to the internal environment of the organizational structure but have a direct influence on the operations of the organization (Fang et al., 2021). The employees, stakeholders, donors, board members, management, and consumers are major social influencers of the organization (Amis et al., 2020; Liu et al., 2021). Leaders of organizations need these subsets of the social environment to thrive in all functional segments of the organization for sustainability, function, and survival (Chang & Chen, 2019; Finley et al., 2021). The authors of RDT support the rationale that the external environment plays an integral role in the survival of any classification of the organizational composition (Lacruz et al., 2019; Lu et al., 2020) and should therefore be a central focus for leaders who are responsible for managerial policies within the organization.

**Dependence Reduction.** The authors of RDT suggested four strategies that organizations can implement to reduce the risk of external or environmental dependence and power influence. Resource diversification, interorganizational action, organizational growth action, and political action are the four major strategies outlined by Pfeffer and

Salancik (2003) that have been used by organizations to reduce the external influence and power that hinder the autonomy of nonprofit leaders.

1. *Resource diversification* has been one of the major strategies that many nonprofit leaders have employed to mitigate external control (Ilyas et al., 2020). Many organizational leaders have decided to use varied financial instruments to ensure that working capital and operational cash flow are available, providing autonomy to the management of the organization, dependent on the availability of donations (Seo, 2020).
2. Nonprofit leaders have focused on *interorganizational actions* such as those pertaining to board composition, compliance, accountability, and other governance practices, which satisfy the demand for external power composition and provide the needed resources for the sustainability of the organization (Bloch et al., 2020; Kurland & Mercer, 2020; Rodríguez-Arias et al., 2021).
3. *Organizational growth actions* consist of generating income from activities related to the mission of the organization, offering related income-producing products and services, as well as expanding the mission objective of the organization (Chang & Chen, 2019; Heger et al., 2021).
4. *Political action* is a controversial concept that scholars have studied but have been reluctant to recommend as a viable solution for mitigating dependence within the organization (Su et al., 2021; Zhou & Ye, 2021). However, political action has been used to assist management representatives in controlling

power influences that can threaten the survival of the organization (Sutton et al., 2021).

Resource diversification, interorganizational action, organizational growth action, and political action have been extensively studied and have been implemented by managers and leaders in varied, proliferated mechanisms, through practical strategies to mitigate the adverse effects of resource dependence. While the principles of RDT were chosen as the conceptual framework for this study, several other theories are comparable and support arguments outlined in Pfeffer and Salancik's (2003) RDT. Supporting theories such as the resource-based view (RBV) and institutional theories outline elements related to RDT; however, they were not chosen because several of the elements within the theory would not have adequately supported the focus of this study. The key elements of the other theories that are similar to or contrast with RDT are discussed and expounded to highlight the rationale for choosing RDT as the conceptual framework for this study.

### **Theories Related to Resource Dependence Theory**

The key components of the RBV take an inside-out approach to the management of resources to improve competitive advantage (Penrose, 2009). Comparable to Penrose's (2009) RBV theory, Pfeffer and Salancik's (2003) RDT outlines the interorganizational actions that can be employed by managers and leaders to mitigate resource dependence to encourage competitive advantage and sustainability (Bloch et al., 2020; Kurland & Mercer, 2020). Penrose (2009) stated that RBV theory does not negate the influence of the external environment. The focus outlined in RBV theory is primarily on the

importance and influence of the internal environment on an organization's resources.

Consequently, the related factor is the application of the internal environment as a subset of resource dependence and management policies (Schmid & Baldermann, 2021).

Meyer and Rowan's (1977) institutional theory emphasized the relationship between the organization and the societal environment. The authors explained that the decisions made by the organizational leadership team are determined or influenced by an external power. Both the institutional and resource dependence theories involve an assumption that organizational choices are constrained by multiple external pressures and allow researchers to explore the alternate decisions that leaders can make to limit the power of the external environment on the organization's ability to be autonomous (Cricelli et al., 2021). External power is the major element that differentiates institutional theory from RDT. The principles outlined in institutional theory and RDT focus on the extent of the impact that each external environmental influence could have on the organization's survival. However, Pfeffer and Salancik's (2003) RDT indicates that the source of an organization's dependence resides in the need for resources, while Meyer and Rowan's (1977) institutional theory indicates that organizational leaders are influenced by the behavioral norms of the external environment, which influence leaders' decision-making mechanisms.

Power, legitimacy, and governance are some of the fundamental principles that surround Freeman's (1984) stakeholder theory. Freudenreich et al. (2020) explained that leaders have used the principles of stakeholder theory to ensure that the organization's relationship with the environment aligns with mission accomplishment, value creation for

each stakeholder group, and sustainability. Leaders are responsible for ensuring that governance practices are in place; however, there is a direct or indirect power assertion that stakeholders demand that affects the specific practices instituted (Jimenez et al., 2021). Power relationship and governance considerations are extensive in both Freeman's (1984) stakeholder theory and Pfeffer and Salancik's (2003) RDT. While the principles outlined in stakeholder theory focus specifically on the relationship with the stakeholder (Amis et al., 2020), through the lens of environmental considerations, the principles of the stakeholder theory do not emphasize the organization's dependence on the external environment, which is one of the central foci of RDT.

### **Contrasting Theories to Resource Dependence Theory**

Some theories are similar to the RDT, which explores the relationship between the organization and the external or internal environment. The viewpoint of the theorist's argument is the determining factor that dictates the central theme of the theory. Pfeffer and Salancik (2003) argued that organizations depend on the environment for resources, which creates aqueducts for power, authority, and dependence shifts. Meyer and Rowan (1977) argued that leaders usually contend with a precarious relationship with the external social environment for legitimacy, while Penrose (2009) defended the autonomy of the internal environment on the power relationship between the organization and resource management. However, Ross (1973) presented a counter perspective to the problems that exist within the organization, which provided a solution to the resource dependence, power relationship composition, and interenvironmental dynamics of the organization's survival. While the elements of institutional and agency theories expound

on the internal and external environment, the theories lack a direct focus on the adverse effects on the decisions that leaders make because of the influence of elements within the organization's internal and external environment. The authors of agency theory discussed many of the effects of the external environment on the organization.

Ross's (1973) agency theory highlighted the common problems that can exist within the relationship between the organization and agents, presenting viable solutions. While the authors of RDT asserted that power resides with the external environmental players, the authors of agency theory argued that power resides with the organization (Cuervo et al., 2019). Therefore, leaders should utilize their power to acknowledge the fundamental contention that the relationship agreement cannot work without input from the primary service provider (Chen, 2019). The relationship dynamic works when the focus is not on the resource input, but on the organizational agents that ensure that needed service will continue to meet the demands of the principal (Lacruz et al., 2019). Power is a predominant factor in the argument for an organization's dependence; however, whether the power dynamic exists internally or externally is the contrasting element between the agency and RDT. Several of the theories that contrast with RDT have only minor factors that separate the arguments. Consequently, the decision to frame the conceptual framework of this study was based on the mitigating factors outlined by the authors of RDT, which highlight many of the elements of governance practices.

### **Governance Practices**

Governance practices are integral to the sustainability of the organization. Governance practices are the functions and processes that are implemented within an

organizational structure that facilitates accountability, equity, responsiveness, compliance, transparency, and stability (Blouin et al., 2018; Moggi et al., 2022; Shahid & Abbas, 2019). Governance practice encourages resource efficiency as a standard for accountability and measure of sustainability and compliance (Lu et al., 2020). While some scholars view governance as a tactical standard, many describe governance as a restrictive tool to meet the demands of stakeholders (Finley et al., 2021; Lacruz et al., 2019). Governance practices have been identified as an effective mechanism to mitigate risk factors that threaten the nonprofit sector's sustainability (Molk & Sokol, 2021). Nonprofit leaders have been criticized for not having effective governance practices in place to mitigate the occurrences of misappropriation of resources (McDonnell & Rutherford, 2019; Stötzer et al., 2021). Governance practices have been the focus of studies. Researchers have explored how established governance practices affect donor behavior, or when the reverse exists (Adena et al., 2019; Farwell et al., 2019; Qu & Daniel, 2021). Other scholars have expressed that governance practices have been an area of concern for regulators because nonprofit leaders do not have to comply with the same regulatory requirements imposed on the leadership of for-profit organizations.

Though governance practices and compliance are linked, and the terms are usually used interchangeably, there is a difference between the two concepts. Governance practices are developed internally by senior management and governing bodies within the organization, while compliance policies are established primarily by external regulators (Abu Khadra & Delen, 2020; Feng et al., 2019; Greitemeyer & Sagioglou, 2018; Harris et al., 2015). Consequently, it is important to note that compliance is an integral component



of governance practices (Heffernan et al., 2018; Plaisance, 2023). Each component of governance establishes a framework for ethics, performance measures, mitigation of risk, and management of operational mandates. Effective governance practices should voluntarily inform stakeholders about the financial and operational results for the organization, propagate ethical standards, manage responsiveness, maintain independence, and provide opportunities for equity and inclusion.

### ***Accountability and Transparency***

Accountability and transparency are two elements of governance practices that are integral to positive donor behavior. Nonprofit leaders depend on external resources, in the form of financial donations to operate (AbouAssi & Bies, 2018; Plaisance, 2023). Donors depend on nonprofit leaders to manage the resources they have contributed to accomplishing the mission for which the organization was established (Beaton et al., 2021; Hao & Neely, 2019). Donors expect that the resources will be managed effectively and have placed their trust in the leaders of the nonprofit to be accountable for the resources that have been given to them (Alhidari et al., 2018). Transparency and accountability have been two important factors that relate to the level of resources that is contributed to a nonprofit organization by donors (Lu et al., 2020). Ensuring that regulations and managerial processes that reflect accountability and transparency are primary elements for nonprofit leaders to implement to encourage donor engagement and participation. The elements of accountability, when implemented can have a positive effect on donor confidence.

Leaders that ensure that accountability standards are in place, will promote positive values with the organizational structure. Accountability is, therefore, the acceptance of an established standard that gives ownership to one's action (Farwell et al., 2019; Finley et al., 2021). Accountability, within the context of the nonprofit organizational leadership process, is the management and use of the resources donated. Donor confidence is positively influenced when accountability standards are consistent, voluntary, and transparent (Stötzer et al., 2021), which can result in increased donations (Shin et al., 2020). Accountability standards such as humanitarian internal and external codes of conduct, public disclosure of financial statements, registered third party review, certification, and accreditation contribute to governance practices within a nonprofit organization (Becker et al., 2020). Hatfield (2018) reiterated that accountability also improves donor relationships, the quality of management, and service standards. Because nonprofit leaders do not have stringent governmental regulations like that of their for-profit counterparts, there is a higher demand for the governance practice of accountability that highlights how donated funds are being utilized towards mission accomplishment. While accountability focuses on ownership and resource management, transparency focuses on the disclosure of information related to accountability.

Many donors appreciate transparency and rely on disclosed information to make giving decisions. Transparency, in a business context, is the willingness of the organization's leadership to disclose vital information that gives pertinent information about the operations and financial health of the organization (Blouin et al., 2018). Misappropriation and misrepresentation of financial reports declared by the leadership of

nonprofit organizations have led to declines in donation levels and increased demand for transparency because of the negative perceptions about the use of donor funds causing (Dang & Owens, 2020). Researchers have concluded that transparency is one of the major contributors to a donor's willingness to contribute financial resources to a nonprofit organization (Farwell et al., 2019; McDonnell & Rutherford, 2019; Zhou & Ye, 2021). Donors demand transparency, many will be deterred from supporting a nonprofit organization because there are no available financial and operational disclosures (Rossi et al., 2020). Dougherty (2019) supports the notion that transparency is integral to a nonprofit organization's governance practices; however, transparency on its own does not guarantee increased donations. The key for nonprofit leaders is to ensure that they gain an appreciation and understanding of the effect of disclosure on positive donor behavior. Donors will demand transparency to gain an understanding of the organization's mission, financial management, resource allocation, and ensure that ethical standards are upheld within the organization.

**Ethical Standards.** The presence of ethical practices builds on the accountability standards that are present within the nonprofit's operations and contributes to the governance structure and practices. Many organizations have been established to provide oversight for nonprofits providing an evaluation of ethical protocol as a part of the governance practices instituted (Guillén & Borkowski, 2020). Ethical codes of practice provide a framework for a positive organizational reputation that can enhance donor confidence and engagement (Ghafran & Yasmin, 2020). Donor engagement is achieved when a nonprofit organization, through ethical standards, provides information relevant

to strategic implementation, therefore building relationships, donor trust, and influencing donor confidence (Freudenreich et al., 2020). Also, the presence of ethical standards contributes to integrity and transparency, which contributes to the likelihood of donors providing monetary support when fundraising efforts are conducted (Greitemeyer & Sagioglou, 2018). Furlotti and Mazza (2020) explained that the presence of ethical standards, as a part of governance practices mitigates the occurrences of leadership abuse of power. There have been many questions surrounding the effectiveness of having ethical standards within the governance practices and the effect on donor confidence.

Ethical standards ensure that there are moral requirements during the process of operations, controls, management practices, and other relevant activities during business processes. Scholars have argued that the presence of ethical standards, as a mitigating factor for misappropriations, partiality, and immoral conduct, is one potent indication that the nonprofit organization has made collaborative efforts to ensure compliance (Jones et al., 2019; McDonnell & Rutherford, 2019; Stötzer et al., 2021). Heffernan et al. (2018) argued that legal and other operational compliance does not guarantee that ethical principles are engrained in the organization's governance practices. Charity watchdogs, such as Charity Navigator and BB Wise Giving Allowance are independent review organizations that provide potential donors and stakeholders with pertinent information about ethical standards and other governance practices that contribute to the decision to donate to a nonprofit organization. While ethical standards can be vague throughout the industry, many of the governance practices implemented by leaders of the organization

will contribute and fulfil the requirements of compliance organization and the key stateholder responsiveness.

**Responsiveness.** The measurement of responsiveness and receptiveness are components of governance practices. Responsiveness and receptiveness are the actions of meeting the demands of a nonprofit's stakeholders reasonably and cooperatively (Deslatte et al., 2019). In the studies I reviewed, responsiveness usually referred to the government's actions in meeting the needs of society or its clients (Harris et al., 2015; Luo et al., 2021; Peng & Lu, 2021; Sutton et al., 2021). The main objective of a nonprofit organization's mission is to offer services that meet the needs of the community it serves; therefore, the same standard that is expected of government agencies must be implemented in the regulations of a nonprofit organization (Carroll & Kachersky, 2019). Some of the ways that nonprofit leaders can demonstrate responsiveness are (a) ensuring that the service standards are relevant to meet the need of the community, (b) effectively communicating or reporting relevant financial and operational information to the public and stakeholders, and (c) empowering employees through initiatives that promote equity, fairness, and inclusion (Coupet et al., 2020; Klafke et al., 2021). Hao and Neely (2019) stated that participating in responsiveness initiatives is a fundamental way that existing and potential donors can directly understand how their contributions are being utilized towards mission accomplishment. Wilkin et al. (2018) noted that incorporating donor participation is another subset of responsiveness, as a part of governance practices, which can ignite altruism and social responsibility for the donor or stakeholder. Nonprofit board compositions are not in favor of participative responsiveness because they believe that it

impedes operational independence and autonomy of leaders, which is another integral component of governance practices (Kurland & Mercer, 2020; Rodríguez-Arias et al., 2021).

**Independence.** Nonprofit organizations are usually governed by a board; each member of the board avoids being influenced by interests that would conflict with the mission of the organization. Independence is a potent element of governance practices that facilitates integrity, professionalism, and due diligence. Independence has been a concern because of the power composition of external contributors of resources that demand that activities are skewed to benefit the member's interest and not that of the organization (Guillén & Borkowski, 2020). Bloch et al. (2020) suggested that interlocking board compositions are a viable alternative to not only maximize capacity but can be an effective mechanism for mitigating dependence and encouraging member independence. Kurland and Mercer (2020) supported the argument that independence through board representation and oversight is an essential element supporting effective governance practices because it facilitates advocacy, accountability, and representation. Abu-Khadra (2020) explained that though audit committees are not legally mandated for nonprofit organizations, it is an effective complement within governance practices to facilitate independent reviews and increase compliance when reporting on the IRS Form 990. Conversely, Rodríguez-Arias et al. (2021) argued that an independent board composition can pose a significant challenge because the board member's interests may not align with the values and operational objectives of the nonprofit organization. Also,

independence, as a component of governance practice, can conflict with the need to have elements of equity and inclusion.

**Equity and Inclusion.** Effective governance ensures that there are equal opportunities for all members, internally and externally. Equity and inclusion have been an extensive concept that is not exclusive to nonprofit organizations but also affects industries, governmental regulations, legal obligations, and cultural interactions. When an organization ensures that equity and inclusion activities, regulations, and protocol are a part of the governance practices for the organization, they inadvertently facilitate confidence, engagement, and confidence for all associated with the organization (Brimhall, 2019). Deslatte et al. (2019) explained that a nonprofit whose leaders make equity and inclusion a compliant priority is more likely to affect confidence within the donor pool and will encourage continuous contributions through donations. Many nonprofit leaders have encountered challenges with implementing equity and inclusion activities and regulations within the organizations. Nonprofit leaders have identified a lack of effective communication as the major contributor to the challenges that arises when equity and inclusion protocols are suggested.

Communication is one major way that nonprofit leaders can begin the process of equity and inclusion (Jardon & Martínez-Cobas, 2019). Equal access is demonstrated when there is adequate and frequent dissemination of information to stakeholders, employees, and the public (Ciortescu, 2020). Inclusiveness is achieved when initiatives are incorporated into the operational policies ensuring that there are practical elements that equate to value and empowerment for all employees, volunteers, and stakeholders.

Another effective element that nonprofit leaders can implement is to ensure that gender diversification is represented in the staff complement and board composition. Lu and Herremans (2019) explained that gender diversification will provide greater skillsets and knowledge which will facilitate higher-quality decision making, adding value to the organization's financial and operational performance.

### **Donors**

Nonprofit leaders rely on donors to provide resources to fulfill mission accomplishment, and governance practices contribute to donor confidence and the decision to give. Donors are individuals or entities who support the mission of a charity or nonprofit organization through monetary and non-monetary contributions (Alhidari et al., 2018; Kim et al., 2021). Individual donors contribute to over 70% of the \$466 billion of charitable organizations, in the USA, revenue raised in 2020; and over \$2 billion of that amount has been spent on fundraising initiatives to appeal to potential donors (Kamatham et al., 2021). The main source of revenue for nonprofit organizations is donations, sourced from individual and organizational donors; therefore, leaders are challenged to find innovative ways to fundraise and maintain a donor base (Klafke et al., 2021). Extensive studies have been conducted to ascertain the most effective ways to motivate, retain, and increase donor confidence to ensure a steady flow of donations (Kumar & Chakrabarti, 2021; López-Pérez & Ramirez-Zamudio, 2020; Luo et al., 2021). Nonprofit leaders that understand why donors contribute to the mission of the organization are in an advantageous position to ensure the organization's sustainability



and competitive advantage. There are many elements that need to be considered to identify why donors contribute to one nonprofit's mission over another.

Have you ever wondered why people will voluntarily give their money to an organization, or even the government? Individuals are motivated to donate to organizations because they believe in the mission of the organization (Farwell et al., 2019); others give because they feel morally compelled (Goenka & van Osselaer, 2019); some give because it is the social norm (López-Pérez & Ramirez-Zamudio, 2020); while others give as a benefit to themselves (in the case of tax benefits). Researchers have identified that increased competition for financial resources within the nonprofit industry has caused leaders to find innovative ways to attract and retain donors (Lacruz et al., 2019; Seo, 2020; Tsiros & Irmak, 2020). Some of the innovative ways that nonprofit leaders have implemented included: (a) specialized marketing campaigns, (b) providing multiple secure and trusted methods for donating, (c) efficient donor engagement strategies, and (d) recognition initiatives.

**Why Donate?** When donors or funders decide to give to a nonprofit's mission accomplishment, many will do it, with apprehension because there are elements that compromise their confidence; however, other factors will encourage donor confidence. There have been studies that focus on the factors that can contribute to donor confidence. Stötzer et al. (2021) postulated that one major factor that contributes to donor confidence resides in the nonprofit's leader's ability to voluntarily demonstrate accountability reporting and acquire industry accreditation. Financial disclosures have a positive relationship with the donor's response to charitable giving (Rossi et al., 2020). Su et al.

(2021) added that strategic, political, altruistic, and self-interest are four factors that have influenced a donor's decision to contribute to a nonprofit's mission and can predict whether they will sustain or increase their donations to a nonprofit's mission accomplishment. Additionally, the decision to donate money or time can be linked to the individual's psychology; for example, in an appeal for immediate help towards a cause that has personal connections to the donor, the results will equate to that individual being compelled to give to the cause. (Greitemeyer & Sagioglou, 2018; Song & Kim, 2020). When organizational leaders decide to use an appeal for immediate help, those appeals usually result in donors giving monetary contributions, while those donors who have established a favorable attitude towards the nonprofit will be more likely to give monetary resources instead of voluntary time or other nonmonetary resources (Song & Kim, 2020). The decision to donate money or time is psychologically influenced and can be fundamentally different for each individual.

Psychological influences are a positive determinant of a donor's decision to contribute, also the donor's value system is another powerful influence; some of these values include security, tradition, conformity, self-direction, benevolence, universalism, and power (Sneddon et al., 2020). Emotions are another subset of the individual's psychology that contributes to a positive response to influence the decision to donate. Emotional responses can be triggered through appeals made by nonprofit organizations or personal experiences that propel a potential donor's willingness to give (Agyemang et al., 2019). Goenka and van Osselaer (2019) stated that fundraising appeals can ignite emotions such as compassion, gratefulness, and fairness, which will result in an

individual's willingness to donate. Kamatham et al. (2021) stated that when leaders use marketing promotions that evoke sentimental emotions, coupled with vibrant pictures, impactful terminology, and a heartfelt story or internet appeals they are likely to result in successful fundraising appeals resulting in increased donations. Zhang et al. (2021) explained that consumer donation behavior is fueled by emotions and mood; however, there are other non-emotional factors such as morality, gender, and social norms that are contributors to a donor's decision to support a nonprofit's mission accomplishment. Other nonpsychological influences have contributed to the decision to donate.

Organizational identification is an individual's perceived connection or loyalty to an organization's mission; when leaders take steps to strengthen organizational identification it can result in increased donations and strong member relationships (Fang et al., 2021). Peer identification influences member retention and donations. Leaders of nonprofit organizations need to capitalize on and be cognizant of how donor value alignment, organizational identification, and peer identification can contribute to positive donor behaviors (Ghafran & Yasmin, 2020). Fang et al. (2021) contended that while member-nonprofit relationships are a strong influential factor in a donor's willingness to contribute to mission accomplishment, it can take a longer period to realize donor contribution than organizational identification. While organizational identification has a powerful impact in motivating donors to give to a specific mission, there is another factor that can also influence donor confidence and willingness. Carroll and Kachersky (2019) identified perceived donation efficacy (PDE) as a viable option for charitable giving; PDE is a donor's belief that their giving has a positive impact on the mission of the

organization. Corporations and government entities contribute to the donor pool and have made significant contributions to the mission of the nonprofit organization.

The nonprofit-governmental relationship has been characterized as a partnership because both entities' objectives are centered around social initiatives to meet the needs of society. Governmental agencies have contributed over 65% of the total revenue of the largest nonprofit organizations throughout the United States of America (Piatak & Pettijohn, 2021). Many nonprofit leaders have capitalized on donations from government entities to ensure that a consistent funding stream is available to the organization to remain viable and sustainable (Reckhow et al., 2020; Sutton et al., 2021). The nonprofit-governmental relationship has benefits and challenges relating to resource dependency, governance practices, stakeholder engagement, and other operational factors. When funding is given by government agencies, there are usually restrictions that can pose challenges to the operations and general mission accomplishment of the nonprofit (Hung & Berrett, 2021). Governmental donors demand that legal and state practices are represented in the governance practices implemented within the organizational structure, (Lacruz et al., 2019), which can conflict with the demands of other key stakeholders. Also, while governmental funding to nonprofits provides a steady flow of income, delays in those payments can cause nonprofits to have significant challenges that may result in adverse financial, operational, and programmatic deficiencies (Peng & Lu, 2021). Nonprofit leaders will ensure that they comply with government regulations, fulfilling governance practices, and identify the organization as a viable candidate for donations.

There are several reasons that government agencies are willing to support charities or nonprofit organizations. The major reasons that government agencies will support the nonprofit mission are because they are influenced by political motives, public pressure, and contributing to the well-being of society. Governmental agencies may be motivated to contribute to gain political advantages. Sutton et al. (2021) explained that organizations use corporate political activities (CPA) to mitigate and control the uncertainty surrounding the regulations that politicians can incorporate that would affect the sustainability of an organization; however, many researchers have identified this strategy as a balance of power in reducing the adverse effects of resource dependence. Media and public scrutiny may also motivate government agencies to donate to human interest groups and social initiatives. Luo et al. (2021) investigated how the media influences the donor behavior of the government in China. The authors explained that governmental donor behavior is influenced when media coverage puts pressure on the government to support nonprofit social initiatives using media and public opinion. In this case, there is a powerful pendulum that shifts in favor of public opinion where government agencies are pressured to do what is in the interest of the public to donate funds to a worthy cause or be criticized for not supporting the positive social impact being championed by the leadership of the nonprofit organizations. Despite many of the challenges that the nonprofit-governmental partnership or donor relationship can pose, the benefit of having a large and consistent resource stream outweighs the challenges. Corporate donors are also an integral consideration for many nonprofit organizations.

Large corporations and other for-profit organizations will donate to nonprofit organizations to fulfill their corporate social responsibility. Corporate social responsibility is a foundational element that has been incorporated by many organizations where leaders consider what the organization can do to give back to society while meeting the organization's stakeholder obligations and commitment (Agudelo et al., 2019; Zhou et al., 2018). Also, corporations will donate to registered nonprofit and charitable organizations to benefit from the tax benefits that can be ascertained. Developing goodwill, gaining publicity for brand promotion and increased customer support, and establishing an inclusive corporate culture are other major reasons that corporations donate to charitable and nonprofit organizations. Finley et al. (2021) explained that the support of corporate donors has had a positive influence on the nonprofit's performance because corporations not only provide financial support for mission accomplishment, but many of the corporate sponsors will offer support related to professional expertise for the implementation of effective governance practices, management policies, financial acumen, and operational best practices.

**Attracting and Retaining Donors.** Leaders have found innovative ways to attract and retain donors because of heightened dependency and increased competition for resources (Lacruz et al., 2019). Researchers conduct studies that have focused on innovative strategies that nonprofit leaders have implemented to give the organization a competitive edge in attracting and retaining donors. The literature that was reviewed highlighted innovative strategies that focused on specialized marketing campaigns, technology that facilitates secure and trusted methods for donating, ascertaining

certification and compliance measures, and utilizing efficient donor engagement. Goenka and van Osselaer (2019) explained that different emotional appeals should be used in the marketing campaign to match the objectives of the organization, also using specialized emotional appeals that evoke emotions such as compassion, gratefulness, and fairness, are more likely to encourage positive donor behavior resulting in increased donations. Tsiros and Irmak (2020) investigated the benefits of setting donation frames as a part of marketing campaigns that aimed to encourage support for nonprofit or charitable organizations; the authors revealed that consumers would be more likely to donate when there are the specified minimum and maximum donation frames outlined in marketing campaigns. Logic theory highlighting the social impact that the nonprofit's service standards have contributed to society is another innovative marketing strategy used by nonprofit leaders. Klafke et al. (2021) explored 11 foundational elements of the SD-Logic focusing on relationship service exchange as an effective marketing campaign to encourage positive donor behavior.

Customer relationship management is a key element of a nonprofit organization's operational efficiency that can predict donor commitment behavior. Schetgen et al. (2021) said that nonprofit leaders can use social media data mining platforms, such as Facebook, to predict the behavior of potential donors, and can be an efficient and effective tool to attract and retain donors because the data mining tools categories the age, education, location, interests, and consumption behaviors. which are key predictors for identifying potential donors. While many nonprofit leaders focus primarily on fundraising for monetary contributions, consumer satisfaction surveys have revealed that

while individuals would be willing to give monetary contributions to the mission, they also desire to use other means of adding value to the organization and mission accomplishment. Faulkner and Romaniuk (2019) explained that while monetary donations help to tangibly sustain the organization, other support activities illustrate that the donor values the mission of the organization and will be retained as a supporter. Also, those donors would be committed to the nonprofit organization's mission and will continue to give not only time but money.

The reputation, financial efficiency, media visibility, and accreditation status of a nonprofit organization are other factors that influence donor retention and attraction (Peng et al., 2019). Organizational reputation is defined as the organization's perceived integrity, usefulness, effect, and efficiency (Katz, 2018). If the reputation of the organization is marred by negative media, it can negatively affect the perception of a donor and result in decreased donor support, or a loss of donations to the organization (Jones et al., 2019). The public image or reputation of a nonprofit organization impacts fundraising efforts. Conversely, a nonprofit's organizational reputation can encourage trust from supporters but does not guarantee donations; however, a good reputation is a mitigating factor that positively influences donor behavior (Schultz et al., 2019). The authors explained that though the organization's reputation only may not be the dominant predictive factor, reputation does contribute to an individual's cognitive perception resulting in value attachment. Value attachment is a positive determinant of donor behavior, along with shared social values between public agencies and nonprofit organizations improved client orientation and transition, communication, and capacity



building (Coupet et al., 2020). A key element for building relationships is fostering a culture of trust and transparency. Hutagaol-Martowidjojo (2019) explained that building trust with key stakeholders, by gaining stakeholder involvement, is the key to increasing donor contributions, retention, and attracting potential donors. The authors suggested that some of the strategies that can be used to gain trust and build donor relationships may include gaining government involvement, continued and intentional communication of the organization's mission and vision to key partners, and maintaining support from other firms and individual donors. Flexibility is another mitigating element for attracting and retaining donors.

Many nonprofits do not offer donors the flexibility to express their altruism in the way that they would prefer because the organizations usually have one standard method for donations, which would hinder their fundraising capacity. Kim et al. (2021) stated that understanding donor behavior has the potential to strengthen the organization's capability to fundraise appropriately and benefit from donor participation over persuasive efforts underlining a specific amount for donations. The authors suggested that managers and leaders should focus their fundraising efforts on (a) providing donors multiple options for giving, (b) promoting active participation and not amounts for giving, (c) donors that have lapsed in giving should be viewed as new prospects, and (d) optimize on seasons of donation. Over the past 20 years, there have been increasing technological advances that have changed the way donors can contribute to charitable organizations, which can present other flexible options for contributing. Digital fundraising is an effective tool for increasing the pool of potential donors that would not have the opportunity to be

introduced to the mission of the nonprofit organization (Zhou & Ye, 2021).

Technological options have presented convenient options for donor giving; however, many donors have been victims of fraud and cyber abuse. Farsya et al. (2020) stated that many nonprofit organizations have implemented and provided access to successful technology-based systems that have been used to influence a donor's trust or distrust of online donations. The authors reported that the convenience and advantages of donating online for both the donor and the donor-recipient resulted in a trust-based relationship that fostered a greater influence on the variable of positively influencing donations submitted online.

Nonprofit organizations have invested time, money, and intangible efforts to develop innovative strategies to promote their missions to attract and retain donors. One such strategy is pricing promotions. There have been several studies conducted where the authors have reported that there is a positive relationship between fundraising efforts that promote pricing promotions as an effective strategy for encouraging individuals to donate (Jegers, 2019; Zhang et al., 2021). Higher promotion pricing incentives, such as 10% or 50% off, can boost a consumer's perception that they are saving and will have more disposable revenue which can equate to the consumer's ability to donate. Many nonprofit organizations use direct mail appeal as their primary marketing fundraising campaign efforts. These direct mail fundraising campaigns usually include monetary and nonmonetary pre-giving incentives (PGI). Yin et al. (2020) expounded on the return on investment that direct mail marketing campaigns will deliver, also addressing donor responses when monetary PGI versus nonmonetary PGI are utilized for fundraising

initiatives. Using PGI can be a worthwhile fundraising campaign; however, factors such as the goal and objective of the campaign should be fundamental consideration; if the donor perceives that the campaign is in alignment with their goals then they are more likely to give to the effort (Yin et al., 2020). Interestingly, the authors explained that monetary PGI is likely to have a greater response rate than nonmonetary PGI marketing campaigns. Charitable organizations conduct appeals for fundraising initiatives. These appeals can be characterized as negative or positive. Negative appeals would depict adverse consequences for an individual not donating to a worthy cause, while positive appeals depict good consequences that will occur when an individual donates to a cause. Erlandsson et al. (2018) explained that negative appeals usually evoke negative emotions such as guilt and empathy, which would motivate donor giving, however, positive appeals tend to evoke positive emotions of altruism and would result in a donor being willing to give more to the organization, which would give a more favorable attitude towards the individual's willingness to donate. Paxton et al. (2020) agreed with the sentiment that emotional appeals are effective in getting the attention of potential donors, however, the authors have concluded that the use of both negative and positive emotional appeals will have a positive effect on donation levels. Donors are unique individuals, therefore, there is no way to evaluate which method of emotional appeal will equate to positively affecting the decision to donate.

Potential donors seek to find assurances that their funds will be utilized for the purpose that it was given; donors depend on charity evaluators to decide whether to give to one organization over another based on the accreditation or certification seal (Hao &

Neely, 2019). In the study presented by Hao and Neely (2019), the authors explored the factors that would influence a nonprofit organization to pay external evaluators to get a seal that advertises their accreditation status. Nonprofit leaders that were the focus of the study reported that they would be willing to pay the license fee to have their certification status advertised because there were recognized benefits of being certified, such as increased observability, fundraising engagement, survival rate, and positive donor behavior. The fundamental purpose of accreditation and certification of the nonprofit organization is to protect the public and the stakeholders (Kurland & Mercer, 2020). Also, certification or accreditation is a mechanism that provides a viable indication to donors that the nonprofit leaders have implemented governance practices that encourage accountability and will usually dictate positive donor behavior (Feng et al., 2019). Consequently, nonprofit leaders have acknowledged the benefits of seeking and getting accreditation; however, the time, capacity, and cost of getting the accreditation may be the biggest deterrent for many organizations not getting accreditation. Accreditation and certification cannot guarantee increased donations or donor confidence (Dougherty, 2019); however, the benefits that gaining accreditation and certification brings to the organization outweigh some of the major challenges that can be identified. Accreditation facilitates the identification of organizational strengths and weaknesses of the operations, sharpens operational deficiencies, and heightens donor confidence (Heffernan et al., 2018). Another factor that potential donors are keen on is the perception of how the funds that they have contributed will be used.

Online financial disclosures have a positive relationship with the donor's response to charitable giving (Rossi et al., 2020). If the financial ratios reported are not favorable, it can influence the decision to donate, when low overhead expenditures are reported, the organization received higher donations than those that reported higher overhead expenditures (Qu & Daniel, 2021). Donors and key stakeholders focus on the financial performance of the organization as a fundamental determinant for maintaining support, through donations, while others are keen on other operational issues that are of personal interest (Jimenez et al., 2021). Donors support the nonprofit's mission and may not be aware of the administrative costs that are associated with mission accomplishment, as such, those donors may withdraw their support because the financial disclosure represents a higher ratio of spending on administrative costs instead of direct mission-related expenditures (Dang & Owens, 2020). While financial disclosures are an integral element that influences donor confidence and impacts the decision to donate, ensuring that the organization's financial disclosures represent a viable and compliant organization is the responsibility of the leaders.

### **Strategies for Sustainability and Financial Viability**

The main source of revenue or income for many nonprofit organizations is donations, however, with the increased competition for donors, there has been a need for leadership to find other viable strategies to mitigate the resource dependency that exist within the structure of the nonprofit industry. Many nonprofit organizations collect fees for products and services offered (Heger et al., 2021; Johnson et al., 2020). It is important to note that fees, referred to as earned income, contribute to approximately 56% of the

total revenue for several classes of nonprofit organizations, such as education and healthcare, within the industry in the United States of America (National Council of Nonprofits, 2019). Researchers have specified that the proportion of earned revenue, 56% of total revenue, is specific to those nonprofits that have a larger market share, based on annual revenue reported to the IRS, and would not apply to those nonprofits that are smaller. Leaders of nonprofit organizations that report earned income from fees have reported that there are still challenges that hinder revenue sustainability (Johnson et al., 2020); stating that the major challenge was the volatility in consumer demand for the goods and services (Faulkner & Romaniuk, 2019). Revenue diversification has been another viable strategy that nonprofit leaders can consider for mitigating the challenges of resource dependence.

Revenue diversification has been a viable strategy that nonprofit leaders have used to minimize the adverse effects that low or decreasing donations can have on the sustainability of the organization. Berrett and Holliday (2018) asserted that revenue diversification can contribute to a lessened state of operational uncertainty and dependence on external sources for resources. Shon et al. (2019) endorsed the notion that revenue diversification is a strategy that organizations have used to ensure that they have ample resources to fund the expenditures arising from operational activities. Leaders who consider revenue diversification are at an advantage to ensure sustainability and will provide the organization with alternatives to combat the adverse effects of resource dependence. Revenue diversification can also ensure that there are enough income

sources to cover administrative and operational costs that would be unavailable because of the classification of donor restricted funds.

The primary source of the funding that is received from donations can be classified as restricted or unrestricted. Nonprofit leaders rely on funding from several sources to fund administrative needs and other operational expenditures. The primary source of funding usually comes from private and corporate donations, governmental grants, service fees, and investment income, most of which have been designated for use in the missions of the organization and classified as restricted funds/income (Klafke et al., 2021; Moreno-Albarracín et al., 2020). Other funds are designated as unrestricted funds/income for use in the operational and administrative costs of the organization. Unrestricted funds, though relevant to the operations of the organization, can be highly scrutinized by donors because they view the use of these funds to be indirectly related to the mission of the organization. It is also likely that the allocated unrestricted funds are not adequate to cover the operational and administrative costs. Shon et al. (2019) agreed with Pfeffer and Salancik's (1978) RDT explaining that the nonprofit leader's dependence on restrictive funds can result in the organization not having adequate funding for sustainability. The authors suggested that if the organization can implement strategies that will allow leaders to utilize unrestricted funds in revenue diversification instruments, it may assure that adequate funding will be available for allocations for operational, administrative, and other organizational costs. Other sustainable strategies that have been employed by many nonprofit organizations have been summarised in the management and operational practices that are present within the organizational structure.

Internationalization has been a strategy that many organizations use to expand their revenue streams and promote the expansion of the organization's market share. Internationalization has been found to increase an organization's ability to enhance social responsibility; however, it can also lessen the amount being donated because the focus is for the organization to contribute to developing countries and not to the local country. Liu et al. (2018) presented a study that examined the relationship between internationalization and local donations to organizations in China. Liu et al. used Pfeffer and Salancik's RDT to ground the study, explaining that organizations are not autonomous and will be dependent on external resources for the sustainability of the organization, the level of dependency depends on the organization's asset holdings and its ability to conjure alternative funding. Liu et al. concluded that when organizations expand internationally it is likely that they will depend more on the international market for funding and would therefore lessen the donations they would normally provide to the local economy. While internationalization is a viable option to ensure financial viability and lessen resource dependency, many nonprofit organizations may not have the resources or experience to expand internationally; leaders have focused on other alternatives to deal with the challenges that arise from resource dependence.

Researchers have admonished nonprofit leaders to adapt the management and operational practices, along with the organizational structures that exist within for-profit organizations to enhance sustainability. Suykens et al. (2019) outlined literature that supports the fact that nonprofits should focus on mission accomplishment, creating opportunities to generate income from non-traditional methods, enhancing governance,



and improving management practices. The authors proposed a hybrid approach to the structure, focus, and operation of nonprofit organizations to increase sustainability. Management practices inclusive of an effective business model are essential, descriptive, communicative, and analytical tools to aid in the strategic plan of the organization. The business model implemented by a nonprofit organization should include value proposition, organizational activities, organizational resources, mission, vision, donor relationships, financial accountabilities, and partnership engagement strategies. Sanderse et al. (2020) expounded on existing literature on business model strategies that have been successful in enhancing sustainability and improving the financial health of a nonprofit organization. Understanding the key components and objectives of a business model will be beneficial to the sustainability and effective management practices of a nonprofit organization.

Researchers have suggested that another viable sustainability strategy is the use of economic or other performance models to help measure that tracks the performance and use of financial resources, operational mandates, governance practices implementation, and costing mechanisms (Jegers, 2019). Business models have been identified as one of the key tools in describing the strategies that the business has used to remain sustainable, consumer value propositions, and stakeholder engagement. Business models are usually evident in for-profit organizations but are usually lacking in nonprofit organizations. Nonprofit leaders should ensure that business models are included in their strategic plans as a performance measure. Perić et al. (2020) stated that instead of using community impact and mission accomplishment as the major measurement tool, nonprofit

organizations should consider incorporating a viable business model as a part of the established performance measurement tool. The authors identified several characteristics of a business model that can be incorporated to identify consumer value propositions, competitive advantage, and sustainability strategies.

Strategic planning is an integral part of an organization's foundational operations. Having a plan in place in case of uncertainties and unexpected economic eventualities is a process that should be a part of strategic initiatives. The COVID-19 pandemic has proven that many nonprofit organizations were not adequately equipped to manage the adverse effects. Rottkamp (2021) proposed a realignment of a nonprofit's mission, vision, and strategic planning initiatives, before adverse or changing economic eventualities hit and disrupt the organizational structure and sustainability. The author highlighted several steps that can be incorporated, including (a) realigning programmatic strategies, (b) embracing technology, (c) identifying new revenue streams, (d) partnering with other organizations, and (e) embracing data analytics. These strategies are some integral tools that nonprofits can incorporate as a part of their strategic planning initiatives. Strategic planning is an integral part of the organization's survival, some challenges can arise from changes made to enhance donor behavior and encourage sustainability. Hutagaol-Martowidjojo (2019) stated that changes in leadership, product and service offerings, and major policy changes can create challenges with donor support and levels of contributions because they may not agree with changes in the organization's strategic plan.

## **Literature Summary**

Governance practices and the effects on donor behavior have extensive literature that supports and explore varied segments of the topic. Pfeffer and Salancik's (1978) RDT has been explored in many of the studies that focused on a nonprofit's dependence on external support, relating to donor behavior and governance practices, which makes it an appropriate conceptual framework for exploring strategies that a nonprofit can use to improve governance practice to increase donations. Literature that has explained how an understanding of the elements that contribute to positive donor behavior; specifically, why individuals and entities donate, and how to attract and retain donors, have reported positive results in increased and consistent donations (Faulkner & Romaniuk, 2019; Schetgen et al., 2021; Zhou & Ye, 2021). The role and function of governance practices on positive donor confidence have been another area that has been explored, resulting in positive donor outcomes (Adena et al., 2019; Farwell et al., 2019; Qu & Daniel, 2021). Consequently, a critique of both theoretical and empirical literature has led to the conclusion that there are still unanswered questions regarding the role of governance practices in encouraging donor confidence, resulting in increased levels of donation.

## **Transition**

In Section 1, I established the foundation of the study, expounded on the background of the problem of how and why nonprofit leaders need to improve governance processes and encourage donor confidence to increase the levels of donations. I described the population and sampling techniques that were utilized for this qualitative single case study. I introduced RDT, which formed the conceptual framework

and framed the answer to the research question for this study. The comprehensive review of professional and academic literature explored four major external environment elements that contribute to dependence reduction within RDT. Related and contrasting theories were explained, highlighting the major similarities and differences for key elements of RDT. I illustrated how governance processes such as accountability and transparency, ethical standards, responsiveness, independence, equity and inclusion, affect donor behavior and confidence.

In Section 2, I explain the purpose of the study; provided detail of the context of the study; described the role of the researcher; highlighted the study's participants; explained the research method and design; and expounded on the plan used to collect, analyze, and validate the data used in the study. In Section 3, I elaborate and expound on specific aspects of the client organization through the lens of RDT, with a discussion of my findings and recommendations.

## Section 2: The Project

The literature review in Section 1 focused on relevant strategies that nonprofit leaders have used to improve governance processes and encourage donor confidence, to increase the levels of donations. In Section 2, I recapitulate the purpose of the study, describe my role as the researcher, highlight the study's participants, explain the research method and design, and expound on the plan used to collect, analyze, and validate the data used in the study.

### **Purpose Statement**

The purpose of this qualitative single case study was to explore strategies that nonprofit leaders use to improve governance processes and encourage donor confidence, to increase the levels of donations. The target population consisted of four senior executive members of a donor–nonprofit amalgamation nonprofit organization in the Midwestern United States, who participated in semistructured interviews designed to gather the successful strategies that the organization's leaders had implemented to improve governance processes and encourage donor confidence to increase the levels of donations. The findings of this study have the potential to promote efficiency within the nonprofit organization's governance practices, which can improve donor confidence, resulting in increased levels of donations and stimulating positive social change in the region.

### **Role of the Researcher**

The role of a researcher conducting a qualitative study is to maintain the integrity of the collected and analyzed data, and impartially communicate the conclusion of the

study (Karagiozis, 2018; Saunders et al., 2016). Researchers need to maintain confidentiality, remain unbiased, conduct interviews following established protocols, and exhibit relevant competence (Saunders et al., 2016; Yin, 2018). This study explored the successful strategies that the leaders have implemented to improve governance processes and encourage donor confidence to increase the levels of donations. I believe that my experience as a vice president of finance for a nonprofit organization has equipped me to execute my role as a researcher effectively. I have had experience establishing governance practices and donor relationships and interacting with external resource providers. These experiences have given me a fundamental advantage in understanding interview protocols, the importance of governance practices to donor confidence, and the elements of resource dependence.

Researchers should uphold ethical principles while conducting research. The Belmont Report was established to ensure that researchers adhere to ethical principles and guidelines, considering the rights and protection of the research participants. The Belmont Ethical Principles are the foundations for the Common Rule (45 CFR 46); they comprise three elements during the research process: respect for persons, beneficence, and justice (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). I upheld ethical research principles by ensuring that (a) each participant voluntarily signed a consent form indicating their willingness to participate in the study; (b) the client nonprofit leader signed the Walden Doctor of Business Administration (DBA) Research Agreement, which outlined adequate information about the scope, responsibility, and objectives of the study; and (c) the

selection of each participant complied with Institutional Review Board (IRB) guidelines, which ensured respect, autonomy, consent, and equitability.

Research bias is a major challenge to ethical research compliance. Bias can lead to errors in judgment and findings, and misinterpretation of data (Karagiozis, 2018; Saunders et al., 2016). Researchers need to first be aware of personal biases and then find effective strategies to avoid and mitigate biases during the process. Establishing interview protocols, evaluating acceptance of evidence that may be contrary to personal assumptions or beliefs, and assessing the researcher's objectivity are effective strategies for reducing research biases (Shaw & Satalkar, 2018; Yin, 2018). I employed member checking to manage research bias. The member checking process dictates that the data collection interpretation is verified by the participants. I ensured that data interpretation was sent to each participant and confirmation of their interpretation was represented. I identified my personal bias and ensured that my viewpoints were eliminated during the data collection and analysis process, therefore attaining objectivity and minimizing research bias.

I conducted semistructured interviews and developed questions that aligned with the research question: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations? Yin (2018) stated that structuring interview protocols and interview questions that align with the focus and objectives of a study are an effective strategy for mitigating researcher and participant bias. The semistructured interviews that I conducted were done through Zoom communication technology, whereby each interview was recorded, and the transcripts

were uploaded in a file. I ensured that each participant was asked the same open-ended questions and that their responses were member checked and verified. The process of using an interview protocol, open-ended questions, and recordings satisfied effective strategies to minimize researcher biases.

### **Participants**

The participants of this qualitative single case study included four senior executive members of a donor-amalgamation nonprofit organization, in the Midwestern United States, who were experienced in successfully implementing strategies that improved governance processes and encouraged donor confidence to increase the levels of donations received. Walden University's consulting capstone program, in compliance with the Walden IRB requirements, selected and assigned the client organization that is the focus of this study. The selection process for each research participant should include an evaluation of the individual's knowledge and expertise that aligns with the research's focus (Allen et al., 2018; Yin, 2018). The study participants had knowledge and expertise that allowed them to give relevant information containing details of specific strategies that nonprofit leaders use to improve governance processes and encourage donor confidence, to increase the levels of donations. The four participating senior executive leaders had facilitated and implemented governance processes, as well as executed and managed donor engagement for my assigned client organization. Each of the four executive leaders had been integral in conducting fundraising initiatives and donor engagement projects, qualifying them to give relevant information to answer the study's research question and explain additional strategies that had been employed to ensure that



governance practices were implemented to facilitate and encourage donor confidence, to increase the levels of donations that had been received. Each participant had more than 10 years of experience in a donor-amalgamated nonprofit organization, which qualified them to provide information relevant to the scope of the study.

The success of the client–consultant relationship is dependent on building a positive relationship. After the selection process was completed, the Walden University capstone administration sent an email to the client organization with a professional profile bio along with an overview of the Walden University consulting capstone program. I followed up on that introductory email requesting a phone call to establish a communication plan for all the participants and a review of the service order agreement, and other program engagement details. Once the consulting relationship and research agreement were established, there was weekly Zoom communication with the client's executive director (ED), during which I facilitated discussions to establish details for the service order agreement, foundational concepts for building trust and respect, and direct question-and-answer sessions for clarification relating to the scope, method, and design of the research study.

## **Research Method and Design**

### **Research Method**

The qualitative methodology was chosen for this study to explore the strategies that have been used to improve governance processes and encourage donor confidence to increase the levels of donations. Researchers use the qualitative methodology to explore a phenomenon in a naturalistic and social environment, focusing on answering the whys

and hows of the phenomenon, using nonnumerical data (Saunders et al., 2016). The qualitative methodology, widely referred to as an investigative or interpretive philosophy, allows the researcher to investigate and provide an in-depth exploration of a social or naturalistic phenomenon (Chauhan & Sehgal, 2022). The qualitative research methodology allows the researcher to gather information from participants' lived experiences relating to the focus of the research topic; the researcher can identify themes ascertained from the responses given and provide a subjective analysis of behavioral norms (Mitchell & Rich, 2021).

A researcher can choose to use the qualitative, quantitative, or mixed methods methodology for a study. A researcher using a quantitative methodology will examine relationships among variables, using statistical or numerical data (Marshall et al., 2022). Additionally, researchers may opt to use the mixed method for a study, in which they use measurements and analytical components of the qualitative and quantitative methodologies (Saunders et al., 2016). Neither the quantitative method nor the mixed method would have been appropriate for this study because the purpose of the study did not include examining variables' characteristics or relationships or testing hypotheses for examining relationships. The qualitative methodology was the most appropriate method because I explored strategies that nonprofit leaders use to improve governance practices to encourage confidence and increase levels of donations.

### **Research Design**

Researchers utilizing a qualitative research design can employ a case study, phenomenology, ethnography, or narrative design (Yin, 2018). I used a single case study

design for this study because I explored a business problem within the context of a unique phenomenon for a particular organization. Researchers use a case study design to develop and explore in-depth data in a real-life setting (Saunders et al., 2016).

Additionally, case studies have been widely used by researchers for the specific purpose of exploring in-depth knowledge on bounded subject matters relating to groups, events, organizations, and a phenomenon with a real-world focus (Rashid et al., 2019). Case studies can be used to explore one specific subject matter, or there can be a multiplicitous approach resulting in a comparative and illuminative conclusion. There are several ways to explore real-life bounded subject matters.

A phenomenological design is used to explore the commonalities of a group's experiences (Yin, 2018). The primary purpose of a phenomenological design is to illuminate specific phenomena from the perspective of individuals, eliminating the normative assumption, focusing mainly on the individual's subjective interpretation, and using a descriptive and not exploratory approach to understanding a phenomenon (Churchill, 2018). Conversely, an ethnographical design is used to explore a group's cultural narrative, as a representation of a larger group's narrative (Guha et al., 2021). Researchers conducting a study utilizing an ethnographical design usually immerse themselves in the community of the study participants to observe the research subject matter in a natural and nonmanipulated environment (Bass & Milosevic, 2016). A narrative design is used to interpret a personal story, or a biography of an individual (Saunders et al., 2016). Researchers have used the narrative design to explore the human experience in a texturally rich format, deducing a conceptual narrative of the study's

focus (Mertova & Webster, 2019). The purpose of this study was to explore a business problem within the context of a unique phenomenon for a particular organization's strategies that the leaders used to improve governance practices to encourage confidence to increase the levels of donations.

A phenomenological design would not have been appropriate because it is used to explore a business problem through the lens of the participants' lived experiences. An ethnographical design would not have been appropriate because I did not explore a group's cultural commonalities. A narrative design would not have been appropriate because I did not explore an individual's personal story. A single case study design was the design that I chose. A single case study design was most appropriate for this study because I identified and explored strategies that the participating nonprofit organization leaders had used to implement governance to increase donations.

### **Population and Sampling**

The purposeful sampling technique, known as purposive and selective sampling, was utilized for the selection of the target population for this qualitative single case study (Saunders et al., 2016). I employed the techniques of purposive sampling to identify and select the four senior executive members of the donor-amalgamation nonprofit organization in the Midwestern United States. The four senior executive leaders had the characteristics and expertise to successfully implement strategies that improved governance processes and encouraged donor confidence to increase the levels of donations. Purposive sampling is intentional selection of participants who possess qualities, knowledge, and experience that will add value to the data (Campbell et al.,

2020). Etikan et al. (2016) explained that purposive sampling can be conducted heterogeneously, homogeneously, typically, critically, totally, and expertly.

Utilizing the heterogeneous method of purposive sampling, I selected senior executive leaders who possessed the acumen to provide comprehensive data relevant to governance practices, donor relations, and other strategies relating to the focus of this study (Etikan et al., 2016). The ED of the client organization provided a list of the senior leaders who would participate in semistructured interviews geared toward ascertaining information about the organization's successful strategies that the leaders had implemented to improve governance processes and encourage donor confidence and increase the levels of donations received. In addition to the ED, I contacted the senior executives responsible for operations and donor relations, along with the chairman of the board of directors, to confirm their willingness to participate in the research study and to outline the details of the semistructured interviews that would be conducted with each of the four senior executive leaders.

Semistructured interviews were conducted as specified in the service order agreement, utilizing the outlined research interview questions. I conducted individual interviews using Zoom video conferencing technology. The Zoom video conferencing technology, though a virtual tool, facilitated an "in-person" atmosphere during the interview process. I was able to see the participants and identify nonverbal cues that would facilitate gathering the information needed to answer the research question: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations? Additionally, using the Zoom

conferencing video technology, I employed the established interview protocol (see Appendix) and fulfilled the Belmont Ethical Principles of respect for persons, beneficence, and justice (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). I asked each of the four executive leaders the same research questions for the study and respectfully exchanged cordial conversations. I allowed each participant the time they needed to adequately answer the interview questions and asked follow-up questions to ensure that adequate data were collected. I activated the transcription feature of the Zoom video conferencing technology for each interview that was conducted; the transcription feature ensured that each interview session was recorded verbatim. After the interview process was completed, I accessed both the video recording and the transcription data file. I saved each file to the designated folders on my computer and labeled each P1, P2, P3, and P4; I held subsequent discussions with each participant for interpretive verification and accuracy confirmation.

To help ensure data saturation for this study, I collected data from the four senior executive leaders during the interview process and applied the member checking technique. Data saturation in a qualitative study is used as an essential criterion to determine when data collected by the researcher can be ceased (Saunders et al., 2018). Daher (2023) explained that the quality and content validity of a study is negatively impacted if data saturation is not attained. Candela (2019) explained that the member checking technique is widely used to ascertain data saturation by authenticating the data

and confirming accuracy in interpretation. I ensured that the details for the member checking technique were achieved, thereby establishing data saturation.

### **Ethical Research**

Ethical research is guided by norms and standards of conduct that consider the rights and obligations of the participants and the behavior of the researcher (Burles & Bally, 2018). The major components of ethical research are the informed consent of the participants and the ethical responsibility of the researcher (Saunders et al., 2016). Informed consent is attained when the research provides the participants with full information regarding their rights and choices, inclusive of an opportunity for questions, leading to knowledge and understanding of the participant's role, along with the purpose and objective of the study (Yin, 2018). Ethical responsibility facilitates values that encourage collaborative work, privacy and confidentiality, protection of vulnerable groups, equitability, deception avoidance, and compliance with ethical and legal standards (Guillén & Borkowski, 2020). Ethical review and compliance are achieved when research ethics committees are established and functional at all stages of the research process.

Walden University has an IRB that is responsible for reviewing each DBA student's ethical responsibility at each stage of the study's process. The Walden University IRB requires that all scholar-consultants participating in the consulting capstone receive IRB approval before collecting data from the client organization that is the focus of the study (Walden University, 2021). Walden University's IRB has an established procedure for the selection and partnership of client organizations, which

includes a DBA Research Agreement (Walden University, 2021). The DBA Research Agreement outlines mutual promises and covenants for (1) confidentiality and compliance, (2) ethical conduct for the consulting relationship, (3) termination of the agreement, (4) scholar-consultant ethical responsibilities, and (5) mutual responsibilities (*FERPA – Family Educational Rights and Privacy Act of 1974 and HIPAA – Health Insurance Portability and Accountability Act of 1996*). I attained IRB approval (Approval # 06-09-21-1012245), along with the participants' informed consent before data collection began.

The DBA Research Agreement was established before my partnership with the client organization began. Once the Walden University DBA consulting capstone administrators facilitated introductions, I ensured that a consent form and service order agreement were sent to the four senior executive leaders of the client organization, and that consent was received from each participant before data collection began. The consent form and service order agreement outline details of the scope and purpose of the study, the voluntary nature of the study, the terms of confidentiality and compliance, and the ethical responsibility of the consulting relationship. I contacted each of the four participants of the study after I received IRB approval, and the initial introduction was completed. During the phone calls with each of the senior executive leaders of the client organization, I discussed the scope and purpose of the study. I explained the process and importance of attaining consent from each of the participants, and the decision to participate in the study. The right of the participant to withdraw, ethical protections, data security, and voluntary participation are some of the elements within the rights and



protection of the participants for the research study (Burles & Bally, 2018). I also explained to each of the four senior executive leaders, the right to withdraw from participation in the study at any time without fear or intimidation. I explained to each of the four senior executive leaders that they would not be compensated for their participation in the study. The rights and protection of research participants are essential elements of ethical research guidelines. The participants were provided with the consent forms and the service order agreement for which they returned approval via email confirmation. Also, a discussion was conducted with each participant via Zoom communications, which facilitated open discussions on the details and procedures for each element of the participant's rights and protection. The IRB approval by-laws that outlined the appropriate data collection procedure, surrounding the confidentiality and security of data were upheld. The participants were not compensated nor were there any other incentives provided for contributing to this study. The client organization was assigned the pseudonym, "DARC," in compliance with ethical protections, and the labels P1, P2, P3, and P4 were given to each of the four senior executive leaders. Additionally, the data security that I have employed will facilitate safe storage for at least 5 years following the publication of this study, a redaction of identifying information, and data disposal procedures after the 5-year holding period.

### **Data Collection Instruments**

In a qualitative research study, the researcher is the primary data collection instrument. I was the primary collection instrument for this qualitative research. Primary data collected by the researcher for a specific purpose consists of observation, interviews,

and documentation analysis (Yin, 2018). In this qualitative single case study, I used semistructured interviews as the primary data collection technique and internal archival records/documents and public data reports as the secondary data collection technique to explore the strategies that the senior executive leaders have used to improve governance processes and encourage donor confidence, to increase the levels of donations. The interview protocol (see Appendix) was used for each of the four participants during the interview process, where each of the interview questions contributed to answering the research question: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations?

Semistructured interviews require flexibility, rationale, and facilitation.

DeJonckheere and Vaughn (2019) explained that semistructured interviews are used to facilitate dialogue between the researcher and participants to focus on the purpose and scope of the study, comply with ethical standards, and adhere to interview protocols. During the interview process, I used an established interview protocol (see Appendix) and asked the participants six interview questions related to the study's research focus, the central research question, and the conceptual framework. Researchers have used interview protocols to ensure consistency and alignment with the research questions (Yeong et al., 2018). While semistructured interviews are the primary data collection technique for a qualitative study, the researcher will use other data collection techniques to validate the findings of the study.

I used internal archival records/documents and public data reports as sources of additional data and information. Secondary data in a qualitative study enhances

understanding and interpretation, revealing valuable information relevant to the scope of the study (Corti, 2022). The secondary data collected supported the validation of the interview information on strategies that nonprofit leaders have used to improve governance practices for encouraging confidence to increase the levels of donations. Reliability and validity are essential during the data collection process and the quality of the research study. Researchers have used member checking, or participant feedback regarding the data interpretation, to enhance the trustworthiness and validity of the study's findings (Motulsky, 2021; Zairul, 2021). After each interview, I reviewed the transcripts against the recorded sessions, then for member checking purposes, I sent the analysis was sent to each participant to verify that I had captured and interpreted their responses accurately.

### **Data Collection Technique**

Interviews are a major and primary component of data collection for a single case study research design (Yin, 2018). A qualitative research single case study research design's main objective is to investigate in-depth real-life inquiry, through multiple data collection techniques, using triangulation to explore a research question (Stake, 1995; Tomaszewski et al., 2020; Yin, 2018). In this qualitative single case study, I used semistructured interviews, utilizing an established interview protocol (see Appendix) for each of the four participants during the interview process, where each of the interview questions contributed to answering the research question: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations? I collected internal archival records/documents, and public data

reports from the ED of the client organization and ensured that member checking procedures satisfied the criteria for exploring the strategies that the senior executive leaders have used to improve governance processes and encourage donor confidence to increase the levels of donations.

Documentation, archival records, interviews, direct observations, participant observation, and artifacts are the six main sources of data collection for a qualitative case study. Yin (2018) explained that using multiple sources of evidence, creating a database of data collection, maintaining a chain of evidence, and exercising care are the four key principles that govern data collection; these principles will enhance, encapsulate, and boost the quality of the research study. In the application of multiple sources of evidence, I conducted semistructured interviews with four senior executive leaders and reviewed documentation and archival records, enhancing stronger, contextually valid findings, over that of a study that only utilized one source of evidence. I created a database that included the raw, unfiltered, or unanalyzed data collected, providing evidence to support the study's research question. The chain of evidence spanned from the establishment of the research question to confirmed agreements for data collection and storage and the developed strategy for monitoring the time spent on data collection, through to information verification.

Member checking technique is widely used to ascertain data saturation by authenticating the data and confirming accuracy in interpretation, also enhancing the trustworthiness and validity of the study's findings (Candela, 2019; Motulsky, 2021; Zairul, 2021). To ensure data saturation for this study, I collected data from the four

senior executive leaders during the interview process and applied the member checking technique. Documentation and other secondary data sources enhance the understanding and interpretation, revealing valuable information relevant to the scope of the study (Corti, 2022), which is convenient for minimizing the resources allocation needed; however secondary data sources do not allow for autonomy and information focus, therefore leaving room for reliability and validity concerns (Weston et al., 2019).

### **Data Organization Techniques**

Data organization in research is important for ethical consideration, analysis, and resource efficiency. In this study, I ensured that all documents were named and organized using the Microsoft OneNote software. Files were named and categorized according to the specific area of emphasis. I created and named each folder using the Baldrige Performance Excellence Framework (Baldrige Performance Excellence Program, 2023) categories of leadership; strategy; customers; workforce; operations; measurement, analysis, knowledge management; and results. Qualitative data provides rich content and can be overwhelming; utilizing codes and themes are effective ways to organize data for analysis and interpretation (Yin, 2018). I filed the collected data in the respective category folders.

I exported interview transcripts from the Zoom communications technology and saved transcripts in folders in the Microsoft OneNote interviews files representing each participant with pseudonym subfolders P1, P2, P3, and P4. Maintaining ethical research standards, I ensured the secondary data collected was limited to the relevance and scope of the research study. I used a Microsoft Word file as a reflective journal to identify

thematic codes, and note my observations during the interview process, which were then analyzed to manage and identify emerging biases, and for ease of reference and organization of themes for coding. Shaw and Satalkar (2018) explained that while research integrity is paramount, objectivity through documentation and coding is integral for reducing or managing research biases that can arise during the data collection and analysis process. The Walden University IRB requires that research data be securely stored and saved for 5 years. All data collected will be stored in a secure external digital drive that will be locked in a safety box in my home office for 5 years, then after the 5-year tenure, the external drive and all other study-related data will be destroyed.

### **Data Analysis**

Data analysis is an essential process in a qualitative case study. Researchers collect data, then analyze and interpret the data to reflect the phenomena through the lens of the participant, incorporate theory and identify themes, and report findings (Miles et al., 2018; Saunders et al., 2016). The researcher organizes and sorts the raw data in a method that leads to findings that are measurable and quantifiable for qualitative research data collection that is nonnumeric, textual data, often subjective with rich contextual volumes. Due to the nonstatistical characteristics of the case study research design, it would require analytical, interpretive, and critical skills that may be underdeveloped by the researcher (Yin, 2018). Saunders et al. (2016) suggested several data analysis methods, such as thematic, template, explanation building and testing, grounded theory, narrative, discourse, and content analysis, which can be used to interpret data collected in a qualitative study. There are several computer-assisted qualitative data analysis software

(CAQDAS) tools that organize and analyze data using codes; however, the inputs and outputs of CAQDAS tools still require human analysis (Yin, 2018).

The data analysis process that I employed to explore the strategies that nonprofit leaders have used to improve governance practices to increase donations is methodological triangulation, in which data coding and themes were applied to the data collected. I recorded the semistructured interviews and created transcripts through Zoom communications technology. I downloaded the files created through Zoom communications technology, reviewed the files against the audio and visual files, and prepared a summary of the data. I then sent the data summary to each participant for verification according to member checking and data validation criteria (Candela, 2019; Motulsky, 2021; Zairul, 2021). Effective data analysis is achieved when data saturation, reliability, and validity are evident. Miles et al. (2018) argued that methodological triangulation is an effective measurement tool for a qualitative study's data analysis.

Methodological triangulation provides comprehensive, multiple source data, which will enhance validity, and establish themes during the data analysis process. With the data that were collected and analyzed, I sought to answer and align the data with the research question: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations? I identified themes, codes, and patterns related to the research question. Yin's (2018) five-step analytic techniques were the primary qualitative analysis tool utilized to address this study's research question. Yin's (2018) five analytic techniques include (1) compiling the data, (2) disassembling the data, (3) reassembling the data, (4) interpreting the meaning

of the data, and (5) concluding the data. I coupled Yin's (2018) five-step data analytical technique with the NVivo, a CAQDAS, to interpret the findings from the data analysis.

### **Reliability and Validity**

Reliability and validity are the two elements that are the cornerstones that authenticate the quality of a qualitative research study (Korstjens & Moser, 2018; Yin, 2018). Because reliability and validity are critical to the credibility of the research study, it is paramount that logical tests are conducted throughout the data collection and analysis process. Yin (2018) explained that credibility, dependability, confirmability, and transferability are the elements that should be present within the qualitative research study to enhance reliability and validity. Some of the strategies that the researcher should employ include (1) using multiple sources of data, (2) establishing a chain of evidence, (3) ascertaining peer reviews, (4) conducting pattern matching; (5) using consistency protocols; (6) developing a database, and (7) maintaining the research design protocol to satisfy reliability and validity (Hayashi et al., 2019).

#### **Reliability**

Reliability is satisfied when consistency is evident throughout the data collection and analysis process (Korstjens & Moser, 2018). I achieved reliability in this qualitative study by using the same interview protocol with the four participants. I conducted all interviews using the Zoom communications technology; I exported transcripts and recordings for secure retention. Member checking supports trustworthiness and creditability and enhances reliability. I confirmed each summary's interview analysis with the participant to authenticate accuracy and credibility. In addition, I used methodological



triangulation to help ensure that there were multiple data sources, such as internal board minutes, incorporation documentation, and data obtained from GuideStar to endorse the reliability of the study's scope and objectives (Miles et al., 2018).

### **Validity**

Validity is the measurement of the appropriateness of the instruments used (Saunders et al., 2016). When validity is violated, a research study loses the quality criteria; therefore, validity needs to be satisfied because the appropriate interpretation of analyzed data is paramount to fulfilling the purpose of a research study (Sürücü & Maslakçi, 2020). Validity is measured by the researcher's ability to represent data credibility, transferability, dependability, and confirmability. Data saturation is another determinant in support of the study's validity. I achieved validity in this qualitative study by ensuring that the participant's viewpoints were accurately captured during the interview process. I recorded and retrieved verbatim transcripts from the Zoom communications technology, then I emailed a summary analysis of the interviews to each participant requesting confirmation that the interpretation was accurately captured, therefore fulfilling member checking criteria (Candela, 2019). Also, I collected data from internal documentation, and public reports, thus fulfilling methodological triangulation (Abdalla et al., 2018).

**Credibility.** Credibility is the representation or interpretation of data from the participant's perspective or viewpoint. Credibility is assured when member checking and methodological triangulation are applied throughout the data analysis process (Liao &

Hitchcock, 2018). I ensured that member checking and methodological triangulation techniques were applied during the data analysis process.

**Transferability.** Transferability is the degree to which the findings of the study can be transferred or applied to other groups (Korstjens & Moser, 2018; Maxwell, 2021). Transferability is achieved when the researcher has thoroughly stated the nature of the study, assumptions, objectives, and the findings of the study, through the lens of the participant. The researcher does not determine whether the study is transferable. Transferability is determined by the user of the study's findings (Zhu et al., 2023). My study's findings may be transferable to other organizations if they determine that the conclusions outlined are relevant.

**Confirmability.** Confirmability focuses on neutrality, where other researchers would be able to confirm the researcher's interpretations and findings from the data presented (Nassaji, 2020). When a researcher uses data collection and analysis tools such as methodological triangulation, they can satisfy confirmability. Abdalla et al. (2018) likened confirmability to the practice of establishing an audit trail where all transactions can be traced back to raw data collection, confirmation, and authorization. I used member checking and methodological triangulation as strategies to achieve confirmability.

**Data Saturation.** Data saturation is data redundancy or the point where no added information or themes are attained from the data (Braun & Clarke, 2021; Saunders et al., 2018). Candela (2019) explained that the member checking technique is widely used to ascertain data saturation by authenticating the data and confirming accuracy in interpretation. To ensure data saturation for this study, I collected data from the four

senior executive leaders during the interview process and applied the member checking technique. I ensured that the details for the member checking technique were achieved, therefore establishing data saturation, where data redundancy was evident from the data analyzed.

### **Transition and Summary**

In Section 2, I recapitulated the purpose of the study, providing detail of the context of the study, describing the role of the researcher, highlighting the study's participants, explaining the research method and design, and expounding on the plan used to collect, analyze, validate, and satisfy reliability of the data used in the study. In Section 3, I will detail the specific aspects of the client organization through the lens of RDT, with a discussion of my findings and recommendations.

### Section 3: Organizational Profile

DARC is the pseudonym I used to refer to the client organization in this study. DARC was incorporated in 1946 with the main objective of being a consumer advocate, protecting the interest of donors in the Midwestern United States. Over the next 70 years, the organization evolved from having a singular focus on donor advocacy by coupling that important role with the role of serving as an independent resource for facilitating an environment that fosters the improvement and strengthening of the donor–nonprofit relationship. DARC provides tools and resources that educate and equip charities on governance, regulatory, and accountability standards, also providing donors with informed and relevant information that aids in encouraging donor confidence. DARC was incorporated as a charitable organization, offering education-related services, adhering to Section 501(c)(3) of the U.S. Internal Revenue Code of 1986.

The board of directors (BOD) is the governing body that is responsible for establishing, managing, and achieving the mission, vision, and objectives of DARC. The BOD is also the governing body that ensures that effective governance practices are in place to contribute to public confidence and organizational sustainability. DARC's BOD bylaws outlined that the BOD should comprise at least 10 members, but no more than 17 members. Currently, DARC's BOD comprises 10 board members, a chairperson, past chairperson, vice chairperson, secretary, treasurer, and other members who have the required skills and expertise that will aid in achieving DARC's organizational goals.

DARC has a team of staff members, consultants, and contractors, who support the mission, vision, and objectives of the organization. DARC has three staff members, the

ED, a project manager, and a donor and nonprofit relations coordinator. The ED is appointed by the BOD and is a member of the governing board, reporting crucial operational accountabilities to the chairperson of the BOD. The other two staff members report directly to the ED. The three staff members are supported by a 12-member team of consultants and contractors, consisting of nonprofit services associates; financial advisors; an attorney; a diversity, equity, and inclusion (DEI) partner; strategic planning; communications and development; accounting; writing; human resources; and graphic design consultants.

DARC has a primary goal of fostering strong foundational donor–nonprofit relationships and building transformative philanthropy through effective governance practices that will encourage donor confidence. The purpose of this qualitative single case study was to explore strategies that nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations. DARC senior leaders have delivered on the organization's mission by offering key programs that improve governance practices for nonprofits, provide services that foster donor confidence, and increase the levels of donations. Details of the organization, leadership, and results are expounded.

### **Key Factors Worksheet**

#### **Organizational Description**

DARC was incorporated as a charitable organization offering education-related services, adhering to Section 501(c)(3) of the U.S. Internal Revenue Code of 1986. DARC's 70 years of building the donor–nonprofit relationship have evolved into a

catalyst of products and programs that encourage strong, inclusive, accountable, and vibrant communities within the Midwestern United States. DARC's mission and business prepositioning evolved from having a singular focus on donor advocacy by coupling that important role with the role of serving as an independent resource for facilitating an environment that fosters the improvement and strengthening of the donor–nonprofit relationship.

### ***Organizational Environment***

**Product Offerings.** DARC provides three main programs or services: (a) donor–nonprofit relationship amalgamation, (b) general donor services, and (c) general nonprofit services. The goals of each program align with DARC's mission, vision, and values. For each of DARC's three programs, clients can choose one or more of the products that will provide the following information for regulatory compliance; tools and resources that encourage donor–nonprofit engagement; and online capacity-building tools for sustainability, compliance, and effective governance.

**Mission, Vision, and Values.** DARC leadership's focus is on serving. DARC advocates for the interest of donors and serves as an independent resource for cultivating an environment that fosters the improvement and strengthening of the donor–nonprofit relationship, which is the foundational core factor that embodies the mission, vision, and values of the organization. DARC leaders are committed to empowering donors in making informed giving decisions and educating nonprofits on accountability standards to encourage trustworthiness. DARC senior leaders are committed to ensuring that donors in the Midwestern United States have the appropriate information to make effective

giving decisions, which will help build stronger donor–nonprofit relationships, improving vibrant and inclusive communities.

**Workforce Profile.** The DARC workforce, at the time of the study, consisted of a BOD and a team of staff members, consultants, and contractors. DARC has four staff members: the ED, a project manager, a program services specialist, and a donor and nonprofit relations coordinator. The ED is appointed by the BOD, while the other three staff members report directly to the ED. There is a 12-member team of consultants and contractors, consisting of nonprofit services associates; financial advisors; an attorney; a DEI partner; strategic planning; communications and development; accounting; writing; human resources; and graphic design consultants, which supports the three-member staff team.

The BOD has bylaws that govern composition, terms of tenure, frequency and structure of meetings, and the roles and functions of each member. DARC’s BOD can have between 10 and 17 members. DARC’s current BOD has 10 members. Each BOD member should have expertise, skills, and commitment that align with the mission of DARC. Currently, DARC’s BOD comprises 10 board members, a chairperson, past chairperson, vice chairperson, secretary, treasurer, and other members who have the required skills and expertise that will aid in achieving DARC’s organizational goals. The current chair is a director of a charitable organization and is responsible for community partnerships and charitable giving. The chair has over 20 years of experience in community engagement initiatives as well as a dual master’s degree in social work and business administration, with a fiery passion for community and nonprofit sustainability

and positive social impact. The other members of the BOD have similar academic accolades, social passions, and professional expertise. Each member of the BOD has a vested interest in ensuring that DARC's mission is accomplished.

DARC's ED is appointed by and reports directly to the BOD. The ED is the responsible officer of the organization, with direct responsibility for the day-to-day operations of DARC, inclusive of hiring, supervision and oversight, and financial accountability. The ED has a Bachelor of Arts (BA) in sociology and anthropology and has served in various industries, carrying out responsibilities in philanthropy, human resources, and finance. The ED's passion and commitment are evident through participating in continued community enrichment campaigns, serving on other nonprofit boards, and being recognized through corporate community nominations. The program manager and donor and nonprofit relations coordinator report directly to the ED. The program manager's main responsibility is to review the practices and policies of the nonprofit's clients, providing technical and educational support geared towards the fulfillment of their missions and regulatory responsibilities. The donor and nonprofit relations coordinator promotes the donor–nonprofit relationship amalgamation program that DARC offers, in addition to ensuring that donor and nonprofit engagement programs are managed effectively. The staff has the expertise and comprehensive knowledge of the role; additionally, they remain committed to the fulfillment of DARC's mission, values, and vision.

DARC has consultants and contractors who serve to enhance the programs that the organization offers. There are currently three nonprofit services associates, who



support mainly the governance and compliance programs. Six consultants serve to enhance the strategic planning, financial, human resource, marketing, regulatory, and communications functions within the organization. DARC has one main contractor that partners with the organization to offer DEI resources and services to their clients. The organization that DARC has partnered/contracted with has over 20 years of experience within the industry and has a diverse consumer network, global affiliations, and a vast network of affiliate partners that enhances the program's validity and success.

**Assets.** The tangible and intangible asset components for DARC include human resources, goodwill, cash, investments, equipment, and the DARC's online capacity-building tool, which will be referred to by a pseudonym "OCBT," which is directly related to the organization's mission accomplishment. DARC operated from a rented space located in the Midwest region of the United States; however, during the COVID-19 pandemic, the senior leadership decided to give up the rental space as a cost-saving initiative because the staff worked remotely. In 2021, they acquired an office space that met the changing economic and technological needs.

DARC's mission of building donor and nonprofit relationships and fostering the improvement and strengthening of the donor–nonprofit relationship is accomplished by serving as an independent resource by offering educational services. A service offering of the OCBT, referred to by the pseudonym "OCBS," has been the asset used as the primary source for accomplishing the mission of DARC. The senior management stated that the OCBS has been used to cultivate a culture of philanthropy, ensuring donors and nonprofit partnerships. The OCBS toolkit introduces nonprofits to the fundamental benchmarks for

governance practices that balance the expectation of public and donor expectations, nonprofit sector best practices, and regulatory requirements.

**Regulatory Requirements.** DARC was incorporated as a charitable organization offering education-related services, adhering to Section 501(c)(3) of the U.S. Internal Revenue Code of 1986. The leaders of DARC ensure that they conduct business in compliance with the Internal Revenue Code of 1986. Under the Internal Revenue Code, charitable organizations are tax-exempt; however, the charitable organization is required to file IRS Form 990. The IRS Form 990 is an annual return that outlines specific governance practices of the charitable organization, which is publicly available. The leaders of DARC ensure that IRS Form 990 is specific to asset value and annual revenue composition.

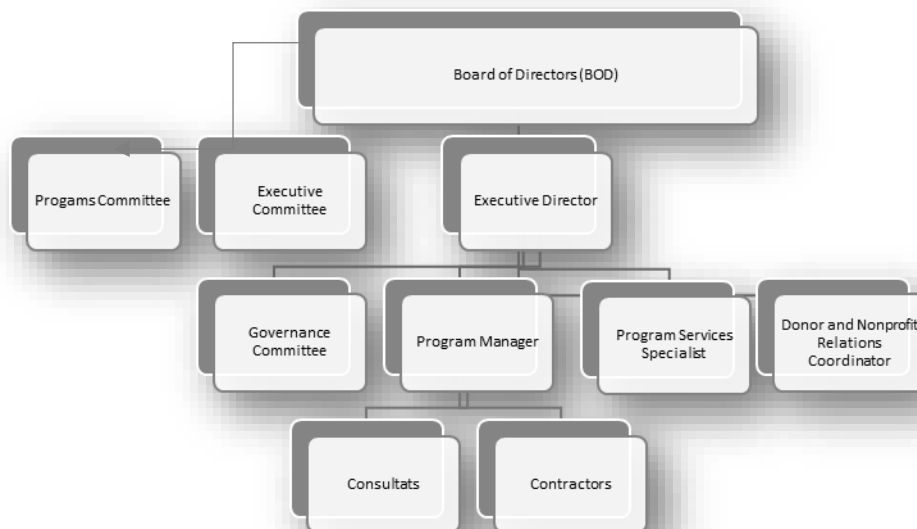
In addition, the federal government requires that charitable organizations have articles of incorporation, bylaws, and documentation outlining the appointment and existence of a BOD. DARC has fulfilled all of the additional governmental requirements; the Articles of Incorporation were completed in 1946, and there are active bylaws and a functioning BOD. The leadership of DARC has an employee handbook that outlines organizational policies and procedures inclusive of regulatory health and safety practices.

The Midwestern state in which DARC was incorporated also has a council of nonprofits that developed a set of accountability practices and standards that the state encourages registered nonprofits to comply with. These accountability practices and principles were developed in 1994 as a regulatory guide to educate the key stakeholders on their roles and responsibilities within the nonprofit organization. The council outlined

11 guiding principles for regulatory compliance in the Midwestern state in support of the established federal Internal Revenue Code of 1986. Governance, transparency and accountability, financial management, fundraising, evaluation, planning, civic engagement and public policy, strategic alliances, human resources, volunteer management, and leadership and organizational culture are outlined and explained in the council's accountability practices and principles guide.

### ***Organizational Relationships***

**Organizational Structure.** DARC's organizational structure consists of an 11-member BOD, an ED, three staff members, and a 12-member team of consultants and contractors. The ED reports directly to the BOD, while the program manager, program services specialist, and donor and nonprofit relations coordinator report directly to the ED. The 12-member team of consultants and contractors supports the three-staff-member team (see Figure 1).

**Figure 1***DARC Organizational Chart*

The BOD is the governance body of DARC, and it is supported by the executive and program committees. The executive committee consists of the BOD chair, vice chair, secretary, treasurer, DARC's ED, and other senior officers of DARC. The main function of the executive committee is to support, serve, and exercise the power and authority of the BOD leaders. The program committee comprises members of the BOD and key community partners. The main function of the program committee is to support and encourage strong relationships between donors and nonprofits. The ED has oversight over the governance committee, which functions as a nominating committee and aims to enhance the organization's capacity for mission advancement through effective governance practices.

**Customers and Stakeholders.** DARC is an amalgamation organization that serves nonprofit organizations and donors by providing tools and resources that educate and equip nonprofit organizations on governance, regulatory, and accountability standards, as well as providing donors with informed and relevant information that aids in encouraging donor confidence. DARC's customers are nonprofit organizations in the Midwestern states and donors in the region who use the products and services to make informed decisions for giving. DARC also promotes partnerships with corporations and foundations that support community enrichment by providing grants and other educational tools and materials to educate both nonprofit organizations and donors. The major stakeholders are community collaborators, grantmaker organizations, donors, the workforce, nonprofit partners, and government and state regulators.

Donors are those individuals or entities who support the mission of a charity or nonprofit organization through monetary and nonmonetary contributions (Alhidari et al., 2018). Donors are the major customer for DARC. DARC provides educational services and provides a seal for nonprofits who have gone through the view process and have taken the steps to meet the 25 accountability standards. Donors can access a list of those nonprofits that have met the accountability standards, highlighting governance practices and other accountability standards that would give them a platform to make positive giving decisions. Other customers for DARC are the nonprofit organizations that they serve by providing them with the educational tools required to become compliant and trustworthy. Nonprofit organizations benefit from educational resources that allow for a thorough review of the governance, financial, management, regulatory, and other social

aspects of the operations of the organization. The nonprofit group of DARC's customer base is provided with the OCBT review process; the OCBS, the DEI toolkit; other relevant resources; and a seal that signals to potential donors that the nonprofit organization can be supported with their monetary and nonmonetary support.

The stakeholder groups comprising community collaborators, grant funder organizations, donors, the workforce, nonprofit partners, and government and state regulators depend on DARC to uphold the standards, and key governance principles and practices, that they offer as a service to their customers. DARC offers an innovative program that enables grant funders, community collaborators, donors, the internal workforce, nonprofit partners, and the government and state regulators to amalgamate their resources to strengthen nonprofits' mission accomplishment to fortify and enrich the communities that they serve. They accomplish this by engaging each of these stakeholder groups to provide information to aid nonprofits to foster healthy cultural experiences, encouraging collaboration, and leveraging technology.

**Suppliers and Partners.** DARC senior leaders utilize contractors, consultants, and other key partners to realize the mission of fortifying and enriching the communities that they serve through education (Table 1). There is a 12-member team of consultants and contractors supporting the three staff member team of DARC. These contractors and consultants serve to enhance the programs and are integral to DARC's mission accomplishment. There are three nonprofit services associates, who support mainly the governance and compliance programs. Six operational consultants serve to enhance the strategic planning, financial, human resource, marketing, regulatory, and communications

functions within the organization. There are also contract reviewers who provide both first and second-level reviews of the information nonprofits provide in the OCBT that aim to grant those nonprofit organizations with a OCBS certification.

DARC has one main contractor that partners with the organization to offer DEI resources and services to their clients. The organization that DARC has partnered and contracted with has over 20 years of experience within the industry and has a diverse consumer network, global affiliations, and a vast network of affiliate partners that enhances the program's validity and success. DARC also has community, organizational, civic, and governmental partners that provide support through service on the BOD and other program initiatives that contribute to the mission of empowering donors in making informed giving decisions and educating nonprofits on accountability standards to encourage trustworthiness.

**Table 1***DARC's Key Supplier and Partner Requirements*

Key suppliers	Key requirements	Alignment
Consultants/Contractors	Support and enhance the service of DARC by providing financial, strategic, HR, marketing, and communications services.	DARC senior leaders contract with contractors and consultants to enhance and fulfill the mission objectives.
Key partners	Key requirements	Alignment
Partner organizations	Support DARC's program offering with a DEI toolkit, and other educational resources.	DARC senior leaders ensure programs and services align with the needs of the customers and interest of community members.
Local government and civic organizations	Support DARC by providing oversight, compliance, regulatory, and funding resources.	DARC senior leaders work with local government and civic agencies to ensure that programs align with governmental governance regulations.
Local businesses and nonprofit affiliates	Support DARC's program initiatives to improve governance, operational, community, knowledge, and resource expertise.	DARC senior leaders work with other nonprofit affiliates, volunteers, and community leaders who share resources and expertise to enhance program offerings and community enrichment initiatives.



## **Organizational Situation**

The purpose of this qualitative single case study was to explore strategies that nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations. DARC's senior leaders have developed a unique service offering and business model in which the established mission of building donor and nonprofit relationships and fostering the improvement and strengthening of the donor–nonprofit relationship is accomplished by serving as an independent resource by offering educational services. The competitive market environment for the educational classes of nonprofits within the industry is varied, ranging from small to large organizations. The benchmark for the classification of the size of a nonprofit organization is usually measured by revenue, while the identification of existing competitors, within a specific class, would be measured by the product or service offerings.

While DARC's leaders provide an essential service to nonprofit organizations and donors in the Midwestern USA, the organization is a nonprofit as well and depends on external resources to sustain and realize mission accomplishment. Competition for resources within the nonprofit industry has increased significantly. The main source of revenue or income for many nonprofit organizations is donations, however, with the increased competition for donors, there has been a need for leadership to find other viable strategies to mitigate the resource dependency that exist within the structure of the nonprofit industry. The collection of fees for products and services offered has become one of the major strategies that leaders have used to mitigate the competition for donations (Heger et al., 2021; Johnson et al., 2020). National Council of Nonprofits

(2019) reported that fees collected from the services offered by nonprofits account for approximately 56% of the total revenue within specific classes of nonprofits in the United States of America.

### ***Competitive Environment***

**Competitive Position.** Section 501(c)(3) of the United States Internal Revenue Code of 1986 defines mid-sized nonprofit organizations as those with assets ranging from \$100,000 to \$500,000. DARC is a mid-sized educational service nonprofit with assets under \$500,000.00. DARC is the only nonprofit organization that offers educational services for both donors and nonprofits in the Midwestern region of the United States, which aim to build a positive relationship between both classes of clientele. DARC serves locally in the Midwestern region of the USA; however, other larger nonprofits provide similar educational resource services nationally in the USA and provide a rating or certification services to nonprofit organizations, while indirectly affording donors a platform to do their due diligence before contributing to the mission of those nonprofits.

DARC leaders have a competitive advantage in the Midwestern region of the United States because they are the only nonprofit that offers educational services that benefit both donors and other nonprofit organizations. There are about seven local nonprofit organizations that have similar missions of providing educational resources and support to donors or nonprofits; however, there are no nonprofits that have the exact or closely related missions to that of DARC. Nationally, five larger nonprofit organizations have a similar mission to that of DARC. These five larger nonprofit national organizations evaluate, review governance, and provide information to donors about

nonprofit compliance, governance, and accountability standards. The competitive advantage that DARC has is its interactive and relational approach to nonprofit-donor relationships that encourages collaboration for the wealth and sustainability of the communities they serve. One of the major competitive threats that DARC leaders contend with is their reliance on external resources to sustain the operations of the organization. DARC's leadership has successfully mitigated the competition for resources by implementing fees for some of the services they offer, ensuring that they are certified and have effective governance practices in place, as well as, maintaining governmental, community, and organizational partnerships.

**Competitiveness Changes.** DARC has product and service offerings that are aimed at building a culture of consistent altruism among donors and improving governance and regulatory compliance in nonprofit organizations. Many of the educational services that were offered in the earlier years since DARC's inception in the 1940s were transactional. DARC's leaders recognized the importance of changing the service standards to meet the need of their clients and of improving their competitive advantage in the region. DARC's leaders shifted the transaction-framed service to focus on authentic engagement. Also, implementing online and technologically relevant options became an integral factor in competitive advantage considerations.

DARC's leaders accomplished the change of shifting to authentic engagement between donors and nonprofit by creating an interactive website that outlines governance and accountability standards that certifies the legitimacy of a nonprofit organization and provides a list of those nonprofits that have gone through the OCBS review process and

have gained a seal. Also, DARC's leaders recognized the importance of having technological or online options for their clients to utilize the service and product offering. The other larger competitors provide technological and online options; however, their strategy has been self-reported and algorithmic based. DARC's leaders decided to offer authentic engagement within the technological and online offerings by ensuring that the review process has a direct and rational approach.

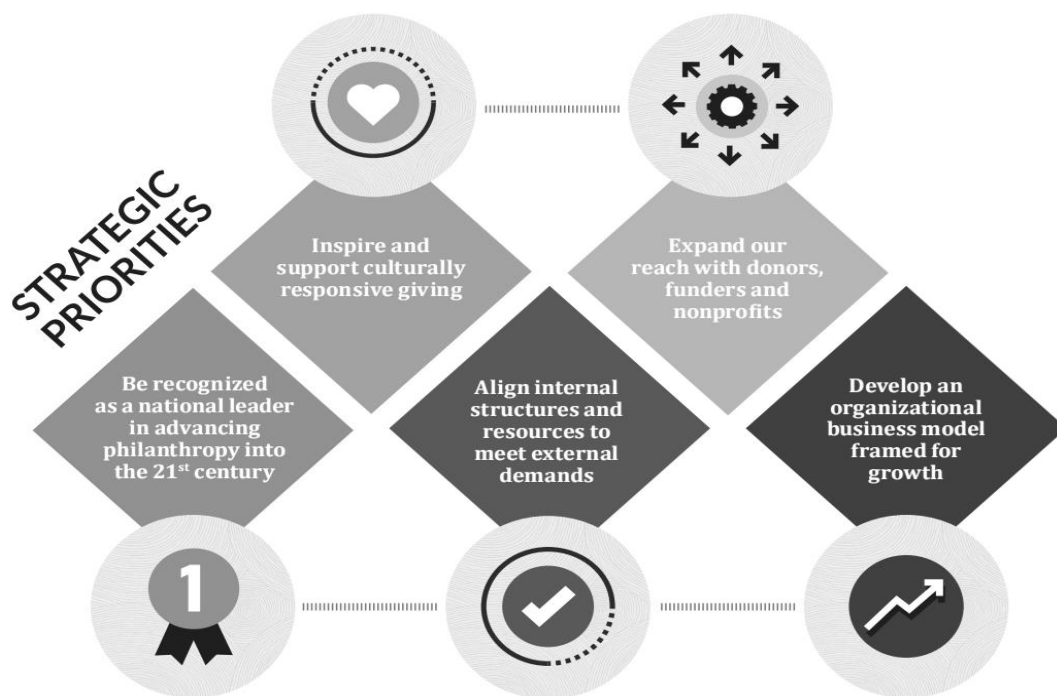
**Comparative Data.** The sustainability of a nonprofit organization is dependent on an industry evaluation of competitors. Having benchmark comparative data to evaluate the nonprofit's threats and weaknesses is essential to maintaining competitive advance within the industry that it serves. DARC does not currently have any direct competitors in the region that it serves; however, DARC leaders rely on comparative data to enhance the services that it offers to nonprofit customers. The main source of competitive data that DARC's leaders use is ascertained from online sources such as Charity Navigator, BBB Wise Giving Alliance, CharityWatch, and Guidestar. DARC's leaders can use the data gathered from these rating organizations to update the accountability standards and governance practices that are required to educate both the nonprofit clients and the donors that rely on the services that DARC offers. Also, DARC's leaders ascertain governmental and competitive data to ensure that they remain abreast of changing government requirements, industry governance practices, and regulatory compliance.

### *Strategic Context*

DARC's leaders had a three-year strategic plan for 2018 to 2020, however, with the emergence of the COVID-19 pandemic, the leaders decided to extend the existing plan into 2021 (see Figure 2). DARC's current key strategic challenges and advantages became more evident as the COVID-19 pandemic persisted into 2022. Table 2 outlines a summary of DARC's primary strategic challenges and advantages. A fundamental strategic challenge arose during the COVID-19 pandemic, which required a revision of the existing business model. There were changes in DARC's permanent staff complement, resulting in historical and expertise knowledge emigration. Declining donor support negatively impacted the financial and operational results for DARC. DARC's leaders' decision to offer authentic engagement, using a direct and rational approach, as a part of the service standards, through technological and online programs lead the leaders to make a significant technological investment. The decision to invest in a website meant that they would discontinue the arrangement with the program developer and instead partner with a tech vendor. The fundamental strategic advantages of investing in technology meant that donors now had a convenient platform to access information and source for giving. The technological investment provided an opportunity for strategic relationships and partnerships which created a platform for collaboration, growth prospects, and an opportunity for alternative revenue streams. DARC's smaller workforce meant that the employees were able to exercise their expertise and be able to form relevant community partnerships which support DARC's mission statements.

**Figure 2**

*DARC 2018–2021 Strategic Plan*



**Table 2***DARC's Key Strategic Challenges and Advantages*

Primary strategic area	Primary challenges	Primary advantages
Operations	Declining donor support created a need to align internal resources to meet external demands.	A revised business model that is framed for growth, partnerships, and sustainability.
Workforce	The COVID-19 pandemic created knowledge and expertise emigration.	Small staff complement encourages innovation, expertise, and creativity, while project-based consultation supported concentrated financial management.
Programs and services	Transitioning to the new website would require training, new staff responsibilities, and a significant financial investment.	Customers' demands are met, while DARC's expand reach is facilitated with a convenient and user-friendly online platform that supports authentic engagement service standards.

*Performance Improvement System*

DARC's executive team has established bylaws, an employee handbook, committee charter documents, and other governance documents which outline the policies and procedures for performance evaluation and improvement standards. DARC's employees have consistent feedback from the clients through the authentic engagement service standards, where each client is asked to complete a customer satisfaction survey. After the surveys are completed, they are then evaluated by a team of experts, and

improvement recommendations are discussed quarterly by the program committee. The program committee's recommendations are submitted to the executive committee for discussion and consideration at the yearly strategic planning meetings.

DARC's bylaws are extensive, outlining articles for (a) specific board meeting policies, (b) officer composition and tenure, (c) committee authority and composition, and (d) an article for improvement or amendment of the bylaws as needed. DARC's leaders created an employee handbook that gives extensive information on personnel policies and procedures, and health and safety procedures. DARC's employee handbook outlines improvement and evaluation policies and includes specific standards for corrective action. There is a formal process for the evaluation and improvement standards for the programs and service that is offered. DARC's leaders have an annual planning session where customer surveys are evaluated and improvement procedures are implemented in the strategic planning sessions.

### **Leadership Triad: Leadership, Strategy, and Customers**

#### **Leadership**

##### ***Senior Leadership***

DARC's senior leaders comprise the ED, the BOD, and the program manager. DARC's leaders developed a vision statement that focuses on developing and creating a transformative culture of altruism in the Midwestern United States. The value standards of the organization are aimed at forging trust, striving for excellence, creating innovative solutions, and modeling integrity. DARC's leadership has established and implemented several governance, corporate, and regulatory documents that outline the mission, vision,



and value standards of the organization. The bylaws, board governance guidelines, employee handbook, committee charter, and strategic framework documentation are just a few of the tools that have been created, reviewed, and implemented by DARC's leaders to ensure that they remain compliant and steadfast in their commitment to upholding the mission, value, and vision of the organization.

The board governance guidelines expound on effective standards and governance practices that will contribute to public confidence, as well as provides a framework for the roles and responsibility of the senior leaders. Some of the roles and responsibilities of the BOD include (1) the parameters for effective communication with DARC's shareholders, media, donors, and other external parties; (2) compliance with the established ethics policies; (3) BOD orientation, evaluation, and selection; (4) BOD meeting structure and conduct; (5) conflict of interest statements and rules. The senior leaders ensured that each employee, volunteer, consultant, and contractor has access to the employee handbook which outlines DARC's commitment to creating a positive work environment that exhibits trust, excellence, innovative solutions, and integrity. The employee handbook includes elements for equal opportunity, workplace health and safety, salary and compensation, workplace harassment policies, and whistle-blower policies. DARC's leadership ensures that there is an onboarding seminar and a provision for each of the workforce categories to seek clarification on any of the policies outlined in the handbook.

DARC's leaders have a wealth of knowledge and expertise in the nonprofit industry and other industries. There is a conscious effort to ensure that the selection of

BOD members and other leadership roles are characterized by values that align with the mission, values, and vision of DARC. The board member expectation document highlights that each Board member should exhibit traits such as respect, commitment, candor, integrity, and consciousness for diversity and inclusion. The ED of DARC has exhibited these character traits and so much more. During the interview segment, many of the participants mentioned their admiration for the ED's leadership standards, care, and commitment to creating a work environment that supports trust, excellence, innovative solutions, integrity, and equal opportunity. The ED ensured that the program and services offered by DARC also included DEI, by launching the DEI toolkit in 2017, as a part of the review process. DARC's ED has a passion for philanthropy, sociology, and anthropology; and has served in different volunteer positions in the Midwestern United States.

DARC's leaders are passionate about fostering healthy, strong, and vibrant relationships between nonprofit organizations and donors. DARC's leaders have accomplished and created a platform that encourages and has achieved this passion. "The Forum" is one initiative that is organized and hosted by the DARC's leaders to support the engagement of community leaders, partners, customers, and the workforce. During "The Forum" sessions, participants have the opportunity to learn about DARC's commitment to achieving the mission, vision, and values of the organization, while empowering staff, stakeholders, and customers.

### ***Governance and Societal Responsibilities***

The Midwestern local government council has an established set of principles and practices for nonprofit organizations and the governing board of directors and a benchmark for governance practices and societal responsibilities. The principles and practices document provided by this governmental council also highlights the regional and federal compliance mandates. DARC offers three programs that align with the mission, values, and vision of the organization. The programs provide the information, education, and training for regulatory compliance, tools and resources that encourage donor–nonprofit engagement; and online capacity-building tools for sustainability, compliance, and effective governance. DARC’s leaders provide the tools for other nonprofits to succeed and be regulatory compliant; they also believe that they have to also ensure that they are leading the charge in these areas. DARC’s leaders have established and implemented several governance, corporate, and regulatory documents that ensure that effective governance practices are in place, and also that they champion the standards that result in remarkable societal responsibilities. The BOD is the governance body of DARC, and they are supported by the executive and program committees.

**Executive Committee.** The executive committee exercises the powers and authority of the board. The executive committee consists of the board chair, vice-chair, secretary, treasurer, ED, and any other board member that has been duly appointed to sit on the committee. The strategic charge of the executive committee is to recommend financial policies, approve budgets, evaluate the performance of the board, lead and monitor strategic planning sessions, and promote engagement opportunities for DARC

and other key strategic partnerships that support the mission and strategic goals of the organization.

**Governance Committee.** The governance committee supports the organizational capacity of DARC. The governance committee functions as the nominating committee, the members provide training, development, and evaluation of the BOD; and ensure compliance with the board governance guidelines. The strategic charge entails board orientation, education, and engagement; evaluation of DARC's governance structures; and evaluates and plans for board nominations and recruitment.

**Program Committee.** The program committee supports the programs and service offers of DARC. The program committee consists of members of the BOD, the program manager, and other key community volunteers that have specialization and expertise for the program offerings at DARC. The program committee members support efforts of the program service standards that align with DARC's mission by identifying new collaborative opportunities in the community. Also, the committee members support DARC's leaders by ensuring that the programs build operational capacity and sustainability.

The Midwestern local government council's principles and practices for nonprofit organizations and the governing board of directors outline 11 accountability principles for effective governance and regulatory compliance; while the 192 management practices provide a guide for leaders to evaluate and improve the operational competencies. DARC's leaders are members of the Midwestern local government council, and they have established a strategic alliance with this organization to support the programs that

DARC offers to their customers. In addition to the strategic alliance, DARC's leaders ensure that all the governance, corporate, and regulatory documents that are implemented within the organization comply with the council's principles and practices for nonprofit organizations and the governing board.

DARC's mission is grounded in the principles of building relationships between nonprofit organizations and donors. Both of these categories of customers that DARC serves are a major part of society. DARC's foundational value standards of forging trust, striving for excellence, creating innovative solutions, and modeling integrity; and the mission of building strong and vibrant relationships, have encouraged healthy community relationships. DARC's leaders ensure that the programs they have initiated to encourage business leaders to be more socially responsible are the same principles that guide the social programs they lead. In 2022, DARC developed an educational series that helps donors to identify nonprofit organizations that comply with regulatory guidelines and uphold effective governance practices. The educational series was published in the local media. DARC's leaders are passionate about creating healthy societies through education.

## **Strategy**

### ***Strategy Development***

Strategic management is an integral part of an organization's sustainability and involves formulating a plan for allocating resources to achieve and maintain competitive advantage (Kurland & Mercer, 2020). DARC's leaders ensure that a strategic planning session is conducted each year. The members of the program committee, governance committee, executive committees, ED, and BOD are instrumental in the strategic

planning, revision, and development process. DARC's leaders finalize a strategic plan every 3 to 5 years; however, there is a strategic session once per year. DARC's ED employs the expertise of a strategist contractor to help in the strategic development process. The executive committee, along with the strategist contractor representative, has a planning session to develop and review the outgoing strategic plan results annually.

During the strategic development meeting, the members of the executive committee analyze and evaluate completed internal and external assessments. The internal assessments include donor, staff, BOD, and client surveys, also historical financial and operational results. The external assessments include the annual independent sector report, comparative industry reports, and other relevant state regulatory data. These documents are all compiled and presented at this session, after which a SWOT (strength, weakness, opportunities, and strengths) analysis is compiled to be presented to the BOD. This session is usually held before the end of the fiscal/calendar year. The session's objective is to review and discuss the strategist contractor's recommendation for the strategic approach for DARC and to prepare the process and timeline report, along with other strategic recommendations for the BOD. The plan begins with the key components of DARC's strategic plan that will be explored and developed. One of the major components of the strategic development process entails a review of DARC's purpose, by discussing the relevance of the existing mission, vision, values, and current strategic priorities. The executive committee creates a draft of the process and timeline report recommendation that will be presented to the BOD for approval or further discussions and amendments (see Figure 3). Also, the executive

committee will develop a plan for DARC's key personnel, outlining the roles and responsibilities of each personnel or body, to facilitate the strategic development for each phase of the process (see Figure 4).

DARC's leaders ensure that each of the internal and external assessments is analyzed thoroughly. Each member of the committee has an opportunity to identify, highlight and discuss SWOT elements in each of the documentation that is reviewed. At the strategic planning sessions, each member of the committees, key staff, and the BOD are afforded intellectual considerations. This interactive approach is facilitated using technology that can be shared in real-time with each member, this approach encourages engagement and innovation. Some of the questions that are discussed and considered during the strategic development process are as follows:

- In what ways has the previously approved and implemented strategic plan been used to guide decision-making, priorities, activities, and programs?
- What has been successful and what has not been successful with the previous strategic plan(s)?
- Why is it important to conduct a new strategic plan now?
- What are the major strategic issues facing the organization?
- Who are the organization's current key stakeholders?
- Is the organization meeting the needs of the key stakeholders?
- Is the organization's mission still relevant?
- Is the organization's vision statement aligned with the mission statement?
- Is the organization's values representative of culture, mission, and vision?

- What other comments or thoughts would you recommend for the strategic planning and development process?

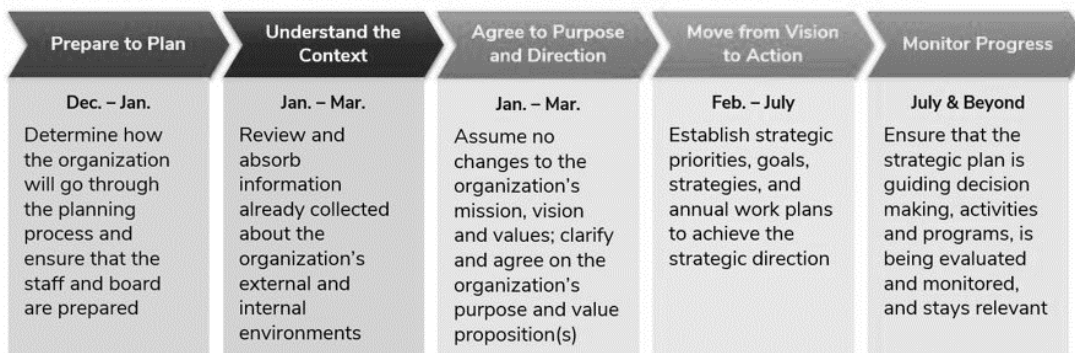
After the initial meeting, DARC's executive committee proceeds with the established process and timeline recommendations (see Figure 3). The next step is for the key role recommendations to be materialized. The BOD and key staff are invited to provide their understanding of the external and internal assessments and engage in the other questions and considerations for the strategic development process. During the subsequent sessions, the executive committee, BOD, and key staff members engage in the process of identifying the key strategic option and agree on those options that will be implemented. Some of the questions that are asked to guide the strategic planning process include:

- In the current economic environment, is the organization's mission still relevant?
- In the current economic environment, what aspects of the organization's mission that is not relevant?
- What is the organization's competitive advantage?
- What are the strategies that the organization will implement to ensure that donations are consistent?
- What plans or ideas can the organization consider to create new revenue streams for sustainability?



**Figure 3**

*DARC's Process and Timeline Recommendation for Strategic Development*



**Figure 4**

*DARC's Key Roles Recommendations for the Strategic Development Process*

	Prepare to Plan	Understand the Context	Agree on Purpose and Direction	Move from Vision to Action	Monitor Progress
<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>Recommend the strategic planning approach that will be used e.g., process, timeline, roles, terminology/ definitions</li> </ul>		<ul style="list-style-type: none"> <li>Monitor the progress of board/ staff work groups</li> <li>Provide input into the design of the strategic planning retreat</li> </ul>	<ul style="list-style-type: none"> <li>Recommend the final version of the strategic plan for consideration by the board</li> </ul>	<ul style="list-style-type: none"> <li>Recommend how progress will be monitored on the strategic plan</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Agree on the strategic planning approach that will be used e.g., process, timeline, roles, terminology/ definitions</li> <li>Identify strategic issues facing the organization</li> <li>Identify the constituents that need representation and input into the strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>Absorb the information about and agree on the organization's key strengths, weaknesses, opportunities and threats (SWOT)</li> </ul>	<ul style="list-style-type: none"> <li>Provide feedback on the current and/or proposed mission, vision and values</li> <li>Provide input into value proposition(s) and purpose statement</li> <li>Participate in the strategic planning retreat</li> </ul>	<ul style="list-style-type: none"> <li>Provide input into the organization's strategic priorities, goals, and strategies</li> <li>Approve the final version of the strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>Provide input into and agree on how progress will be monitored on the strategic plan</li> <li>Monitor progress on the plan by reviewing quarterly progress on the goals, reviewing the effectiveness of strategies, and approving the annual plans to achieve the strategic plan</li> <li>Review the strategic plan annually and make any necessary adjustments</li> </ul>
<b>Executive Director</b>	<ul style="list-style-type: none"> <li>Agree on the strategic planning approach that will be used e.g., process, timeline, roles, terminology/ definitions</li> <li>Identify strategic issues facing the organization</li> <li>Identify the constituents that need representation and input into the strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>Absorb the information about and agree on the organization's key strengths, weaknesses, opportunities and threats (SWOT)</li> </ul>	<ul style="list-style-type: none"> <li>Provide feedback on the current and/or proposed mission, vision and values</li> <li>Provide input into value proposition(s) and purpose statement</li> <li>Participate in the strategic planning retreat</li> </ul>	<ul style="list-style-type: none"> <li>Provide input into the organization's strategic priorities, goals, and strategies</li> </ul>	<ul style="list-style-type: none"> <li>Provide quarterly progress updates to the board on goals</li> <li>Discuss the effectiveness of strategies with the board</li> <li>Develop the annual plans for approval by the board</li> <li>Recommend any necessary adjustments to the strategic plan</li> </ul>
<b>Key Staff</b>	<ul style="list-style-type: none"> <li>Identify strategic issues facing the organization</li> <li>Identify the constituents that need representation and input into the strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>Absorb the information about the organization's key strengths, weaknesses, opportunities and threats (SWOT)</li> </ul>	<ul style="list-style-type: none"> <li>Provide feedback on the current and/or proposed mission, vision and values</li> <li>Provide input into value proposition(s) and purpose statement</li> <li>Participate in the strategic planning retreat</li> </ul>	<ul style="list-style-type: none"> <li>Provide input into the organization's strategic priorities, goals, and strategies</li> </ul>	<ul style="list-style-type: none"> <li>Provide information to Executive Director as needed on goal progress and the effectiveness of strategies</li> <li>Provide input on the annual plans</li> </ul>
<b>Board/ Staff Work Groups</b>			<ul style="list-style-type: none"> <li>Draft value proposition(s)</li> <li>Draft purpose statement</li> </ul>		

### ***Strategy Implementation***

During the strategic development process, DARC's executive committee established a process and timeline framework which include a section called "move from vision to action" which outlines the process of establishing the strategic priorities, goals, strategies, and annual work plans. The executive committee recommends the final version of the strategic plan, the BOD approves it, and the ED and key staff members provide input for each of the elements of the strategic development process. The BOD approved annual plan outlines the major strategic goals/priorities, explains the strategy that will be used to achieve these goals, highlights the objectives, and summarizes the tactics that will be implemented to achieve the objectives (see Figure 5). The strategic plan is approved by the BOD and the ED, with the expertise of the strategist and marketing contractors, and establishes a graphic that will be posted to DARC's website. The ED communicates the strategic plan to key stakeholders through DARC's newsletters and other social media platforms. The ED has a session with each of the key parties outlining the details of the strategic plan and the roles that each committee, key staff, and the BOD has to fulfill to achieve the goals and objectives of the strategic plan. Throughout the fiscal year, the executive committee hosts meetings to review or monitor different elements of the strategic plan; subsequently the ED periodically updates the BOD on the process of the current strategic plan.

## Figure 5

### *DARC's 2021 Annual Plan*

Top 2021 Goals	Strategies	2021 Objectives	Tactics (Examples)
Increase brand value for Meets Standards® Seal	1.1 1.2 2.1 2.3 3.1	* 8% Increase in donors using our Meets Standards® list * 2% new nonprofits engaged in the review process * 8% increase in DEI Toolkit subscriptions	* Expand Meets Standards® Seal to national platforms (i.e., Guidestar, Givvor) * Assess rebranding of organization * Develop formal marketing plan
Expand thought leadership to statewide and national platforms	2.1 2.3 2.4	* Increased Accountability Wizard® recommendation rate * Participate in up to 2 national conferences as workshop presenters	* FORUM in Greater MN (2020) & planning for 2021 Twin Cities event * In partnership support development of DEI Certification Process * Reach out to state Attorneys General
Commitment to DEI Growth - Internally, externally	3.1 3.2	* Review Accountability Standards® from an equity lens * Elevate non-dominant culture methods of giving/engaging in philanthropy * Increase Council diversity at all levels * Review HR with equity lens	* Continue with DEI Toolkit Intro & User Group Webinars * Review job descriptions, policies, employee handbook, etc., with an equity lens * Assess and re-assess against DEI goals using the DEI Toolkit survey * Increase requirements for DEI Accountability Standard®
Make certain on Council's ability to deliver on brand promise	1.3 4.2 5.3 5.4	* Increase revenue & sales * Ensure proper staffing * Staff planning * Decreasing amount of time between nonprofit payment & Meets Standards * Increase review submission rate * Nonprofit renewal rate	* Improve DEI Toolkit for visually disabled * Support Nonprofit Services team w/appropriate staffing * Adding touch-points in pipeline/smoothing the journey map * Improve pricing/messaging around pricing

## Customers

### *Customer Expectations*

DARC is an amalgamation organization whose customers are nonprofit organizations and donors. Nonprofit organizational leaders or key employees can access DARC's three product offerings, while donors are served by accessing the provided list of nonprofits that have met the accountability standards through DARC's product offering. DARC's leaders understand the importance of meeting their customer's needs. A part of the strategic development process focuses on the needs of their customers.

The product offerings that are available to nonprofit customers have a pre-review and post-review evaluation as a part of the service requirements. Survey monkey technology is the technological tool that is used to create and evaluate the evaluations for each product offering. The program committee spends valuable time crafting the questionnaires to ascertain product satisfaction and allows clients to provide feedback on

improvements that they would like to incorporate into the product offerings. Also, the leadership team hosts a monthly virtual meeting forum that facilitates a question-and-answer segment for the customers of DARC's products. DARC's donor customers are encouraged to provide feedback using a donor survey that can be accessed conveniently, on the organization's website. Also, DARC established an annual forum that donors and other key stakeholders attend with the main objective of providing feedback on the organization's performance and answering questions surrounding donors' needs.

### ***Customer Engagement***

DARC's competitive change analysis lead the leaders of the organization to shift from a transaction-framed service focus to an authentic-engagement focus for the customers they serve. DARC's leaders decided to implement tools that had online and technologically relevant options that aligned with the authentic engagement service focus. DARC's leaders created an interactive website that supports the engagement of customers. DARC's leaders recognize that effective customer engagement equates to effective communication; subsequently, DARC's leaders publish a monthly e-newsletter and a semi-annual organizational newsletter which are sent directly to the customers. Also, DARC's leaders have established a platform that gives periodic updates on products, social responsibility initiatives, and other relevant updates, using a blog that is accessed through the organization's website.

DARC's leadership established a culture of customer engagement. Customers are encouraged to send emails with queries during the review process. DARC's service standard dictates that general email and phone inquiries are answered within 24 hours, or

the same business day. Many of DARC's existing donor customers have been with the organization for many years and they are used to having communication mediums that they prefer. DARC's leaders have decided to meet the needs of this class of donor customers by ensuring that printed versions of our semi-annual newsletter are mailed to them. Many donor customers prefer to call the office to ask direct questions related to nonprofit information. The staff at DARC ensures that there is a representative that answers those calls and spends the time needed to give those customers the information they require.

### **Results Triad: Workforce, Operations, and Results**

This section of the study highlights DARC's workforce and operational processes along with performance results. The information for each section was derived from the data collected and the analysis performed. The evidence presented will provide DARC's leaders with potent information about the effective processes and those processes that may result in challenges for governance implementation and mission accomplishment.

#### **Workforce**

The ED has direct responsibility for the day-to-day operations of DARC which includes asserting the hiring needs of the organization. The ED is also responsible for establishing and supporting the workforce. DARC's workforce has changed throughout the over 70 years of existence in the Midwestern United States. At the time of the study, the workforce was affected by the COVID-19 environment. The primary categories of DARC's workforce consisted of the 10-member board of directors, 4-member staff, and a 12-member team of consultants and contractors.

### ***Workforce Environment***

DARC's ED evaluates the staffing needs based on the mission of the organization. The evaluation process is usually ascertained from customer feedback and discussed at the program committee meetings throughout the year. The ED post available jobs on DARC's website and other sector hubs, social media, and university job posting platforms. Organizational leaders who understand the importance of the onboarding process to the employee and organizational success ensure that effective measures are in place to facilitate a new employee's orientation.

DARC's ED facilitates the onboarding of each workforce member that is employed, whether they are staff members, board members, consultants, or contractors. Each workforce member has a signed employment contract and is orientated on the employee expectation, through training and documentation relevant to the employee's category of employment. The ED has a personality that is warm and welcoming. The feedback ascertained from the selected participants of DARC revealed that they all admire and respect the current ED as a flexible leader in supporting a positive, inclusive, and healthy workforce. Along with the ED's academic accolades in sociology and anthropology, the ED also has extensive experience in human resources, which has been an asset for DARC's positive workforce. The ED's passion and commitment are evident through involvement in community enrichment campaigns, being awarded corporate community recognitions, and the success of each of the workforce members.

DARC has had a positive reputation, in the Midwestern United States, as a positive workplace. Since DARC's inception in the mid-1940s, the staff retention rate has

averaged 90%, which is high for the nonprofit sector. However, due to economic, social, and mental issues directly related to the COVID-19 pandemic environment, DARC experienced staff turnover during the years 2020 to 2022. One of the mitigating responses to the changing workforce complement, DARC's executive leadership team decided to change the workforce environment to a permanent hybrid workforce environment. The leadership team also took the necessary steps to make the hybrid workforce adjustments seamless and nondisruptive to the operations of the organization. The Charity Navigator, a charity rating agency, awarded DARC with the highest ratings, under the leadership and adaptability category, for the decision to move the workforce environment from the traditional in-person work environment to a hybrid workforce environment.

DARC's employee handbook outlines extensive information on personnel policies and procedures; health and safety procedures; improvement and evaluation policies; and includes specific standards for corrective action. DARC's employee handbook also expounds on the formal process for program evaluation and improvement standards. All employees are considered for posting through an equal employment opportunity and hiring policy and an at-will condition. Both policies comply with positive governance, legal, and ethical requirements. The equal employment opportunity policy dictates that each employee is considered without regard to race, creed, color, religion, age, sex, marital and familial status, among other discriminatory considerations. The at-will condition stated that each employee can resign at any time, and DARC's leaders can terminate the contractual relationship at any time. Employees are hired on a full-time, part-time, or temporary employment tenure. Compensation for each employee

classification is decided by the BOD and the ED. Compensation is at fair market value and complies with federal and industry standards. The health and safety procedures are comprehensive; each employee has formal training sessions on the standards, also, continuous improvement policies are in place to review and update these policies accordingly. DARC's employee handbook outlines the policies and procedures for corrective actions against instances of harassment, grievances, intellectual property, and whistleblower. The employee benefits include: (a) reimbursement for training and education; (b) compensatory time; (c) personal time off; (d) floating holidays; (e) wellness leave; and (f) health and insurance plans.

### ***Workforce Engagement***

DARC's leadership has cultivated an open-door policy for all employees. DARC's leaders have outlined detailed policies and procedures for specific leadership personnel regarding their concerns. During the interview, participant 2 explained that the ED has facilitated a work environment that is conducive to effective communications, frequent scheduled or impromptu meetings, and care for the employee's personal and professional concerns. DARC's leaders have ensured that the core mission of being an amalgamated focused organization that facilitates strong relationships between donors and nonprofits is also evident in the engagement practices for its workforce. Diversity, equity, and inclusiveness standards, equal employment opportunity, and whistleblower policies are some of the strategies that have been put in place to encourage workforce engagement. The ED has frequent meetings with staff members, BOD, consultants, and contractors. The annual work planning meeting is another opportunity to encourage



workforce engagement, also, the annual staff satisfaction survey provides an opportunity for DARC's leaders to implement additional strategies for workforce engagement.

## **Operations**

### ***Work Processes***

Donor–nonprofit relationship amalgamation, general donor services, and general nonprofit services are the three main programs that DARC offers. Each of the program offerings is aligned with DARC's mission, vision, and values. The program committee supports the programs offered by DARC. The program committee members support efforts for the alignment of the program offering standards with DARC's mission and they identify new collaborative opportunities in the community. The program manager has a training webinar for registered customers for program offerings at a scheduled systematic time throughout the year. During the training webinar, the program manager highlights the program's priorities, outlines an overview of the resources that will be provided, and facilitates a question-and-answer session. DARC's leaders have documented and provided information to staff members on the protocol for calls related to a variety of different queries that clients or donors may have. The Microsoft 365 OneNote is the platform that DARC's leaders have established to outline the protocol and procedures detailing the work processes for all program offerings and other day-to-day operational standards. The employees are given access to those protocols that are relevant to their job functions. DARC's website also has relevant information for work processes that can be accessed by current and prospective clients and donors.

The work process for the orientation webinars that are conducted, for example, has the following protocol:

1. Six months before the scheduled webinar the responsible facilitator should set up multiple tentative dates to be sent out to attendees.
2. Two weeks before the webinar the responsible facilitator should be sent an invitation to the attendees and set up automatic emails to invitees along with webinar confirmation emails (a template is also referenced).
3. The orientation email list generation should be completed (a detailed procedure is referenced, and a link is provided).
4. The agenda should include (a) login information; (b) the program overview information; (c) the program documentation and section overview; (d) website resources links; and (e) guidance for the question-and-answer segment.

The existence of detailed and accessible work processes contributes to DARC's operational effectiveness.

### ***Operational Effectiveness***

DARC's leaders facilitate strategic and work planning sessions each year where budgetary evaluation, analysis, and preparations are completed. In 2021 DARC achieved 71% of the revenue budgeted and utilized 97% of the budgeted expenditure. Charity Navigator has given a 100% rating for DARC in the finance and accountability category, stating that under the Internal Revenue Code, though charitable organizations are tax-exempt, they are required to file the IRS Form 990. DARC's 2021 filed IRS Form 990

reflected 20.01% in liabilities to asset ratio, which indicates that the DARC has a healthy solvency or positive indicator of long-term operational sustainability.

One key operational effective measure that DARC's leaders have incorporated has resulted in operational savings for employee cost. DARC's leaders decided to utilize the services of contractors and consultants to carry out professional roles instead of hiring full-time staff. The decision to use expert contractors and consultants has saved the organization over \$500,000 in employee costs, such as salaries, health, and insurance benefits. In 2021, the professional fee cost was approximately \$110,000. The security and cyber security are outsourced to a reputable contractor that provides the required levels of protection for the technology. DARC's internal technological systems or laptops have McAfee security software installed on them and other security features to ensure client data protection. Another key indicator of DARC's operational effectiveness is the renewal rate of nonprofits that use the OCBT. DARC's leaders have reported a 92% renewal rate in the 2021 annual report.

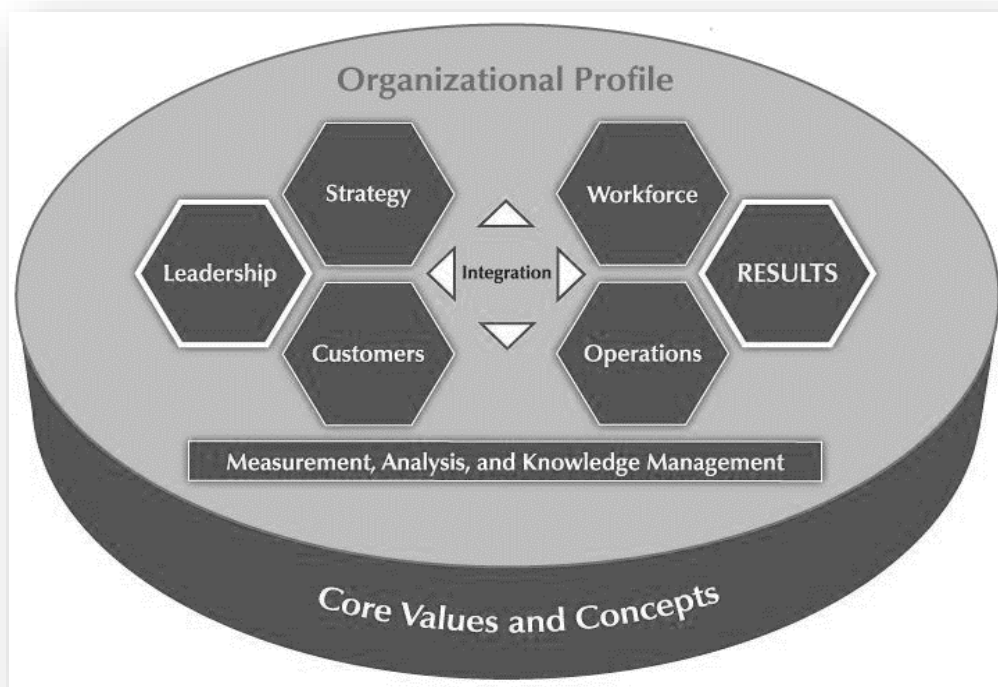
### **Measurement, Analysis, and Knowledge Management**

The Baldrige Excellence Framework uses a systems-based approach that explores six fundamental management and leadership quadrants to measure, analyze, and benchmark knowledge criteria within an organization (Baldrige Performance Excellence Program, 2023). Leadership; strategy; customers; workforce; operations; measurement, analysis, and knowledge management; and results are the Baldrige Excellence Framework's foundational management and leadership areas (see Figure 6). The Baldrige Excellence Framework was the systems perspective management tool used to determine

how DARC's leaders measure, analyze, and utilize information to improve organizational competitiveness for sustainability in alignment with the DARC's mission, vision, and values.

**Figure 6**

*Baldrige Excellence Framework Systems Perspective Core Values and Organizational Improvement*



*Note.* From 2023–2024 Baldrige Excellence Framework: Proven Leadership and Management Practices for High Performance, by Baldrige Performance Excellence Program, 2023, U.S. Department of Commerce, National Institute of Standards and Technology. <https://www.nist.gov/baldrige/publications/baldrige-excellence-framework/businessnonprofit>

### ***Measurement, Analysis, and Improvement of Organizational Performance***

DARC's leaders use several effective measurement tools to evaluate the organization's program, product, and service offerings. Customer evaluation surveys, staff evaluations, and the Sales Force customer relationship management (CRM) software are some of the tools that have been used by DARC's leaders to measure, analyze, and make continuous improvement decisions to aid in organizational performance. The Sales Force CRM is one of the major tools for tracking and analyzing the organization's performance. This Sales Force CRM has a dashboard that gives a real-time visual update of the number of sales for DARC's 3 major product offerings at any given time. The Sales Force CRM software generates illustrative graphs and charts that provide integral information for sales trends, revenue generated for a specific period, and key measures to ascertain customer satisfaction. During the strategic planning sessions, the data and reports generated from the Sales Force CRM are the key documents used to frame the discussion around DARC's performance results, ascertain the areas for improvement, and analyze key indicators for change within the organization.

DARC's financial performance is evaluated based on the BOD's approved budget for the year under view. During the annual planning meetings, or scheduled BOD meetings, throughout the fiscal year, the financial personnel provide a financial update that outlines DARC's financial performance at a given point during the fiscal year. The financial personnel give a report which evaluates and measures whether DARC's financial performance was aligned to each budget line; variances are explained. Having financial measurement and analysis allows DARC's leaders to evaluate financial goals

periodically and the results are used to make key financial and operational decisions for the next fiscal or strategic planning process.

### ***Information and Knowledge Management***

DARC's leaders understand the importance of having rich information and knowledge management systems that facilitate effective organizational performance. The existence of effective governance practices, such as transparency and disclosure policies dictate the effective flow of information to key stakeholders of an organization (Blouin et al., 2018). There are various strategies that DARC's leaders have implemented to ensure that information and knowledge management is disseminated among the key stakeholders of the organization. Using technology to disseminate information across different stakeholder groups has been one of the key strategic focuses of DARC's leadership team. Using the measurement and evaluation metrics to ascertain the needs of the customers, staff, and external stakeholders has been integral to DARC's performance improvement initiatives.

Technology, through the use of DARC's website and other product and program software, has made it convenient for different categories of stakeholders to access vital information and knowledge about the operations, strategic plans, performance rules, and events of DARC's operations. Donors, nonprofits, partners, staff members, and other interest groups can get relevant information and knowledge about the operations, performance, and industry from DARC's website. Also, DARC's website provides access to other resources and information that each of the stakeholder groups can access conveniently. DARC's website and product software incorporates a section where clients

can give feedback about products, programs, or service offerings. DARC's program personnel can access the feedback information, which is then shared with other key personnel to aid in rich knowledge management acquisition, then the information is shared during scheduled program committee, BOD, annual, and strategic planning meetings.

DARC introduced a program called "The Forum" which is an in-person event, organized and hosted by the DARC's leaders, to support the engagement of community leaders, partners, customers, and the workforce, as well as gain rich information and knowledge from each key stakeholder group. During "The Forum" sessions, information is shared with the participants, while the information the participants share with the DARC's personnel becomes integral knowledge that is utilized during the strategic planning initiatives.

### **Collection, Analysis, and Preparation of Results**

The purpose of this qualitative single case study was to explore strategies that nonprofit leaders use to improve governance processes and encourage donor confidence, to increase the levels of donations. The research question explored in this study was: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations? Data were collected using semistructured interviews, internal archival records/documents, and public data reports. Data were organized using identified themes, codes, and patterns related to the research question. The analysis of the data identifies regulatory compliance, internal assessment,

and engagement as the three major themes surrounding the impact of governance practice on donor confidence and increased levels of donations within nonprofit organizations.

## **Thematic Findings**

### ***Thematic Finding 1: Regulatory Compliance***

Compliance is one of the major determinants that positively affect donor confidence and the decision to support a nonprofit through donations. The U.S. federal regulations do not have stringent governmental compliance for nonprofit organizations compared to that of for-profit counterparts (Abu Khadra & Delen, 2020); however, they do require that nonprofits with revenue base above \$200,000 be required to file IRS Form 990. The 4 participants who were interviewed stated that the key to improving governance practices is to ensure that regulatory compliance is upheld in nonprofits. Participant 2 stated that one of the major strategies that they have used to improve governance practices was for the organization to ensure that there is evidence of adherence to state and federal guidelines for nonprofit organizations. Each of DARC's three program offerings includes a component that provides information and instructions for encouraging nonprofits to remain regulatory compliant. Pfeffer and Salancik's (1978) RDT recommended that one of the strategies that organizations should use to mitigate resource dependence is for the organization to find strategies to remain independent by ensuring regulatory compliance. DARC's leaders ensure that the IRS Form 990 is filed annually. DARC's website outlines IRS Form 990 returns for the years 2016 to 2021.



***Thematic Finding 2: Internal Assessment***

Internal assessments are integral for nonprofits to remain sustainable. The major activity that encourages internal assessment is the strategic planning process. Pfeffer and Salancik (2003), through RDT support the notation that nonprofit leaders who take active steps to ensure that interorganizational actions such as board composition, accountability, and strategic planning will have adequate resources and information to encourage sustainability (Kurland & Mercer, 2020; Rodríguez-Arias et al., 2021). Participant 3 responded to the interview question that sought to ascertain what policies leaders have implemented to encourage accountability by stating that having a governing board, committees, and other leadership activities that support continuous internal assessments is important to an organization's accountability and sustainability. The other participants mentioned that DARC's products and program offerings support leaders in implementing and conducting internal assessments to encourage donor confidence; the participants mentioned that using the OCBS to evaluate DARC's governance practices is paramount to self-audit. Pfeffer and Salancik stated in RDT that interorganizational actions, such as internal assessments supports effective governance practices and satisfies the demand of stakeholder power exertion. The evidence of over 20 years of strategic planning documentation is signifies the importance that DARC's leaders place on conducting internal assessments.

***Thematic Finding 3: Engagement***

Customer, employee, stakeholder, and community engagement equates to building positive relationships. DARC is a donor-amalgamation nonprofit organization

that mission, values, and vision is grounded on the building of relationships, mainly between nonprofits and donors, however, they ensure that employees, other key stakeholders, and community partners have positive and strong relationships. RDT asserts that there is power gained through relationships while a perceived self-sustainable organization will take intentional steps to foster direct or indirect relationships with the external environment (AbouAssi & Bies, 2018; Cuervo et al., 2019). Freudenreich et al. (2020) stated that donor engagement can be achieved when nonprofit organizations take active steps to provide them with information relevant to the organization's strategic plans. Pfeffer and Salancik (2003) stated through RDT stated that political action is closely aligned with engagement initiatives, which can mitigate the effects of power control influences. DARC's study participants identified the annual customer events, different mediums of communications, annual reports, interactive social media, the website, and compliance as the major strategies for promoting engagement and building relationships. The increase of social media click rates, and subscriber rates demonstrated that the implemented engagement strategies are effective. DARC's leaders ensure that they implement activities, systems, programs, and engagement strategies to build sustainable relationships with customers, employees, stakeholders, and the community.

### **Product and Process Results**

DARC provides three main programs or services where clients can choose one or more of the products that provide educational services geared toward acquiring knowledge of regulatory compliance, resources that encourage donor-nonprofit engagement, and online capacity-building tools for sustainability, compliance, and

effective governance. Donor–nonprofit relationship amalgamation, general donor services, and general nonprofit services are the three main programs or services that are offered by DARC. In 2021, the annual report prepared by DARC’s leaders that each of these products/programs had successes despite the COVID-19 pandemic environment.

***Donor–Nonprofit Relationship Amalgamation***

This program is geared toward engagement services between donors and nonprofits. In 2022, DARC celebrated its 75<sup>th</sup> anniversary by hosting an event that brought donors, nonprofits, and funders together to celebrate the achievements of the organization, review relevant topics on trends and advancements in philanthropy, and promote the programs that continue to encourage building strong, authentic relationships between donors and nonprofits. Also, DARC’s 2021 strategic goal of increasing the number of donors that use the published list of nonprofits that attained the OCBS certification seal by 8% was achieved. DARC’s leaders reported that 7,168 individuals accessed the newsletters, while 48,941 individuals accessed the website to view the lists. These results were an average of 15 to 52% increase, respectively, over the reported amounts for the 2020 results reporting. The OCBS are the foundational benchmark elements that DARC uses to fulfill the mission of building stronger relationships between donors and nonprofit customers. The OCBS benchmark elements educate both donors and nonprofits on governance practices, finances, fundraising, communication, public expectation, legal compliance, and nonprofit sector expectation.

### ***General Donor Services***

DARC's 2021 strategic goal was to share information about culturally specific philanthropy and DEI toolkit by ensuring that relevant information, communication, and resources were made available in 30% of the platform information provided to donors annually. DARC's leaders reported that the following relevant and related information was specific to philanthropy and DEI was available: 28% on Facebook, 21% on Twitter, 30% on LinkedIn, and 55% in the DARC's newsletter, email correspondence, and other correspondences.

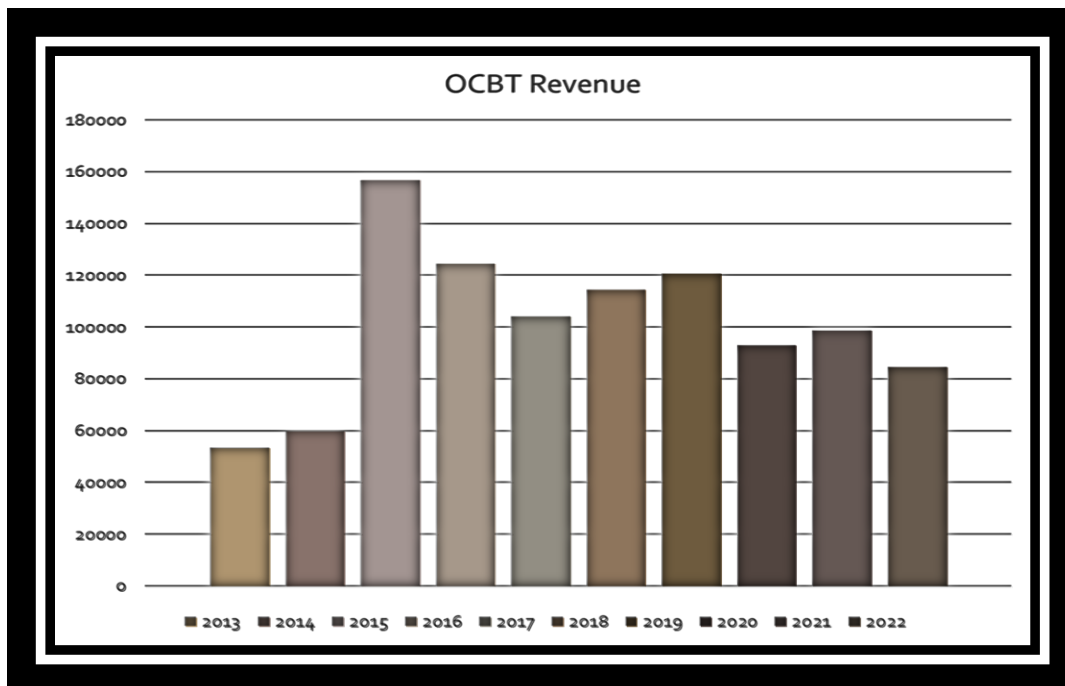
### ***General Nonprofit Services***

The OCBS are reflected in the programs and products that are geared toward general donor services. The OCBT is one product that many nonprofits utilize at DARC. The OCBT is an educational online assessment tool that supports nonprofit capacity-building for the alignment of governance practices and management policies that encourage sustainability. DARC's 2021 strategic goal was to have an 8% increase in new nonprofits using the OCBT. In 2021, 18 new nonprofits used the OCBT, which was only 56% of the targeted 32 new nonprofits; however, this was a 5% increase over 2020. In addition to the OCBT, DARC provides the DEI toolkit to aid nonprofits in expanding programs that support DEI as a part of the culture and management policies within the organization. DARC's 2021 strategic goal was to increase the membership subscription by 12%. However, they exceeded subscriptions by 187%. Revenue for the use of the OCBS has remained consistent with minimal variations, even during the 2020 -2021 COVID-19 pandemic environment (Figure 7). The DEI toolkit subscriptions have seen

the highest revenues in 2022 (Figure 8), which supports the results that there has been a 187% increase in subscriptions over the previous year.

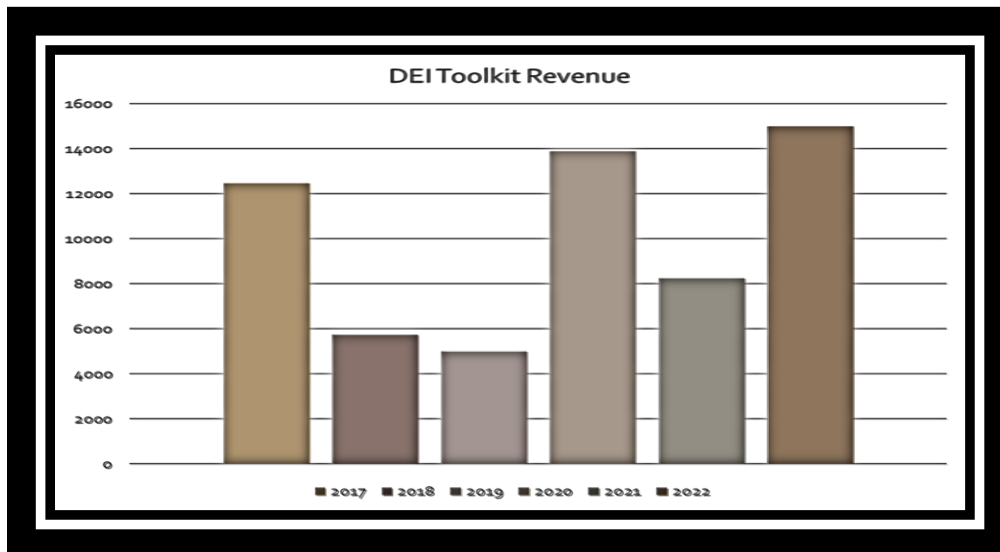
**Figure 7**

*DARC's OCBT Revenue 2013–2022*



**Figure 8**

*DARC's Diversity, Equity, and Inclusion Toolkit Revenue 2017-2022*



### Customer Results

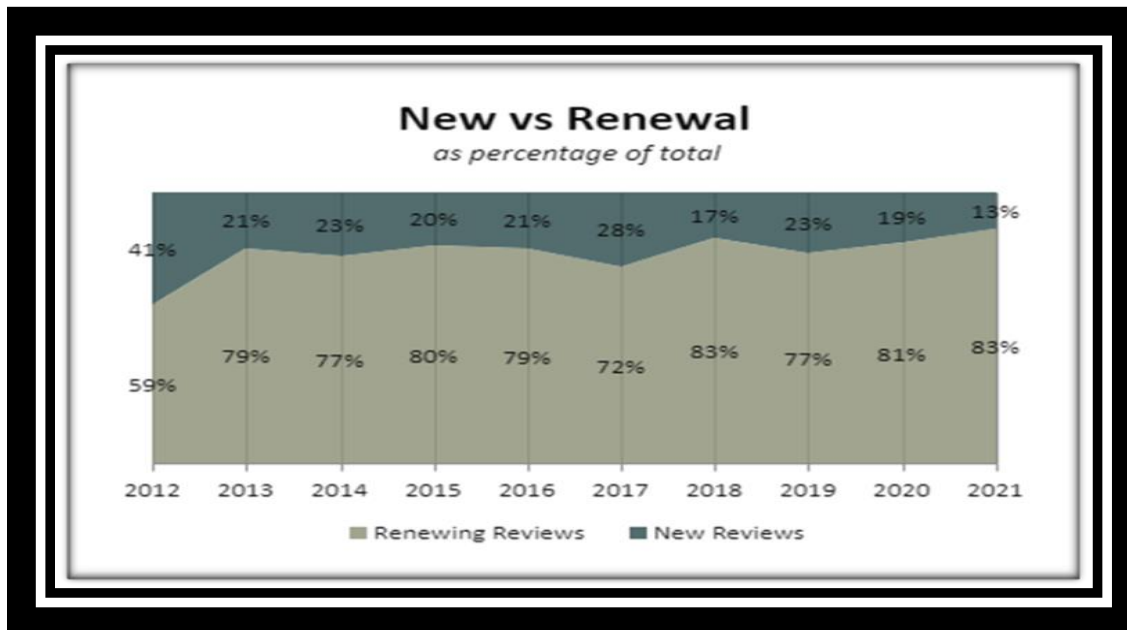
DARC's unique structure serves two categories of customers. DARC's two major groups of customers are nonprofit organizations and donors in the Midwestern states and other regions within the USA. Nonprofit organizations that use the products and services that DARC provides have reported positive feedback from the pre-review and post-review evaluation included in the program process, through survey monkey technology. DARC's leaders reported that in 2021 despite the challenges that the COVID-19 pandemic environment brought the nonprofit customers understood the importance of ensuring that their organizations remained viable by incorporating governance and accountability standards to fulfill the missions that the leaders have established. DARC's 2021 annual report stated that there was a renewal rate of 94% for nonprofit clients that

have used the review process and gained OCBS certification. The 94% renewal rate indicates the customer's satisfaction with the programs and products that DARC offers. The average renewal rate for all the services that DARC offers was 83%, while the average rate of new reviews for all programs was 13% in 2021 (Figure 9). In 2021, DARC's leaders, staff, consultants, and contractors have served over 600 nonprofits through the OCBT and the DEI toolkit. Of the 600 nonprofits that used DARC's products and services, 58% achieved the OCBS certification and reported that the review process has positively impacted the mission accomplishment, while 90% reported that they have implemented strategies that have enhanced accountability and transparency within the organization.

DARC's leaders have reported that the strategic indicator of increased click rates on the organization's communications, and increased social media engagement, is a positive indication that the donor group of customers is satisfied with the services that are offered. In 2021, the click rates for DARC's e-newsletter increased by 2% to 5.14%. The 5.14% is higher than the nonprofit industry average of 2.79%. The social media targets for the 2021 year were also exceeded. (1) Instagram had 1,073 followers, (2) LinkedIn had a 2.77% click rate, and (3) Twitter had a 2.04% engagement rate which was almost 88% more than the previous year. Also, DARC's leaders reported that they have responded to more than 1,050 donor support calls and emails, which indicates that donors are becoming more engaged in informed giving, nonprofit governance, accountability, and transparency awareness.

**Figure 9**

*DARC's New Versus Renewal Average Rates 2012–2021*



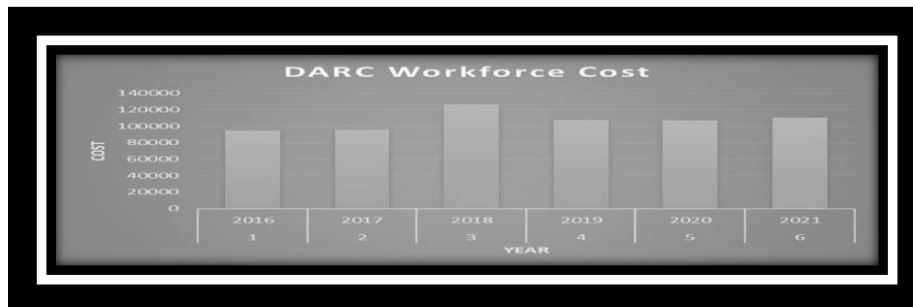
### **Workforce Results**

Since the 1940s, DARC's workforce has remained generally consistent, with a 90% retention rate. In 2021, DARC's workforce consists of three staff members and a 12-member team of consultants and contractors. DARC's leaders decided to utilize the services of contractors and consultants to carry out professional roles instead of hiring full-time staff. The decision to use expert contractors and consultants has saved the organization over \$500,000 in employee costs (Figure 10). In 2021 the professional fee cost was approximately \$110,000. From 2020 to 2021, during the COVID-19 pandemic environment, DARC's workforce experienced permanent staff turnover. DARC's ED responded to the changing economic, environmental, and social environment by moving



to a permanent hybrid workforce environment. The Charity Navigator awarded DARC with the highest ratings in the leadership and adaptability category, for the decision to move the workforce environment from the traditional in-person work environment to a hybrid workforce environment. Also, DARC's leaders have ensured that the work culture is representative of the DEI standards that they provide for the customers they serve.

During the interview, each of the participants mentioned that the ED's leadership standards, care, and commitment have created a work environment that supports trust, excellence, innovative solutions, integrity, and equal opportunity. Documentation collected and analyzed indicates that workforce selection and onboarding are cohesive with a positive work environment. The workforce comprises individuals that have expertise and knowledge that aligns with DARC's mission, values, and vision. Participant 4 stated that DARC has not experienced staff turnover as it has from 2020 to 2021; however, the COVID-19 environment has impacted the staff's decision to leave. The workforce that remained has exhibited resilience and has ensured that there are no significant operational disruptions. DARC's smaller workforce created an opportunity for the leaders to partner with community entities and other contractual liaisons to fulfill DARC's mission.

**Figure 10***DARC's Workforce Cost 2016–2021*

### **Leadership and Governance Results**

DARC's senior leaders comprise the ED, the BOD, and the program manager. The BOD is the governance body of DARC, and they are supported by the executive and program committees. Each of the committees ensures that governance practices are implemented, reviewed, and continuously improved. The BOD along with the ED comprises DARC's leadership body; DARC's leadership body has established and implemented several governance, corporate, and regulatory documents; DARC's leadership has established effective bylaws, board governance guidelines, employee handbook, committee charters, and strategic framework documentation that align and uphold the mission, value, and vision of the organization.

Charity Navigator has given DARC's governance and leadership the highest ratings stating that all nonprofit governance and leadership standards have been implemented and managed effectively. The governance rating matrix that the Charity Navigator listed included: (a) board composition; (b) conflict of interest policy; (c) board meeting minutes; (d) documentation retention and destruction; (e) whistleblower policy;

(f) having a website for the organization that provides relevant information. The leadership rating metrics that the Charity Navigator listed included: (a) the presence of a mission, vision, and goals; (b) leadership development; and (c) mobilization of the mission through the utilization of external resources.

### **Financial and Market Results**

Nonprofit leaders are challenged to find innovative ways to source funding to ensure sustainability. Nonprofit leaders rely on donations, usually sourced from individual and organizational donors, as the main source of revenue (Klafke et al., 2021). During uncertainty and market changes, nonprofit leaders need to create other sources of income so that reliance on donor contributions is mitigated. The authors of RDT explained that though external factors are uncertain and unexpected, leaders who understand the constraints and influence of the organization's dependence on external entities will be able to incorporate strategies to mitigate the risk that these factors can have on the organization (Pfeffer & Salancik, 2003). DARC's leaders have understood that they needed to ensure that donor resource dependency is mitigated.

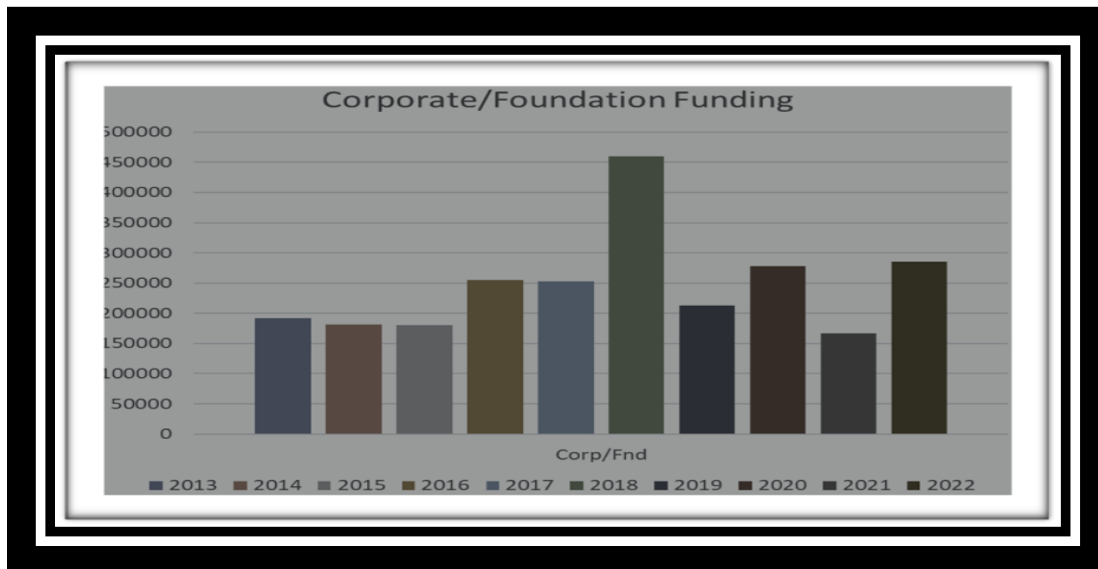
DARC's leaders have implemented fee-based educational programs that help to mitigate dependence on donor contribution as the only source of revenue. DARC has had a positive relationship with corporate and individual funders that have supported the programs of the organizations; however, since 2016 there has been a gradual decline in the corporate support that the organizations have received (Figure 11). Each of the participants mentioned that there have been challenges in the economic environment in the Midwestern USA and other parts of the USA that have negatively affected corporate

social responsibility (CSR) which results in declining corporate donor support for the nonprofit industry. Donations from individuals have declined from 2017 to 2019; however, donations increased slightly in 2020 and remained consistent through 2022 (Figure 12).

The OCBT and the DEI toolkit are the fees-based educational programs that DARC has implemented to ensure that there is diversification in the revenue streams. The technology and services are provided through a paid contractor. DARC's leaders have decided to keep the fees charged for the programs at an affordable rate, however, they faced challenges in maintaining a cost-benefit advantage (Figure 13). The revenue collected was not enough to cover the cost of the technology contracted. DARC's executive leadership reviewed the challenges and decided to increase the fees for new nonprofits that would utilize the services. Also, in 2021 DARC's executive leaders decided to invest in the technology that would enhance the product offerings for the OCBT and the DEI toolkit, which meant increased cost, but also increase revenue in the long term. The decision to invest in new technology resulted in a negative net revenue for 2021 (Figure 14); however, with the increased enrolment, there is potential for a positive net revenue position over the next 3 to 5 years.in the coming years.

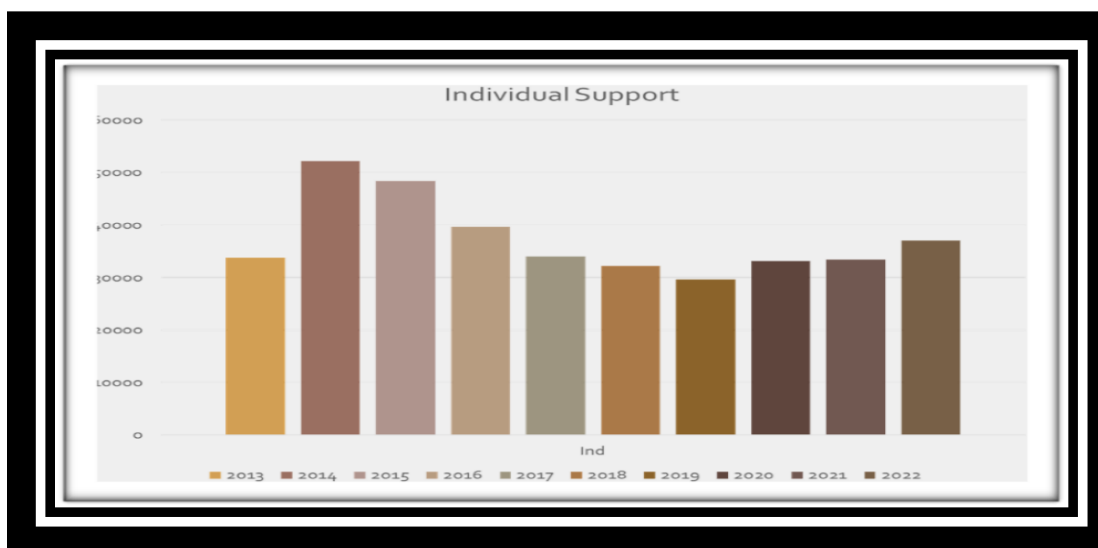
**Figure 11**

*DARC's Corporate Donor Funding 2013–2022*



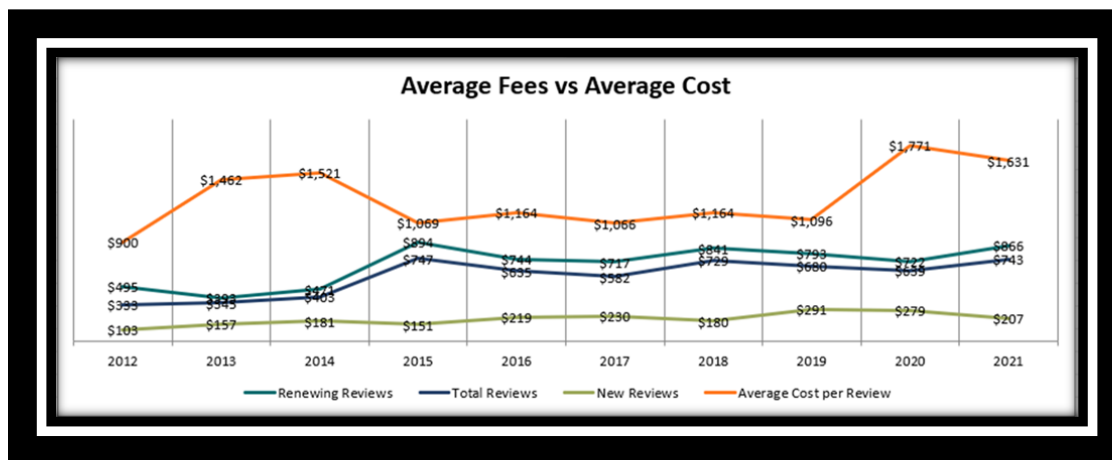
**Figure 12**

*DARC's Donor Funding 2013–2022*



**Figure 13**

*DARC's Average Revenue Compared to the Average Cost for OCBT and the Diversity, Equity, and Inclusion Toolkit 2012–2021*



DARC's leaders have put other strategies in place to mitigate the raising costs of operations. One of the strategies DARC's leaders have employed is to have the staff move to remote work, which meant that there was no need for the physical location that they previously maintained. The leaders have leased a smaller physical location which has saved the organization 40% of the average operating cost. Also, the decision to keep the staff composition smaller, but employ consultants and contractors, has also resulted in operational cost savings. The Charity Navigator, a nonprofit rating agency, has given DARC full credit for having an effective program expense and liabilities to asset ratios. DARC's leaders file the required IRS Form 990 and have a healthy solvency and a positive indication of long-term operational and financial sustainability.

### Key Themes

A thematic analysis was conducted of the data I collected from the semistructured interviews that were conducted, the review of internal archival records, and public

forums. The key thematic themes that emerged from the analysis included: (a) regulatory compliance, (b) internal assessment, and (c) engagement. Pfeffer and Salancik's RDT was the conceptual framework lens utilized to elaborate on the process and results strengths and opportunities that DARC's leaders have used to improve governance processes and encourage donor confidence to increase the levels of donations.

DARC's operational processes for each of the three key themes identified will be evaluated using the Baldrige Performance Excellence Program (2023) evaluation factors: (a) approach, (b) deployment, (c) learning, and (d) integration. The Baldrige Performance Excellence Program defined each of the evaluation factors below:

- *Approach* refers to the method, appropriateness, effectiveness, and degree that the applied approach is transferable.
- *Deployment* refers to whether the approach is relevant, consistent, and used with the appropriate segments of the organization.
- *Learning* refers to the continuous application, innovation, and sharing of approaches to the appropriate segments of the organization.
- *Integration* refers to the alignment of the approach to organizational needs, the measurement and improvement systems implemented, and the strategic plans that align with the organization's mission, vision, and values.

DARC's operational results for each of the three key themes identified will be evaluated using the Baldrige Performance Excellence Program (2023) four evaluation factors: (a) levels, (b) trends, (c) comparisons, and (d) integration. The Baldrige Performance Excellence Program defined each of the evaluation factors below:

- *Levels* refer to current organizational performance metrics.
- *Trends* refer to the continuous improvement rate of organizational performance.
- *Comparisons* refer to organizational performance as a benchmark with competitors in the industry.
- *Integration* refers to how organizational performance is applied to potent business segments, such as customers, programs, and strategic goals.

### ***Process Strengths***

Governance practices are those set of parameters that are one of the primary responsibilities of organizational leaders to confer and implement in the organization to ensure accountability, transparency, equity, fairness, and disclosures (Shahid & Abbas, 2019). Because nonprofit leaders do not have stringent governmental regulations like that of their for-profit counterparts, there is a higher demand for governance practices that aligns with the organization's mission (Adena et al., 2019). At the core of governance practices is the knowledge that an organization's mission, vision, and values set the foundation for the goals and objectives for which the organization was established. DARC's mission is to serve nonprofit organizations and donors by providing educational tools and resources on governance, regulatory, and accountability standards.

DARC's leaders have developed effective approaches for the evaluation and improvement of governance processes that have aided in improving relationships with key stakeholders and developing derivative services for contributing to the continued support of the mission of the organization. Regulatory compliance, continuous internal



assessment, and workforce, customer, and stakeholder engagement are three of the themes that have emerged during the analysis of the primary and secondary data of DARC. DARC 's leaders have key partnerships with the local government council that establishes and monitors nonprofit organizations on the principles and practices that govern compliance and regulatory mandates. Each of the principles and practices is incorporated with the governance practices of the organization, also the internal assessments that are conducted throughout the year review the standards for the nonprofit industry and DARC's leaders ensure that standards are reflected in the programs offered to customers.

DARC's BOD, staff, and committee members have scheduled meetings, which are documented in the committee charter documents, bylaws, employee handbook, and other governance documents, which enhance engagement through effective and consistent communication. Updates on the market, governmental, and operational standards during the scheduled workforce meetings allow for interactive discussions which encourage innovative implementation of changes and continuous improvement of the governance processes.

### ***Process Opportunities***

DARC's leaders have strategic planning and annual planning meetings each year. During these meetings, key leadership and other management personnel review all business segments of DARC's operations and performance using key indicators. The strategic plan is finalized every 3 to 5 years; leaders facilitate a strategic review session each year. Conducting yearly strategic planning meetings allows DARC's leaders to

review performance metrics, which provides an opportunity to consider timely operational opportunities for competitive advantage. Employing a strategist contractor has provided DARC with the expertise to ensure that the strategic planning sessions are effective for enhancing the mission mandates, evaluating trends, comparing market competitors, and creating a platform for continuous improvement and integration.

During the last strategic planning meeting, for example, DARC's leaders recognized that there needed to be some changes in the fee structure and the method of conducting reviews through the OCBT program. DARC's leaders decided to change from the current partnership agreement and move to invest in a technological method for providing the service. The decision to invest in current and relevant technology would result in a higher cost burden, however, the potential revenue benefit would outweigh the upfront cost over the short term. Also, the customers reported that the convenience and interactive approach to the service delivery gives DARC's service standard an advantage over other competitors within the market.

### ***Results Strengths***

DARC's leaders have reported successful results in key governance elements inclusive of financial, engagement, workforce, customer, and leadership metrics. The nonprofit industry was negatively affected by the COVID-19 pandemic environment in which donations have been negatively impacted. DARC's financial results have shown that donations have remained consistent and, in some cases, have increased slightly (Figure 12). Though DARC's staff composition was impacted negatively, the decision to employ the services of consultants, on a needs basis, resulted in savings of over \$500,000

in staff costs from 2019-2021. Governance indicators have reported successes. DARC's leaders have reported that they have met or exceeded the following strategic priorities and goals: (a) increased donor engagement, through increases in social media click rates, and subscriber rates; (b) increase in new nonprofits using the OCBT and achieving OCBS certification; (c) achieving a 95% renewal rate for the programs offered; and (d) an increase in the number of nonprofits subscribing to the DEI toolkit.

With increased competition for financial resources within the nonprofit industry, leaders need to find innovative ways to attract and retain donors (Lacruz et al., 2019; Seo, 2020; Tsiros & Irmak, 2020). The authors have suggested that some of the innovative ways that nonprofit leaders can attract and retain donors include: (a) specialized marketing campaigns, (b) providing multiple secure and trusted methods for donating, (c) efficient donor engagement strategies, and (d) recognition initiatives. DARC's leaders have been successful in creating innovative ways to attract and retain donors and nonprofit customers who employ the paid programs and products that DARC offers. DARC's leaders have created an annual event that recognizes donors and provides a forum for disseminating industry information. DARC's leaders have also enhanced the programs to encourage engagement, convenience, and additional resources.

### ***Results Opportunities***

Though DARC has many areas of results success and they have had an impact on the community that they served for over 70 years, there are always opportunities to improve on the results. DARC's leaders have established a mission for building strong and vibrant relationships between donors and nonprofits to enhance and empower

communities, while the values are to forge trust, strive for excellence, innovate, exhibit integrity, and be leaders in the nonprofit industry. DARC's leaders have strategic opportunities to expand their service standard reach to donors, funders, and nonprofits, not only in the Midwestern USA but to expand nationwide. With DARC's positive reputation for over 70 years and being the only nonprofit that provides educational services for both donors and nonprofits, the leaders have a competitive advantage to capitalize on the resources, partnerships, and community affiliations to promote philanthropic advancements for that region and beyond.

The cultural climate in the USA has been changing, and many compliance regulations have been implemented that require compliance with the changing landscape. DARC's leaders have an opportunity to promote the DEI toolkit to nonprofits, this strategy will create an opportunity to diversify the revenue structure, reduce resource dependency, and encourage regulatory compliance. Consequently, DARC's leaders can also use this culturally sensitive platform to reengage corporate and governmental agencies to support the program through CSR and increased donations. Also, the opportunity to enhance the technical programs to encourage customer engagement is available with the positive feedback that DARC's leaders have received from those customers who have enjoyed the interactive, convenient, and engaging service platform.

### **Project Summary**

The main source of a nonprofit organization's financial resources is donations. Many factors influence an individual's or organization's decision to donate to a nonprofit organization. The existence of effective governance practices in the organization has been

identified as one of the main contributors to positive donation behavior (Becker et al., 2020; Seo, 2020); therefore, governance practices have been recognized as a mitigating strategy for combating agency problems, increased instances of fraud, embezzlement, and financial loss (Abu-Khadra, 2020). Donor confidence has been negatively affected by reports of financial impropriety among nonprofit organizations (Blouin et al., 2018), as such, nonprofit leaders have recognized the importance of developing strategies to ensure that effective governance practices are implemented to encourage potential and existing donors to contribute to the nonprofit's mission accomplishment.

In this single case qualitative study, I analyzed DARC's data to aid in answering the research question: What strategies do nonprofit leaders use to improve governance processes and encourage donor confidence to increase the levels of donations? Using Pfeffer and Salancik's (1978) RDT as the conceptual framework and the 2023-2024 Baldrige Excellence Framework (Baldrige Performance Excellence Program, 2023) systems-based management and leadership elements, I analyzed the primary and secondary data collected from DARC's leaders to measure, analyze, and benchmark the strategies that DARC use to improve governance processes and encourage donor confidence to increase the levels of donations. The key themes that emerged from the analysis of the data attained from DARC's four senior leaders' semistructured interviews, the internal archival records, and public forum information are (a) regulatory compliance, (b) internal assessment, and (c) engagement.

Nonprofit organizations depend on external resources to remain sustainable (Ilyas et al., 2020). Understanding how the improved effectiveness of governance processes

contributes to increased levels of donations can impact how organizational leaders make decisions (Zhou & Ye, 2021). When leaders implement strategies to improve the governance processes of the organization, they will be able to effectively manage the effects of external dependency and donor confidence on the levels of donations received. Nonprofit leaders will be able to ascertain effective approaches to evaluate and improve governance processes, improve relationships with key stakeholders, and develop derivative services for contributing to the continued support of the mission of the organization.

Some of the strategies that have been identified to improve governance practices to improve the levels of donations align with Pfeffer and Salancik's (2003) RDT recommendation and the key themes derived from the data analysis conducted. Some of the key strategies include resource diversification, interorganizational action, organizational growth action, regulatory compliance, and engagement. The reported findings derived from the study have the potential to enrich organizations' positive social contribution through increased altruistic giving by members of the community for enabling expansion to benefit communities' citizens.

### **Contributions and Recommendations**

The nonprofit sector has been plagued with reports of impropriety, mismanagement, and a lack of strategic direction. This study has provided relevant and important details regarding effective strategies that can assist nonprofit leaders in mitigating the adverse effects of external environmental dependence by implementing governance processes to encourage donor confidence and increase the levels of

donations. The findings of this study have provided nonprofit leaders and key stakeholders with three pertinent recommendations that will contribute to the sustainability and mission accomplishment of the organizations. Researchers and scholars can use the findings, recommendations, and information from this study to enhance the body of literature about governance processes, donor behavior, and resource dependence.

### **Application to Professional Practice**

Nonprofit leaders mainly depend on donors for funding to remain sustainable and need to identify and adapt effective strategies that can encourage donor confidence to increase the levels of donations. Nonprofit organizations are essential to the U.S. economy, representing 5.7% of the nation's workforce; individual donors contribute to over 70% of the \$466 billion contributed to charitable organizations in the U.S. in 2020 (Kamatham et al., 2021). Though the reported figures seem significant, that amount could be more. Donors are motivated to contribute to a nonprofit's mission for varied reasons; the hesitation to contribute resides mainly due to reported impropriety in the nonprofit industry. To compound the issue the federal government does not require nonprofit organizations to comply with many of the regulatory requirements that for-profit organizations have to comply with (Adena et al., 2019; Nguyen & Soobaroyen, 2019). Governance practices have been identified as one of the main contributors to donation behavior (Becker et al., 2020; Seo, 2020), and also a mitigating strategy for combating agency problems, increased instances of fraud, embezzlement, and perceived financial impropriety (Abu-Khadra, 2020). Consequently, nonprofit leaders need to have access to pertinent information that will provide fundamental tools to ensure that the organization

remains viable and contribute to sustainable economies of scale. Also, nonprofit leaders will have access to data that outlines and explains how to implement effective strategies that will contribute to the fulfillment of the essential social services that the communities need.

The findings and recommendations reported in this study can assist nonprofit leaders to identify effective governance practices as a mechanism that encourages potential and existing donors to contribute to the nonprofit's mission accomplishment. Many nonprofit organizations are established to satisfy community needs; however, many nonprofits fail within the first 5 years of operations (Molk & Sokol, 2021). Researchers have identified governance and managerial incompetence as one of the major reasons for the nonprofit lack of sustainability. The findings of the study can add value to nonprofit leaders and provide additional resources to understand the importance of implementing effective governance practice as a value-added element for sustainability and to encourage positive donor behavior to increase the levels of donations they can receive. Also, I explored many of the mitigating elements of RDT that can aid in educating nonprofit leaders to utilize strategies that can reduce the instances of resource dependence that can negatively impact nonprofit sustainability.

### **Implications for Social Change**

This study has significant implications for social change. The findings and recommendations of this study have the potential to equip nonprofit leaders with effective strategies to improve governance processes and encourage donor confidence to increase the levels of donations. Nonprofit organizations are essential to society and the local



communities they serve (Kamatham et al., 2021). Employees, donors, management, consumers, and key stakeholders comprise the social influencers of an organization (Amis et al., 2020; Liu et al., 2021); therefore, the actions, activities, and conduct of each of these groups contribute to the wealth of the social structure of society. Each of the social groups contributes to the success and sustainability of a nonprofit's contribution to society. Nonprofit leaders that implement governance practices, engage key stakeholders and ensure regulatory compliance will affect the social change required to improve the lives of the people in the communities they serve.

When nonprofit leaders take intentional steps to improve and implement effective governance practices, they will be able to remain sustainable, and effectively serve the communities through the mission the leaders have established, they will be able to add value and meet the needs of society. Also, the entities and individuals that support the mission of the nonprofits in the community, cultivate a culture of philanthropy, improve relationships with key stakeholders, and develop derivative services for contributing to the continued support of the mission of the organization. The reported findings derived from the study have the potential to enrich organizations' positive social contribution through increased altruistic giving by members of the community for enabling expansion to benefit communities' citizens.

### **Recommendations for Action**

Recommendations for action are integral following the completion of a research study highlighting the researcher's findings from data analysis. This section of the study expounds on recommendations that can be beneficial to the leaders of DARC and other

nonprofits in enhancing the strategies that can be employed to improve governance practices to increase the level of donations. The recommendations for action is organized using the thematic analysis of the data collected in this study. The key thematic themes that emerged from the data analyzed were regulatory compliance, internal assessment, and engagement.

### ***Regulatory Compliance***

One of the key components of governance practices is regulatory compliance (Lu et al., 2020). Many of the challenges that nonprofits experience in maintaining and attracting donors are a direct result of noncompliance with federal and local regulations (Heffernan et al., 2018). The findings of the study highlighted that one of the effective strategies that nonprofits can employ to enhance governance practices is to ensure that regulatory compliance is upheld and incorporated. Nonprofits incorporated as charitable organizations adhere to Section 501(c)(3) of the US IRS Code of 1986, requiring an annual filing of Form 990, which is publicly available. Though nonprofit organizations do not have a stringent regulatory compliance structure as for-profit organizations, filing Form 990 is an effective governance practice that demonstrates accountability, transparency, and trust (Abu-Khadra, 2020). Public financial disclosures have a positive relationship with the donor's response to charitable giving (Rossi et al., 2020). Incorporating the annual filing of Form 990 is one effective strategy for enhancing governance practices to encourage positive donor behavior resulting in increased donations.

Nonprofits incorporated to conduct business in a specific state, in the USA, usually have local governing bodies that regulate the operations and practices of nonprofits. The findings from this study highlighted that compliance with state regulations is another effective strategy that nonprofits can employ to enhance governance practices to encourage donor confidence and increase the levels of donations. DARC operates in the Midwestern states that have a governing council that has established a set of accountability standards and principles that support the federal IRS code for governance principles for the nonprofit industry. A nonprofit's reputation can encourage trust from supporters but does not guarantee donations; however, a good reputation is an effective mediating factor that positively influences donor behavior (Schultz et al., 2019). An organization's reputation contributes to an individual's cognitive perception resulting in value attachment, which is a positive determinant of donor behavior (Coupet et al., 2020). Nonprofit leaders that ensure that state regulatory compliance is incorporated within the internal requirements for management practices are taking practical steps toward developing a positive public reputation which will add to effective governance practices and encourage positive donor behavior.

### ***Internal Assessment***

Though nonprofit organizations depend on donors to remain sustainable, resource dependence is one of the major challenges to a nonprofit's sustainability. Pfeffer and Salancik's (2003) RDT outlined that nonprofit organizations that develop strategies, such as interorganizational actions or internal assessments, can mitigate the adverse risk of external dependence. The findings of this study highlighted that strategic planning is an

effective and mitigating strategy that enhances governance practices, which encourages positive donor behavior to increase the levels of donations. Nonprofit leaders who conduct strategic planning activities, such as a SWOT analysis; processes and results strength and opportunity assessments (Baldrige Excellence Framework, 2023); and annual planning sessions, can signal intentional efforts to ensure sustainability.

Another effective recommendation arising from the findings of this study highlighted is that nonprofit leaders who develop innovative strategies to reduce resource dependence, such as resource diversification and growth actions (Pfeffer & Salancik, 2003) through internal assessments, develop effective tools for sustainability, growth, competitive advantage, and engagement. DARC's leaders have effectively begun the process of developing programs and products that offer resource diversification, growth strategies, competitive advantage, and engagements. Other nonprofits can benefit from the strategies that DARC's leaders have employed and are improving, as an effective tool for improving governance practices that encourage donor confidence to improve the levels of donations, through the effective practice of conducting continuous internal assessments.

### ***Engagement***

Nonprofit leaders can employ engagement strategies to build relationships for all interest groups. Donor, customer, workforce, stakeholder, and community engagement is an effective strategy that nonprofit leaders can employ to build relationships, encourage donor trust, and facilitate competitive advantage (Freudenreich et al., 2020). The findings of this study have supported engagement as an effective strategy for improving

governance practices to encourage donor confidence to increase the levels of donations. Some of the innovative ways that nonprofit leaders have implemented to support donor engagement included specialized marketing campaigns, providing multiple secure and trusted methods for donating, efficient donor engagement strategies, and recognition initiatives. DARC's leaders have incorporated many of these innovative strategies to encourage donor engagement resulting in increased donor participation. Nonprofit leaders that also focus on strategies to encourage effective customer, workforce, community, and stakeholder engagement have reported positive operational results (Coupet et al., 2020). Communication, social activities, annual customer events, public reporting, interactive social media platforms, and an organization's website are some of the major strategies for promoting engagement across the nonprofit's interest groups.

The findings of this study will be used to contribute to the body of literature about nonprofit organizations, governance processes, donor confidence, donations, and resource dependence. The recommendations highlighted in this study will be disseminated as a relevant source for nonprofit leaders and management personnel to be trained in professional leadership conferences, internal training opportunities, and coaching opportunities. The findings in this study are not exhaustive and will require other research opportunities.

### **Recommendations for Further Research**

This study has limitations, therefore asserting that the findings of this study may not represent all geographical, classification, structure, or size of nonprofit organizations in the industry. This doctoral study was a qualitative single case exclusive to one donor-

amalgamation nonprofit organization, in the Midwestern United States. Pfeffer and Salancik's (1978; 2003) RDT was the conceptual framework that was used to frame the findings of this study's established research question.

The value of this study can be added to the body of research on the topic of governance practices as an integral factor in donor behavior that impacts the levels of donations received. Also, considering the element of Pfeffer and Salancik's (1978; 2003) RDT can be beneficial for nonprofit leaders to consider mitigating strategies to counter the adverse effects of external dependence. Researchers interested in the topic of governance practices, resource dependence, and donor behavior are welcome to conduct further research to enhance the body of literature available to nonprofits or other business leaders that can benefit from additional knowledge for enhanced tools for encouraging sustainability and competitive advantage.

### **Reflections**

Education is a change in behavior and mindset. Mandela (1994) stated that education is one of the major drivers for personal growth and development, which results in a catalyst for positive global change. Completing this doctoral study has enhanced my growth and changed my mindset. I have faced several challenges, but I have also had many victories along the way. The completion of this doctoral journey is not only the fulfillment of a childhood dream but represents a changing narrative for my children and future generations.

The Walden University doctoral consulting capstone allowed me to be a scholar-consultant. I enjoyed working with my client organization and expanding my consulting

skillset. The Walden University doctoral consulting capstone introduced me to the Baldrige Excellence Framework, a practical and effective systems-based managerial tool, that encourages interactive and personalized value-added strategies for enhancing organizational performance. The structure of the Walden doctoral program, though online based, was surprisingly personalized. The support that I received from the faculty, staff, and colleagues was beneficial to my success in completing this doctoral study. I have become more adamant that success is possible, and change is inevitable. I am resolved to be a change agent with the knowledge that can effect positive social and economic change.

### **Conclusion**

This study was aimed at providing comprehensive knowledge of how governance processes can contribute to positive donor behavior to increase the levels of donations. Nonprofit organizations provide valuable services that meet the needs of a community and contribute to over 15% of the U.S. economy. Nonprofit leaders depend mainly on donors to help support the organization in fulfilling the mission for which the organization was established. Nonprofit organizations do not have the same stringent governmental regulations as their for-profit counterparts do; consequently, there have been many reports of financial and operational impropriety. Many nonprofit organizations have struggled to remain sustainable or have been discontinued because of the lack of donor support due to the negative reports of misappropriation of funds or operational inefficiencies.

The findings of this study have highlighted the need for nonprofit leaders to find effective strategies to change the negative perceptions that donors have had, increase trust and confidence, and engagement, to encourage continued support of the mission of the organizations. Identifying strategies to mitigate the adverse effects of resource dependency, and foster a positive reputation is important to a nonprofit's sustainability and growth. Nonprofit leaders can establish and implement effective governance practices, such as regulatory compliance, transparency, accountability, and engagement to encourage positive donor behavior to increase levels of donations. Nonprofit leaders are encouraged to incorporate additional strategies that can mitigate the adverse effects that external resource dependence can cause. Also, the findings of this study can be beneficial to nonprofit leaders, in providing them with major mitigating strategies such as innovative revenue diversification, internal assessments, and partnerships to counter the adverse effects of resource dependence.



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## Appendix: Interview Protocol

**Interview Title:** Strategies to Improve Nonprofit Governance to Increase Donations

1. The interview protocol begins.
2. I will introduce myself to the participant using the following script:
  - a. *My name is Charmaine Williams Tate. I am a doctoral candidate at Walden University, focusing on Business Administration, with a specialization in Leadership. I am researching strategies that some nonprofit organization senior leaders use to improve governance practices to encourage donor confidence and increase the levels of donations that the organization receives, under the guidelines of the Baldrige Excellence Framework.*
3. I will thank the participant for his or her agreement to participate in this research study, saying the following:
  - a. *Thank you for your time and for accepting to participate in this research study.*
4. I will provide the participant with information on how to withdraw from the study, by saying the following:
  - a. *Your participation in this study is voluntary and confidential, and you can decide at any time, even during our interview, to withdraw your participation in this study. You can stop me at any time and verbalize your decision to withdraw.*

- b. If there is a question you are not willing to answer, please just let me know.*
  - c. For confidentiality reasons, I will refer to you with a pseudonym – either P1, P2, P3, and P4*
  - d. Your assigned pseudonym is (P1, P2, P3, or P4). This information is not shared with anyone. Only you and I are aware of your assigned pseudonym.*
- 5. I will inform the participant that our conversation is recorded using the Zoom video communication technology, to ensure accuracy, and I will provide information about the gathering of data, and the member checking process.
  - a. This interview is being recorded through the Zoom communications technology and a transcript data file will also be downloaded, to ensure accuracy. (There will be an opportunity for any clarifying questions if needed)*
  - b. The transcripts for this interview session will be available to you during the member checking process.*
  - c. I will analyze the transcripts of each participant of this case study who will be interviewed, along with any archival data, reports, and documents that the organization's leadership shares.*
  - d. If you require copies of your interview recording and transcript, you can request them from me at any time and they will be made available to you.*

6. I will begin the interview process.
  - a. *If you are ready, we can begin the interview.*
7. The interview will start with question 1 and will follow through to question 6.

The interview questions are outlined below:

- a. *What are some of the strategies you or other leaders use to improve governance practices in the organization?*
  - b. *What major policies or programs have you or other leaders implemented to encourage accountability within the organization?*
  - c. *What strategies have you or other leaders used to encourage a strong relationship between potential donors and nonprofits?*
  - d. *What are major obstacles have you or other leaders encountered during fundraising initiatives?*
  - e. *How do you or other leaders measure the success of implemented governance strategies and fundraising initiatives?*
  - f. *What feedback have you or other leaders received from current clients about the impact of governance practices or accountability standards on the rate of donations received?*
8. I will end the interview by stating that:
    - a. *Our interview is over.*
  9. I will thank the participant for their participation in this study.
    - a. *Thank you for participating in this research.*

10. I will share my contact information with participants for follow-up questions and any concerns that the participants may have.

*a. For any follow-up questions and concerns, please contact me at  
XXXXXXXXX or by e-mail at XXXXXXXXX*

11. The interview protocol ends.