

2023

## **Nonprofit Business and Management Challenges Encountered When Delivering Services and Fulfilling Organizational Missions**

Becky A. Hammer  
*Walden University*

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# Walden University

College of Psychology and Community Services

This is to certify that the doctoral dissertation by

Becky A. Hammer

has been found to be complete and satisfactory in all respects,  
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the review committee have been made.

Review Committee

Dr. Kelly Chermack, Committee Chairperson, Human Services Faculty

Dr. Sarah Matthey, Committee Member, Human Services Faculty

Chief Academic Officer and Provost

Sue Subocz, Ph.D.

Walden University

2023

Abstract

Nonprofit Business and Management Challenges Encountered When Delivering Services  
and Fulfilling Organizational Missions

by

Becky A. Hammer

BBA, Angelo State University, 1986

MS, Walden University, 2007

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Human Services

Walden University

August 2023

## Abstract

Failure of nonprofit organizations (NPOs) causes negative impacts to community service users and the NPO workforce. Although the impact of NPO failure has been researched, a comprehensive understanding of business and organizational challenges from the NPO leaders' perspective was not well documented. Learning more about these challenges may assist with understanding how to best support and solve them. The purpose of this qualitative single case study was to explore the business and management-related barriers and challenges NPO leaders encounter when delivering services and fulfilling organizational missions in the Greater Austin Metropolitan Statistical Area in Texas. The conceptual model included the ecological systems theory and the resource dependence theory. This is the first study that has used both theories to study NPOs. Twelve NPO leaders were interviewed to understand the business administration challenges they encountered in fulfilling organizational missions. The results of this study yielded four themes: skill set gaps in communication, financial, and human resource management; workforce challenges in hiring, retaining, and developing employees; stress related to funding; and a need for new or expanded strategies. COVID-19 impacts and other organizational insights emerged as other findings unrelated to the research question. Findings may provide input to community plans for improvement leading to positive social change. The structure of this study could serve as a model for other studies of this nature.

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## Dedication

I wish to dedicate the work that I have completed over the past several years to my son, Garret Hammer, and best friend, Carolyn Shaw. They have been my cheerleaders and the people with whom I have shared details on frustrations and milestones. Without them, this journey would have been much more lonely and mentally taxing. Additionally, as with everything I experience in my life, I owe it all to God who has showered gifts upon me and provided me with the initial calling to pursue this degree, as well as continued guidance and strength along the way.

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## Chapter 1: Introduction to the Study

Nonprofit organizations (NPOs) are increasing their role in supporting community social needs (AbouAssi et al., 2022; Shier & Handy, 2020). While serving their target populations, NPOs must also run their business, which can detract time, energy, and money from focusing on their mission to serve (Walters, 2021). Often there is a lack of business acumen and leadership skills in nonprofit companies that can cause a gap in quality of the service provided (Tatangelo, 2018). The current study addressed the business administration challenges incurred by the NPOs from literature and from one-on-one qualitative interviews with NPO leaders.

From an impact perspective, NPOs are vital to community social needs and the economy. People across the United States rely on the services provided by the approximately 1.8 million NPOs (Reasonover, 2021). NPOs are the third largest industry employer (Reasonover, 2021), and these jobs stimulate tax revenues (National Council of Nonprofits (n.d.-a). Approximately 8 million board members and trustees volunteer their time to govern and support NPOs (Millesen & Carman, 2019). The health of NPOs is important to the United States because when they suffer, it impacts the population that has the most needs (Morris et al., 2018).

Chapter 1 provides an explanation of why the current study was needed. I provide a description of the problem, framework, design, and significance of the study. Chapter 1 provides an introduction to the study, which is followed by a detailed literature review and description of the methodology in Chapters 2 and 3, respectively. Chapters 4 and 5 include a description and interpretation of findings, recommendations, and implications.



## **Background of the Study**

NPOs have existed in the United States since the 1600s (Cadet & Carroll, 2019) and have seen massive growth with 12,500 NPOs in 1940 to more than 250,000 in 1965 (Robinson, 2016) to over 1.5 million registered with the Internal Revenue Service (IRS) today (Molk & Sokol, 2021). Currently, NPOs employ 12 million people and account for 5.6% of U.S. gross domestic product (Molk & Sokol, 2021). Faced with changes during the Reagan administration to expand (Jensen, 2017) to address the challenges encountered during the economic crisis in 2008 (Arik et al., 2016), NPOs have continued to solve social problems (Morris et al., 2018) while existing in a volatile environment (Baluch & Ridder, 2021).

Although the single purpose of the NPO is to fulfill their mission (Gazzola et al., 2017), they encounter mission drift challenges when faced with conditions that funders sometimes put on funding (Henderson & Lambert, 2018) or when they try to focus on revenue-generating activities to survive (Ometto et al., 2019). Further, although strategic planning to achieve the mission has improved over the years (Miller, 2018), there continues to be a low percentage of NPOs that document and review the plan (Altman, 2016).

Ensuring that processes are in place for all functions in a NPO is important for improved control, consistency, and flexibility (Volunteer Hub, n.d.). NPO survival has been linked to a culture that is innovative because being adaptive enables the NPO to maneuver difficult and unpredictable environments (Langer & LeRoux, 2017).

Technology can enable organizational effectiveness; however, NPO businesses have

historically had low budgets for technology as well as lack of training for adequate technology support (Azevedo, 2021).

Financial management can be difficult as in the case of managing and reporting overhead costs. These costs can be problematic because they can lead to a starvation cycle phenomenon in which rewards are given for low overhead costs, which negatively impact program and service fulfilment (Berlin et al., 2017). The overall financial status of NPOs is not good with an estimated need to inject \$40 to \$50 billion dollars to make them solvent (Morris et al., 2018). NPO innovation is critical for survival due to the number of challenges faced in having to respond in a volatile environment (Jaskyte, 2004). Although communication to stakeholders is part of accountability (Carvalho et al., 2019), effective internal communication for employee engagement is also critical (Choi, 2016).

Communication is also part of donor relationship management regarding the responsible use of donations as well as showing gratitude (Pressgrove, 2017). Ito and Slatten (2018) noted that NPO trust is gained by exhibiting high standards of ethics, transparency, and accountability, thereby leading to effective governance processes. The management of funding activities is also critical because NPOs receive money to operate from a variety of sources including public sources such as government, state, and local entities; nonpublic sources such as foundations and corporations; donations from individuals; membership fees; advertising; and charges for services (Hommerová & Severová, 2019). Because NPOs are challenged with requirements to be more professional, transparent, and accountable, they must invest in improving their

infrastructure for processes such as information gathering, financial tracking and reporting, staff capability improvement, and volunteer management (Smith, 2018).

A strategic human resource plan is needed to be more effective in reaching NPO business goals (AbouAssi et al., 2022). Although funding can be dependent on measurement of success, the processes and resources to do this are considered administrative overhead, and NPOs often do not have the skill set to manage this (Never & de Leon, 2017). Bryan (2019) discussed the frequent lack of organizational capacity NPOs encounter when trying to deliver services and meet demands, and Sanzo-Perez et al. (2017b) stated that NPO productivity is dependent on their workforce skills. Leadership skills have been noted as one of the top skill gaps (Hodges & Howieson, 2017). Volunteers must be supported with a culture that enables a good relationship with paid workforce members as well as training (Nesbit et al., 2018). Capacity building can help with NPO credibility and help them deliver better service to their service users (Kapucu & Demiroz, 2015).

NPOs often collaborate with for-profit companies, government entities, other NPOs, and other community resource entities. The sharing of people, funding, activities, and information is involved in collaboration (Shumate, Fu, & Cooper, 2018). If successful, sharing can provide benefits such as reduced costs, increased efficiency, access to skill sets, more services, better quality services, and joined forces on advocacy and funding (Tong et al., 2018). Although the potential benefits are clear, there are constraints related to available resources to partake in the collaboration activities and the skill sets to do so (Kim & Peng, 2018).

As the literature revealed, NPOs struggle with resourcing and sustaining their operations using their current operational processes and systems. The statistics on complete failures causing closures varied from 30% after 10 years (Ebarb, 2019) to a range of 3% to 38% during economic challenged times (Harold, 2020). Berry (2016) indicated that one third of NPO startups will fail in the first few years, and within 4 years another large percentage fail. With these NPOs being the lifeblood that serves community social needs through executing their missions, it is time to solve for ways to maximize their effectiveness and efficiency.

As demonstrated, researchers have a grasp of the failure rate and the many potential reasons for failure. What is not understood in depth are the challenges and barriers that distract NPOs from their original intent, mission, or purpose. The current study was intended to fill a gap in understanding specific business challenges and barriers that detract NPOs from fulfilling their mission.

NPOs are often faced with needing to overcome extraordinary challenges to fulfill their mission (Volunteer Hub, n.d.). Understanding details on the challenges directly from the people leading the organizations may provide input to an improvement roadmap for the community. Mitigating these challenges and focusing on changes may enable NPOs to provide improved service to disadvantaged populations they serve. Without a better understanding of the challenges according to NPO leaders, an improvement plan for positive social change may not be effective.

## **Problem Statement**

While there are many reasons why NPOs fail, there are often negative outcomes that impact their service to users, as well as their workforce. In Texas, the NPO sector employs over 5% of the workforce and is paying over \$16.8 billion in wages (Independent Sector, 2020b). Austin is home to 9% of Texas's NPOs (United Way, 2019). Complete failure of these organizations affects workforce employment numbers and causes community service recipients to suffer. The National Council of Nonprofits (n.d.-b) discussed how NPOs play an important role in community social equity by feeding, educating, and providing shelter to people of all ages, genders, races, and statuses. When these organizations are not performing fully to achieve their mission, they are not providing the best service to the communities they serve.

Understanding why NPOs fail may enable the mitigation of these factors. There are many reasons why NPOs fail, ranging from a lack of a good business plan to management-related challenges to issues with scope creep on mission (Ebarb, 2019). There is an apparent but not established understanding that the distractions (i.e., the items mentioned regarding management and scope, etc.) from the original intent are often associated with business survival and may hinder NPOs' ability to focus on the mission. Understanding why that happens may be important to NPO health and survival.

Although the impact of NPO failure has been researched, a comprehensive understanding of business challenges from the NPO leaders' perspective was not well documented. While researchers had a grasp of the failure rate and the many potential reasons for failure, what was not understood in depth were the challenges and barriers

that distract the NPOs from their original intent, mission, or purpose. The current study was intended to fill a gap in understanding business challenges and barriers that detract NPOs from fulfilling their mission. The specific research problem addressed in this study was that many NPOs fail and running a NPO *business* (and all that go along with the business aspect) often detracts from reaching goals focused on helping the NPO target populations (see Walters, 2021). This failure means that these organizations are not fully serving their communities or surviving long enough to fulfill their mission.

### **Purpose of the Study**

The purpose of this qualitative single case study was to explore the business and management-related barriers and challenges NPO leaders encounter when delivering services and fulfilling organizational missions. The target population for this study was NPO leaders in the Greater Austin Metropolitan Statistical Area (MSA) in Texas (Greater Austin, 2022). This study was appropriate for a qualitative study because it was important to understand directly from the NPO leaders how they formulate the truth and describe their reality. The results of this study may provide knowledge to better understand the business administration challenges NPOs encounter when delivering services and fulfilling organizational missions.

### **Research Question**

What business and management-related barriers and challenges do NPO leaders encounter when delivering services and fulfilling organizational missions?

## Conceptual Framework

In this study, the ecological systems theory (EST) and resource dependency theory (RDT) were used in the conceptual framework. EST was developed by Bronfenbrenner (1977) and is focused on how interdependencies and multilevel systems impact an individual they surround. Bronfenbrenner developed this theory when working on a social program called Head Start that focused on how influences outside the home interact to influence the development of children. This theory posits that the environmental systems that surround a person can provide insight into negative impacts and ways to mitigate them.

There are four systems (micro, meso, exo, and macro) that are nested around an individual, with the micro being the closest to the center (Bronfenbrenner, 1977). In Bronfenbrenner's (1977) original model, the child was in the middle of the concentric circles, with the microsystem being the home, school, and friends closest to the child. The mesosystem was represented by interactions of surrounding microsystems such as parents and teachers. The exosystem and macrosystem were respectively represented by entities such neighborhood services and culture. Policymakers and researchers often use this theory to understand how to best help individuals from a systems perspective (Bronfenbrenner, 1977).

Although EST provided a social theory to use as a base for this study, RDT provided an additional lens to study the problem from a business and resource perspective. RDT posits that businesses rely on external resources causing challenges when uncertainties occur within these dependent relationships (Pfeffer & Salanik, 2003).

The intersection of the EST and RDT theories focused on resource dependencies between the EST exosystem, mesosystem, and microsystem. The microsystem, representing the individual NPOs, have dependencies on the mesosystem, representing collaborations with other NPOs as well as resources needed to support business processes and systems. The microsystem and mesosystem have dependencies on the exosystem, which includes community business, policies, and other resources. Including both EST and RDT in the current study aligned the premise that NPOs support social needs but also depend on business administration and resource support.

Using the EST, the disadvantaged population in the Greater Austin MSA (Greater Austin, 2022) was the middle of the concentric circle. The microsystem included the NPOs that directly support the disadvantaged individuals. The mesosystem included the NPO business models and collaboration between NPOs and other community resources. The exosystem extended to the community resources within the Greater Austin MSA (Greater Austin, 2022) such as businesses and policies. The macrosystem represented the demographics of the Greater Austin MSA.

NPO leaders in the micro system were interviewed to understand business challenges they face in this ecological system. The interview questions for the study were focused on understanding the business barriers and challenges that exist for NPOs that operate in the microsystem and mesosystem while they directly assist the NPO target populations which are at the center of the EST circle. Literature addressing NPO business processes, systems, and collaboration was used to formulate interview questions about barriers and challenges. Connections were made from the current study resulting themes



and findings to the components of the ecosystem represented by EST, as well as the resource dependencies therein. Chapter 2 provides an in-depth review of all components in the conceptual framework.

### **Nature of the Study**

The design of this study was a qualitative single case study. A case study approach was used to explore the perspectives of NPO leaders in the Greater Austin MSA (Greater Austin, 2022). The qualitative method was appropriate for understanding perceptions and experiences, as well as answering “why” and “how” questions (Patton, 2015). The case study design was appropriate because it aligned with the research question and provided a bounded unit of analysis (see Yin, 2017). The method used to study this case can be used to study other Austin NPO leaders and other NPO communities.

A target list of NPOs and leaders was identified for inclusion in the study by defining demographic and other data related to the Austin NPO business ecosystem. This was followed by socialization and invitation to participate. Open-ended interview questions were developed for capturing data to answer the research question. Patton (2015) discussed the need for flexibility in the interview guide to allow for tailoring to each case. Because all NPOs are not the same, flexibility was built into the current study to accommodate various business characteristics.

Data were gathered directly from NPO business leaders using a semistructured interview guide, along with tools and methodology needed to record, transcribe, and code the results. The interview questions reflected topics from the literature review. The

answers to these questions provided data on the barriers and challenges the NPOs face when providing services and fulfilling missions.

From a thematic analysis of the interview results, barriers and challenges that the NPO is experiencing in delivering their mission were uncovered. The interview guide allowed for collection of data addressing business challenges and barriers that impede NPOs from serving disadvantaged individuals. Through the coding process, these barriers and challenges were expressed in theme narratives. The EST theory provided the context for the analysis because the NPOs exist in a community ecosystem where they help the disadvantaged population and work with community entities. The RDT was included to identify resource dependency issues among the barriers and challenges.

### **Definitions**

*Disadvantaged:* Characteristics that are “based on five main categories: (a) behavioral—acting out, impulsive, anti-social; (b) emotional—low self-image and self-esteem, frustration, disappointment with oneself, problems with personal identity; (c) cognitive—difficulties making decisions, inability to predict the future or plan for it, failure in school and dropping out; (d) social—located in the margins of society, having difficulty conducting a normative social lifestyle; and (e) familial—conflict with the family, a tendency to loiter and run away from home. Often, disadvantage is due to neglect and abandonment, absence of boundaries (or conversely, extreme restrictions), physical violence, and mental or sexual abuse” (Aviad-Wilchek & Ne’eman-Haviv 2018, p. 1475).

*Nonprofit organization (NPO)*: Self-governed organizations that are voluntary in nature, private, and not focused on profit; any profit made must be used to sustain activities to support social goals (Appe, 2019; Mourão et al., 2017).

*Service user*: Consumer or beneficiary of services mainly funded by donors as opposed to a for-profit organization in which the consumer pays for the services (Gajdova & Majduchova, 2018).

### **Assumptions**

This study was based on some assumptions that I believed to be true. The first assumption was that enough participants would be willing to talk with me. The second assumption was that there were barriers and challenges that were experienced in running an NPO and fulfilling its mission. Another assumption was that interview questions were phrased in a way that was clear and straightforward for the participants to understand. Finally, I assumed that the participants would answer interview questions truthfully.

### **Scope and Delimitations**

The selection criteria found in Appendix A were used to identify participating leaders of NPOs. The size, geographical, and classification boundaries were used to include and exclude candidates. In addition, the participants were required to be active leaders in their organization and be familiar with operational challenges and barriers. The geographical area was accessible to me and was wide enough to increase the chances of recruiting enough participants. The size of the organization was focused on the number of workforce members (paid employees and volunteers). Organizations that have more than 50 workforce members are generally older and more established. Smaller NPOs often

make direct contributions to specific neighborhoods and have fewer resources and less maturity from a process and system perspective.

The RDT had been used to study social infrastructure resource dependencies but not in conjunction with a social theory. The reason for including a social theory was to support the business management aspect of the NPO inside of the social ecosystem in which it resides. The word “businesslike” does not always align with what NPOs consider in their way of working; therefore, pairing the two theories along with evaluating processes and systems provided a better framework to analyze the barriers and challenges NPOs face when serving disadvantaged populations.

The terms “NPO,” “organization,” “business,” and “company” were used interchangeably. The term “businesslike” has some negative connotations because it can be associated with profit, and the goal of NPOs is social mission, not profit (Sanders, 2013). In some instances in the current study, it was better to use the word “business” or “company,” but caution was taken about the word “business” because it can be misleading. Nevertheless, NPOs have systems and processes that are commonly referred to as business processes and business systems.

### **Limitations**

Understanding limitations of studies can help with mitigating the impact of the limitations. The first challenge that I faced was gaining access to NPO leaders. Instead of including one city, I included a large metropolitan area so that I would have more potential participants. I leveraged a local community college that provides specialized education and resources for the surrounding NPOs. Because this study was qualitative,

findings cannot be generalized to other populations; however, the study could provide a methodology for assessing the NPO ecosystem in other communities. To promote this, I ensured that readers fully understood the methodology and the limitations of this study.

Another issue with qualitative studies is that the researcher is the instrument. Therefore, I was meticulous in guarding against bias. I conducted journaling before and after each interview, enlisted the participants to conduct member checking, and engaged a professional to review my coding. Finally, a limitation of not recruiting enough participants to attain data saturation was possible. I was diligent in the recruitment processes to obtain enough participants.

### **Significance of the Study**

The results of this study provided perspectives directly from NPO leaders regarding challenges and barriers faced when fulfilling the mission of NPOs. Findings could be significant to practice, theory, and positive social change. However, actions will have to be taken to realize the significance of the findings.

From a practice perspective, NPOs may use the findings to understand the challenges and risks that need to be mitigated. This study may also provide findings to share with other organization leaders, funders, community resources, and policymakers. Special projects could be conducted to improve processes and systems to alleviate the challenges. The participating NPOs will be provided with an official report to show to funders and community leaders who can help them with the barriers. Policymakers may leverage the findings to inform and justify policy changes. For example, the Travis

County Health and Human Services and Planning and Budget Offices could be made aware of this study.

From a theory perspective, this study was the first to include both the EST and RDT to study NPOs. This contribution may advance knowledge for future studies that combine theories to provide a social and management viewpoint. Findings may also provide a more holistic view of the impacts in the ecosystem in which the NPO resides along with resource dependencies within the ecosystem.

Although the practice and theory perspectives may indirectly promote social change, this study may also advance the knowledge of methodology to study community NPOs. Future researchers could build on the methodology and outcomes from this study to better identify improvement program requirements that promote positive social change by improving NPO effectiveness. Improving NPO effectiveness may make them stronger so they can help more people with increased service levels. This in turn may enable a healthier community.

### **Summary and Transition**

This chapter presented the problem, purpose, research question, and conceptual framework. The assumptions, limitations, and significance were also addressed. The literature review in Chapter 2 provides findings, trends, and definitions of the components in the conceptual framework.

## Chapter 2: Literature Review

The specific research problem addressed in this study was that many NPOs fail and running an NPO *business* (and all that go along with the business aspect) often detracts from reaching goals focused on helping the NPO target populations (see Walters, 2021). This failure means that these organizations are not fully serving their communities or surviving long enough to fulfill their mission. The purpose of this qualitative single case study was to explore the business and management-related barriers and challenges NPO leaders encounter when delivering services and fulfilling organizational missions.

This chapter provides a review of the literature to help readers understand the context and landscape of NPO operations from a historical and operational management perspective. After the literature search strategy section, the conceptual framework is presented including how the framework tied into the study's design. Next, the literature is reviewed to explain the history and role of NPOs, organizational business processes, performance management, leadership norms, collaboration norms, evolution, and challenges.

### **Literature Search Strategy**

The original list of references contained over 700 sources. Each source was evaluated for inclusion or exclusion. If the source was used, it was categorized as to what part of the literature review it would fit. Around 285 sources were selected for inclusion. The sources included peer-reviewed journal articles, books, and professional websites.

The journal articles were accessed through Walden University and Google Scholar. There were three methods used to locate the sources: previous coursework

material, review of NPO-related dissertation reference sections, and direct searches. Research databases included SAGE, Thoreau, Nonprofit Management, Leadership Journal, SocINDEX, and Nonprofit and Voluntary Sector Quarterly. Keywords used in searches included *nonprofit* or *non-profit* or *not for profit*, *business models*, *organizational capacity*, *organizational capabilities*, *business challenges*, *failure reasons*, *governance*, *systems*, *leadership*, *performance management*, *mission*, *supply chain management*, *financial management*, *human resources*, and *closures*.

### **Conceptual Framework**

The conceptual model for this study included social and business-oriented theories, respectively the EST developed by Bronfenbrenner (1977), and the RDT developed by Pfeffer and Salnick (2003). EST was used to bring meaning to the ecosystem in which the NPO operates, while RDT was used to emphasize the resource constraints in the ecosystem. The application of these theories focused on resource dependencies between the EST exosystem, mesosystem, and microsystem. Including the EST and RDT in this study aligned with the premise that NPOs support social needs but depend on the strength of business administration and resource support.

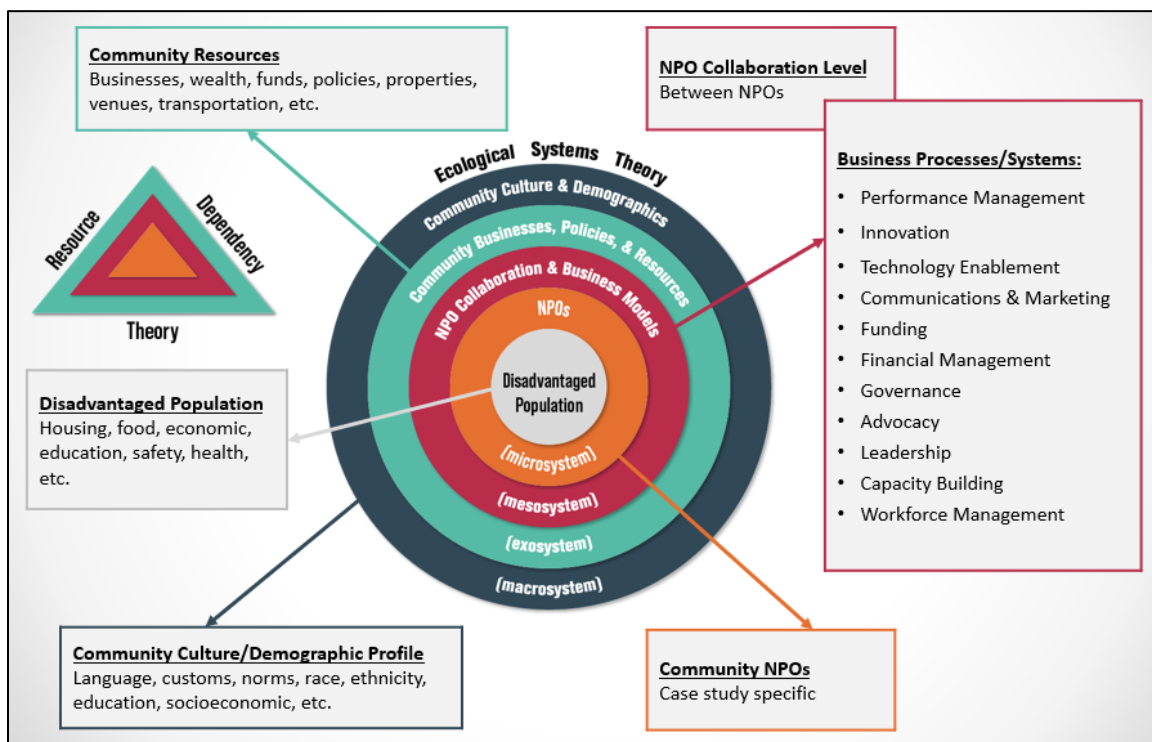
The challenges NPO leaders face with business processes and collaboration were integral to the study. These challenges were connected to EST and RDT dimensions by informing interview questions and then connecting interview answers back to the framework components. Leveraging literature on the theories in connection with literature focused on NPO operations provided a structured way to organize and report results. Figure 1 provides an illustration of the NPO systems that surround the



disadvantaged community as well as the resource dependency that may intersect with the microsystem, mesosystem, and exosystem. Also represented are attributes of each system.

**Figure 1**

*Conceptual Model*



## Ecological Systems Theory

### *Background and Definition*

EST was developed by Bronfenbrenner (1977). This theory is focused on how interdependencies and multilevel systems impact an individual they surround (Bronfenbrenner, 1977; Neal & Neal, 2013; Salem Press, 2022). Bronfenbrenner developed this theory when working on a social program called Head Start that focused

on how influences outside the home interact to influence the development of children. This theory posits that the environmental systems that surround a person can provide insight into negative impacts and ways to mitigate them.

***Details (Propositions, Hypotheses, Assumptions)***

EST includes several elements and is based on an integration of the settings in layers, also referred to as subsystems (Paat, 2013). Onwuegbuzie et al. (2013) referred to the layers as environmental levels. The microsystem is the innermost layer and is focused on the immediate environment, whereas the mesosystem is focused on the interaction between multiple settings (Onwuegbuzie et al., 2013). The exosystem refers to a setting that could have events that may impact the microsystem (Onwuegbuzie et al., 2013). The final layer is the macrosystem that contains the cultural context in which the microsystem, mesosystem, and exosystem operate (Onwuegbuzie et al., 2013).

***Previous Use***

Since this theory was conceptualized, it has been used in many studies. Kitchen et al. (2019) made an analogy of the microsystem, mesosystem, exosystem, and macrosystem to people, process, context, and time, respectively, when they researched the ecosystem of students. In another study, EST was applied to immigrants in the sense that they were entering a new culture and would be living and adjusting to a new macrosystem, and their children would be functioning in new schools in a new mesosystem (Paat, 2013). Neal and Neal (2013) expanded EST when they introduced a networked version to show interactions of entities between the ecosystem components. Starting as a theory to study child development, EST has been used in a variety of studies

with the definitions and interactions of the systems being conformed to fit the context of the problem being studied.

### ***Relationship to Current Study***

EST is applicable to qualitative and social science research (Onwuegbuzie et al., 2013). Based on the social impact of NPOs and the qualitative nature of the current study, EST was a good fit to be included in the framework. The microsystem, representing the individual NPOs, have dependencies on the mesosystem, representing collaboration between other NPOs as well as resources needed to support business processes and systems. The microsystem and mesosystem have dependencies on the exosystem, which includes community business, policies, and other resources. These systems must operate within the macrosystem culture and demographic profile of the community.

The current study addressed these systems beginning with the disadvantaged population in the Greater Austin MSA in Texas, which was in the middle of the concentric circle. The microsystem was the NPOs that directly support the disadvantaged individuals. The mesosystem was the NPO business models and collaboration between NPOs and other community resources. The exosystem was the Greater Austin MSA area components such as businesses and policies. The macrosystem was the culture and demographics of the Greater Austin MSA area. NPO leaders in the microsystem were interviewed to understand business challenges they face in this ecological system. The interview questions for the qualitative study were focused on understanding the business barriers and challenges that exist for NPOs, in the microsystem and mesosystem, to assist the NPO target populations that are at the center of the circle.

## **Resource Dependence Theory**

### ***Background and Definition***

RDT is an organizational management theory (Aulgur, 2016) and was developed by Pfeffer and Salancik in the 1970s (Pfeffer & Salancik, 2003). The theory provides insight into interorganizational partnering and resource use (Malatesta & Smith, 2014). Shea and Wang (2016) noted that RDT was also influenced by Parsons (1956) and the sociological approach toward organizations, indicating that they are part of a bigger societal structure. RDT posits that organizations must acquire and maintain resources to survive (Çelik, 2020). RDT further indicates that businesses rely on external resources causing challenges when uncertainties occur within these dependent relationships (Sutton et al., 2021). There are three primary principles associated with RDT: to pursue goals, organizations need resources; resources are available from other organizations in the environment; and dependence and power are inversely related (Malatesta & Smith, 2014). Although other management theories may emphasize social, cultural, and environmental conditions, RDT is focused on environmental material conditions (Shea & Wang, 2016).

### ***Details (Propositions, Hypotheses, Assumptions)***

RDT is focused on dependency relationships among organizations. In a collaborative organizational relationship, the organization that possesses the resources is in a position of power, whereas the organization that is receiving the resources is considered vulnerable to the power of the other organization (Malatesta & Smith, 2014). Sutton et al. (2021) discussed dependencies as being a problem when dependence

becomes uncertain. Another caution that Sutton et al. discussed was that the state of the uncertainty may be mitigated by the ability to respond to the uncertainty.

Interconnectedness, concentration, and munificence can be considered when evaluating dependencies for risk (Malatesta & Smith, 2014). Evaluating interconnectedness helps understand to what extreme this link will influence power, concentration helps to evaluate how much power will exist, and munificence reflects on how scarce and critical the resources are (Malatesta & Smith, 2014). Dependence and power are represented as if they are one interdependent construct (Çelik, 2020).

### *Previous Use*

Rigorous testing on the theory has been limited even though there has been wide acceptance (Çelik, 2020). Drees and Heugens (2013) questioned the empirical evidence about the power and resource relationship. However, literature contains many examples where the theory is used. Choi and Park (2021) used RDT to describe the interaction with NPOs and how they manage resource dependencies in their ecosystem. RDT includes focus on mergers, joint ventures, boards of directors, executive succession plans, and political actions as methods to evaluate and minimize risks associated with resource dependence (Hillman et al., 2009). Webb and Waymire (2016) used the RDT as a framework to measure the monitoring costs associated with external government grants compared to external direct contributions and internal income through investments and concluded that government grants incurred the highest monitoring costs. Their findings were congruent with an RDT principle that increased dependence results in higher monitoring costs.

### ***Relationship to Current Study***

RDT is prevalent in management literature, and it is also relevant to the social realm (Çelik, 2020). NPOs must manage through resource dependencies and many more uncertainties; therefore, RDT aligned with the current study because RDT is commonly used to research these situations (see Hillman et al., 2009). RDT posits that an organization can be vulnerable if it limits revenue streams, and NPOs have volatile funding environments with governments, foundations, and others (Searing, 2020). RDT informs the NPO leaders to carefully evaluate organizational relationships that may provide them with resources from the lens of dependence consequences (Malatesta & Smith, 2014). An NPO can lose independence if it becomes too dependent on external resources; therefore, great attention on funding impacts NPO behaviors and practices (Lu, 2016). RDT was used to formulate interview questions related to resource dependency relevant to NPOs, their business processes, and community resources and policies.

### **NPO Operating Processes, Systems, and Collaboration**

A literature review on NPO operational processes, systems, performance management, leadership, and collaboration is provided later in this chapter. These are the activities in which the NPOs must maneuver within the EST context provided in the conceptual model in Figure 1. To be able to conduct these activities requires resources that must be managed appropriately. Interview questions on these activities were asked in interviews with NPO leaders to determine challenges they face when operating in their environmental context while managing resource dependencies.

## **Community Resources, Culture, Demographics, and Disadvantaged Population**

The exosystem (community resources), macrosystem (community culture and demographics), and disadvantaged population components are not reviewed in detail in Chapter 2. However, these components were considered in the context of the case study addressing the Greater Austin MSA in Texas (Greater Austin, 2022). This section provides a review of general information about these components.

Community resources are important to evaluate. Placement and access of NPOs in a community are important. Reviewing the NPOs' social need landscape by community is important because it can vary due to what community resources are available, how much inequality exists, and the overarching culture and demographics that needs alignment in assessment and solutions. Beaton and Hwang (2017) found that having smaller and more NPOs in a geographical area will provide more financial resources and better fulfill the service needs. Other studies indicated that there is minimal access to NPO services in racial minority and low-income neighborhoods, and this can be a problem because low-income individuals do not have many options as to where they live (Lee, 2017). Research has shown mixed results on whether the race and economic status of neighborhoods influence the number of NPOs that exist in that area to provide services (Lee, 2017).

Community culture and demographics are important. Communities may have silos related to economic state, culture, political norms, and ideology (Lecy et al., 2019). Inequality in income has a variety of negative outcomes such as stress, anxiety, lowered trust, increase violence, drug abuse, and health issues (Berrone et al., 2016). Income

inequality also affects the effectiveness of NPOs because they work best when tailored to the specific social-economic setting where communities have shared experiences (Berrone et al., 2016). President Obama said the following about income inequality being the “defining challenge of our time” (Berrone et al., 2016). Communities that have more disparity in household incomes may generate greater demand for social service since there is a wider variety of different needs depending on income bracket (Kim, 2015). From a demographic perspective, County Health Rankings & Roadmaps (2022) and Census Reporter (2021) are a few resources that provide insight to health rankings and demographics. Relevant to this study, according to World Population (n.d.), Austin, Texas was experiencing a higher growth rate than other American cities with an approximate 6% economic growth rate. In 2022, it was noted as growing at a rate of 1.75% each year (World Population, n.d.). From a demographic perspective, Austin has a large Hispanic and declining African American population (World Population, n.d.). From 2010 to 2021, Travis County population increase rate was 26.7% while the State of Texas and United States rates were 7.3% and 17% respectively (USA Facts, n.d.).

### **Summary**

While EST provided an important social theory to use as a base for this study, RDT provided an additional lens to study the problem from a business and resource perspective. The intersection of the EST and RDT theories focused on resource dependencies between the EST exosystem, mesosystem, and microsystem. Including both EST and RDT in this study aligned with the premise that NPOs support social needs but they depend on the strength of business administration activities and resource support.



The business administrative activities examined were based on a literature review of current norms in NPOs.

### **Literature Review**

This literature review will provide detail on the origin, definition, and the organizational processes, systems, people, and measurement in which NPOs operate.

#### **NPO Defined**

While different terminology is used when referring to NPOs, they have specific characteristics and purpose. They are self-governed organizations, voluntary in nature, private, and while they do not focus on profit they can make a profit, but it must be used to sustain activities to support social goals (Appe, 2019; Mourão et al., 2017). While they do not distribute money to stakeholders, they each have a purpose for benefiting the community (Appe, 2019). The services provided by NPOs are very important to the states because they are overburdened as it is (Singh & Mthuli, 2021). The United States is more reliant on NPOs than other countries and they rely on them to provides services where government is unable to do so (Alston, 2018). For example, this study will be conducted in Texas which has over 200,000 NPOs (Tax Exempt World, 2019) which are relied on to meet social needs.

NPOs are responsible for solving important societal issues such social inequality, public health, and education (Bixler & Springer, 2018). While addressing important societal challenges (Morris et al., 2018), they have a broad sociopolitical impact in communities (Gilstrap & Morris, 2015). At a high level, social initiative objectives include promoting community social improvements, changing perceptions toward social

concepts or groups, or advocating for policy changes (Shier & Handy, 2015). NPOs have been referred to as a critical civic infrastructure component as they strengthen communities by engagement and service delivery (Faulk et al., 2021). Smith and Phillips (2016) noted that NPOs provide a social safety net.

The landscape of NPOs is diverse and wide where one end of the spectrum NPOs will be informal with little to no employees or assets to the other end where billion-dollar complex organizations exist (Casey, 2016; Faulk et al., 2021; Hall, 2016). Small NPOs are vital to helping with localized needs (Kim & Peng, 2018) as they are closer to them. NPOs can be the primary avenues for providing social services in some communities (Lam & McDougale, 2016). Whether the NPO is big or small, each are focused on specific issues such as basic services including water, food, shelter, healthcare, and education (Cadet & Carroll, 2019) to helping with the disabled and the abused populations (Alston, 2018). These diverse sets of services are available through times of job loss, crime impacts, disasters, and much more (Atouba, 2019). They often assist with neighborhood redevelopment and organize grassroots efforts to build skills and knowledge for the disadvantaged areas so that the social, economic, and physical infrastructure can be improved (Benjamin, 2012).

The NPO, for-profit, and governmental entities are different but work together. NPOs join for-profit and government service providers to provide the human services needed by society (Smith, 2018). While their for-profit counterparts focus on pursuing personal wealth, NPOs use entrepreneurship to improve the ability to support changing and growing social needs in a dynamic complex ecosystem (Thomas & Van Slyke,

2019). NPOs, for-profit, and local governments are in competition for government funding to provide human services (Miltenberger & Sloan, 2017). NPOs have advantages over governmental entities in the sense that they are closer to the service users and more distanced from voter alliance (Liu, 2017). These three distinct sectors work as peer entities with the government being the first sector, the general industry being the second sector, and NPOs are the third sector (Liao & Huang, 2016). While this chapter may cover collaboration and comparisons to the other sectors, the study is limited to NPOs.

### **Historical Background**

While the naming convention, types, laws, regulations, and funders have changed throughout time, the role of NPOs has not changed much. They were in existence in the United States as early as the 1600s (Cadet & Carroll, 2019) to help those in need. Today, the landscape of NPOs is impressive (a) more than 1.5 million NPOs have registered with the IRS (b) they represent 5.6% of the gross domestic profit and (c) and employ approximately twelve million people (Molk & Sokol, 2021).

The NPO concept began in the United States (Liao & Huang, 2016). Even though the American founding fathers were not in favor of voluntary associations and considered them to be a societal threat (Robinson, 2016), the preamble of the United States Constitution states that the one purpose of the government is to advance the general welfare of the population (Bryce, 2019). The “voluntary associations” existed during 1780 to 1830 during the American Revolution (Hall, 2016) and during this time period (1760 to 1820/1840), the Industrial Revolution served as a catalyst for more social demand due to working conditions (Arik et al., 2016). Prior to the 19<sup>th</sup> century, religious

and local government entities were the main providers for the people in need and during this period, some of the well-known NPOs were created and include International Red Cross, Goodwill Industries, and the Salvation Army (Smith, 2018).

NPOs continued to develop throughout the 19<sup>th</sup> century and into the early 1900s. Leonard Bacon was a pastor in the 1800's who wrote about NPO organizations regarding moral agency and stewardship (Robinson, 2016). Between 1860 and 1920 charities grew to primarily help soldiers and freed slaves during the Civil War era (Hall, 2016). During the Progressive era (1890 to 1920), there was an increase in women coalitions to advocate for mothers and children regarding wage, pension, public education, and juvenile justice (Hasenfeld & Garrow, 2012). During the Great Depressions years (1929 to 1939), the support of NPOs by government funding grew (Arik et al., 2016).

Some of the bigger, more well-known NPOs were established in the 20<sup>th</sup> century. The United Way started out as the United Fund which originated from a community chest concept during World War 1 to focus on charities (Robinson, 2016). Focus on helping boys and girls, the Big Brothers Big Sisters of America and the Boys & Girls Clubs of America have been around since the early 1900s (Big Brothers Big Sisters of America, n.d.; Boys & Girls Clubs of America, n.d.). The 20<sup>th</sup> century was also when major funding initiatives began.

Out of an obligation to help others, wealthy people have historically helped fund NPOs (Arik et al., 2016). Wealthy individuals were very involved even by the end of the 1800s when charities were run by them (Robinson, 2016). Today, boards commonly have wealthy members as well as business, legal and financial executives (Robinson, 2016).

The rise of charitable foundations and philanthropy began during the period of 1890 to 1930 with the first foundation being created in 1901 by John Rockefeller and another one soon after in 1905 by Andrew Carnegie (Hall, 2016). During this time, Rockefeller went to congress with a \$100 million foundation for the “betterment of mankind” (Hall, 2016).

Philanthropy increased in the early 2000s as new billionaires emerged with many of them being younger with a focus on social problems (Hall, 2016). Also, around this time, the Microsoft founder set up a multi-billion-dollar foundation and the Google founder launched a program to stimulate philanthropic activities (Hall, 2016). As more awareness of social problems grew through the availability of information, through news and social media, so did interest in solving social problems which caught the attention of the wealthy and stimulated social entrepreneurship often focused on global problems such as poverty, nutrition, and education (Stecker, 2014). With the evolution of philanthropy and funding, a focus on taxation, fraud, and accountability of funds evolved.

While philanthropy increased, so did the need for accountability. As early as 1910, NPO fraud and inefficiency issues existed when the number of organizations requesting aid grew (Hall, 2016). With the increased investments of the wealthy people during the 1990s, as well as publicized cases of fraudulent activity, came a call for NPOs to be more accountable as to how the funds were being spent to understand the return on investment (Arik et al., 2016).

Both individuals and the NPOs have historically had tax benefits related to the nature of the NPO. Since the early 1900s, taxpayers have received a deduction for charitable donations and these deductions provide incentives to donate money and reduce

taxes that must be paid (Alston, 2018). The 501(c)(3) tax exempt classification includes a variety of large and small charities and foundations (Foundation Group, n.d.). Taxation laws for the NPOs have changed throughout the years to define what activities are acceptable as in the case of the changes in 1934 that restricted charity lobbying activities (Robinson, 2016).

### ***Growth***

The NPO sector has seen massive growth since the early 1900s. Casey (2016) discussed how the NPO growth can be explained from both a bottom up (grassroots activism) and top down (governmental policies) perspective. As many as 12,500 NPOs were in existence by 1940 which grew to 50,00 after World War 1 and by 1965 there were more than 250,000 (Robinson, 2016). The 1950s and 1960s were a period of increased service demands due to the Civil Rights focus (Hall, 2016). Eligibility for services was expanded in the 1960s for help with addiction, domestic violence, youth mentoring and shelter, mental illness, and other new focus areas (Smith, 2018). NPOs were designated as an official sector by 1970 and the count had risen to greater than a million by the mid-1980s (Robinson, 2016). In 1977 there were approximately 276,000 charities and this number increased approximately 2.5 times by the year 1997 (Berry & Arons, 2005).

A significant growth in government occurred between 1930 and 1980 but when Reagan took office in the 1980s, he cut government spending which dramatically affected NPO revenue causing movement towards entrepreneurship (Hall, 2016). The NPO sector experienced spurred growth after the Reagan presidential era where the New Public

Management called for a large number of social programs to move from government to private owned (Jensen, 2017). This translated into less government service and more demand for NPO services (Arik et al., 2016). A massive growth of NPOs occurred between the years of 1985 and 2004, and the “Contract with America” in the 1990s spurred growth and competition with for-profit companies (Stecker, 2014). The number of NPOs grew close to 50% in the years between 1999 and 2009 (Mitchell & Berlan, 2018). Today, NPOs employ twelve million people, and account for 5.6% of U.S. GDP, with over 1.5 million being registered with the IRS (Molk & Sokol, 2021). From 2016 to 2017, the number of volunteers increased 1.6% pushing the value of total volunteer hours in the United States was estimated to be \$195 billion (National Center for Charitable Statistics Project Team, 2020).

### ***Economic and Policy Impacts***

The economic crisis, that began in 2008, impacted NPOs more dramatically than for profit companies and this was accentuated by the demand for services going up because of the crisis (Arik et al., 2016). Further, this crisis began at the same time when charitable funding was at a peak of \$306 billion (Arik et al., 2016). The Office of Social Innovation and Civic Participation and the Social Innovation Fund were established in 2010 by the Obama Administration (Trivedi, 2010; Let’s Hear Those Ideas: Social Innovation, 2010). Obama’s administration also helped NPOs to grow as it was recovering from the 2008 recession with the American Reinvestment and Recovery Act stimulus package (Arik et al., 2016).

Political administrations view and support NPOs differently. Noteworthy regarding growth and support of NPOs, is that while the Republican administration focused on tax cuts, they also promoted philanthropy and alternative ways to focus on NPO support: President Reagan had a task force called President's Task Force on Private Sector Initiatives; President George H. W. Bush established an independent foundation called Points of Light Foundation; and President George W. Bush formed a White House Office of Faith-Based and Community Initiatives (Abramson & Salamon, 2016). After President Trump took office, the country was face with more uncertainty regarding direct cuts to programs and NPO funding (Daniels et al., 2017). These examples highlight the impact that presidential administrations have directly on NPOs and their service users.

### **Related Terminology and Background**

There has been varied terminology applied to NPOs. The term nonprofit can be considered as an umbrella definition for companies that support social problems (Stecker, 2014). While the nonprofit sector is comprised of entities such as hospitals, religious groups, schools, and nongovernmental organizations (Alston, 2018), there are over 25 IRS 501(c) categories, the 501(c)(3) is the one most recognized with NPOs (Stecker, 2014). There are both organizational structure and functional activities that must be considered when classifying NPOs; and additionally, financial dynamics may have a part (Murphy, 2017). Chelliah et al. (2015, p.449) defined the NPO as a company that "is barred from distributing earnings to those that exercise control". Organizational institutionalization, private character, self-governance, nonprofit orientation, and non-compulsory are the five attributes that are used to define NPOs by The Johns Hopkins



Comparative Nonprofit Sector Project (Vacekova et al., 2017). Other terms than NPO have evolved over time and are often used interchangeably.

Evolving revenue generation has continued to influence terminology. Since some traditional NPOs have succumbed to inclusion of revenue activities due to the economic, environmental, and competition challenges (Murphy, 2017), social enterprise has become more popular (Stecker, 2014). These activities to help sustainability may include selling branded merchandise, charging a service fee, creating a supporting for-profit company, converting to a hybrid company, or converting to a for profit company (Stecker, 2014). With the introduction of social enterprise comes a long list of terminology including business-NPO partnerships; corporate projects related to social responsibility; social cooperatives; community interest companies; B Corporations; benefit corporations flexible benefit corporations; low-profit limited liability companies (L3C); a small business that dedicates activities to social purpose; and the traditional NPO (Young & Kim, 2015). Minutolo et al. (2017) presented an idea to relabel the NPO sector to the social profit sector and include all organizations that produce social profit. Minutolo et al. indicated that this terminology would clear up confusion and provide a clearer understanding that all these organizational types are working to help community social needs.

### ***Unique Sector***

While the term NPO has also been referred to as the third or volunteer sector, it is also called the independent sector because it has a role different from that of the government or business (Wirtenberg et al., 2007). Hodges and Howieson (2017) stated

that the third sector was comprised of voluntary organizations, charities, community groups, cooperatives, mutuals, and social enterprises. These variations beg the question of what the sector should be called and what the boundaries are between them (Hodges & Howieson, 2017). The term “third sector” was first presented by the United Kingdom as a sector that included social enterprise that was non-governmental and was focused on social change (Trivedi, 2010). Third sector companies have close proximity to community neighborhoods and are well equipped to identify their needs and provide quicker and more flexible help than the more bureaucratic public companies (Melao et al., 2017). The term sector blurring describes the relationships between NPO, government, and for-profit organizations (Murphy, 2017). Since the government relies on both NPO and for-profit companies to solve social needs this may add to the confusion (Murphy, 2017).

### ***Hybrid***

The hybrid model has been considered a fourth category of business models (Stecker, 2014). There is a mix of private, public, and NPO characteristics found in hybrid organizations (Smith & Phillips, 2016). These for-profit social companies are hybrid businesses that focus on social mission but also integrate that with profit making (Stecker, 2014). Hence, these social benefit for-profit companies can allocate profit whereas NPOs cannot because they legally required to inject all profit back into delivering mission (Miller-Stevens et al., 2018).

The individual states and hybrid variations are influencing even more types of terminology, incorporation, and tax reporting. At the state level, a variety of these hybrids

have been established such as the L3C; benefit corporations (also called B Corporations or B-Corp); flexible purpose corporations; and social purpose corporations (Stecker, 2014). For-profit social benefit companies are fairly new becoming a legal structure just after 2010 (Miller-Stevens et al., 2018). Some social entrepreneurs are becoming B-Corp certified which involves firm certification, a specific legal form for the company, investment rating, and branding around consumer outreach (Cao et al., 2017). The B-Corp is required to operate under the B Lab standards (Reilly, 2016). By 2016, over 900 United States companies became B-Corp certified (Cao et al., 2017) with Walden University being one of them (Walden University, 2020). The L3C is a result of a for-profit and NPO practicing as a joint venture or partnership but the NPO side stays tax exempt (Reilly, 2016). The hybrid organizations are influencing changes in both traditional NPOs and corporate philanthropy (Reilly, 2016).

### ***Other Terms***

Besides IRS classifications, sector considerations, and variations in hybrid models, other terms and acronyms associated with NPOs are found in the literature. Liu (2017) referred to NPOs as having their own sector calling them NPS for the nonprofit sector, while Benevene et al. (2018) mentioned nonprofit sociocooperatives, and Lee (2017) referred to nonprofit human service organizations as NHSOs. Tong et al. (2018) acronymizes voluntary and NPOs as VNPOs. Charity has been used in conjunction with NPO terminology. Charity deserts is a name for where there is a disproportionate level of NPOs for the social needs in a community (Lee, 2017) even though legally they are

different as NPOs are legally allowed to lobby, however charitable organizations have restrictions (Murphy, 2017).

NPOs are commonly grouped into bigger categories as well. Sledge and Thomas (2019) categorized NPOs, along with religious groups and businesses, under nongovernmental entities (NGEs). NGEs are flexible and are able to provide services to disaster victims quickly therefore are an integral part of disaster response teams (Sledge & Thomas, 2019). NPOs are also referred to as non-governmental organizations (NGO) and this is how they were referenced in Article 71 of the Charter of the newly formed United Nations in 1945 (Candid, 2022). Candid, however, clarified that typically NGO term is most commonly given to an international level NPO, however the activities are still socially focused. Wright and Reames (2020) classified NPO under the term nonprofit community-based organizations (CBO) and discussed the importance of local policymakers working with the CBOs for community sustainability projects.

### ***Social Enterprise***

Social entrepreneurship is a growing phenomenon (Mitra et al., 2019), and it blurs the line between for-profit and NPO (Stecker, 2014). Definitions describing social entrepreneurship typically encapsulate the term hybrid because while they are creating social wealth, they are also focused on financial growth (Mitra et al., 2019). Young and Kim (2015) noted that social enterprises have two high level competing goals 1) fulfilling a social purpose and 2) achieving financial success. Sahasranamam and Nandakumar (2020) offered varied definitions for social entrepreneurship such as (a) helping with social needs not met by commercial companies, (b) exhibiting innovative ways to

facilitate social change, (c) using market-based initiatives to create social value, (d) practicing commercial business combined with a social mission, (e) and using innovation as a catalyst for social change. Social enterprises have objectives that are focused on community, social, and environmental needs (Davies et al., 2019). They provide services such as reduction of social and economic disparities, education, and other social services (Davies et al., 2019). Deloitte Consulting (2018) indicated that a social enterprise is a company that has a mission to financially grow but also support the environmental and stakeholder network. When it comes to barriers to growth, the social enterprises have more complexity than their commercial counterparts (Davies et al., 2019). Choi and Park (2021) discussed the advantages of the government leveraging social enterprises in the sense that not only do they offset size and expenses for the government, but they are also innovative in helping community socially disadvantaged members. Social entrepreneurship is likely to become more and more relevant in social service delivery due to increased financial constraints and expectations of service delivery.

International attention has been given to social entrepreneurship. Europe has the first documented case of social enterprise in 1990 (Reilly, 2016). Bill Gates was quoted as saying this about social entrepreneurship in the World Economic Forum in Switzerland, “Such a system would have a twin mission: making profits and also improving lives for those who don’t fully benefit from market forces” (Certo & Miller, 2008, p.267). A pivotable event for the recognition and movement of social entrepreneurship was in 2006 when a Nobel Prize was presented to Muhammad Yunus

and the Grameen Bank of Bangladesh for their work on making improvements to some of society's poorest parts (Trivedi, 2010).

While social entrepreneurship remains under-researched, literature suggests that it is informed by varied management topics such as entrepreneurship, both public and nonprofit management, as well as social issues (Short et al., 2009). Within the field of entrepreneurship, social entrepreneurship is considered a subfield (Certo & Miller, 2008). Social enterprises are commonly referred to as the “fourth sector” following the private, public, and nonprofit enterprises (Reilly, 2016). These types of companies combine business-like practices with charitable missions along with environmental and social philosophies (Reilly, 2016). Different disciplines, such as economics, ethics, sociology, and entrepreneurship are involved in the model of social enterprise (Saebi et al., 2019). Being a blend of business and charity, social enterprises are faced with balancing priorities between paying customers and social mission beneficiaries (Ebrahim et al., 2014). Choi and Park (2021, p.666) discussed social enterprise being in the “crossroads of government, market, and civil society”. Support and accreditation infrastructure are becoming more prevalent such as the Social Enterprise Alliance that focuses on the growth and sustaining of social enterprises (Great Social Enterprise Census, n.d.). Even funders are interested in social enterprise activity (Stecker, 2014).

There is some ambiguity in the literature regarding the classification and some of the profit distribution rules. Reilly (2016) defined a social enterprise as either a for-profit or nonprofit company that provides products or services to meet the needs of society. Barberá-Tomás et al. (2019, p.1789) indicated that “innovative, social value creating

activity that can occur within or across the nonprofit, business, or government sector” is the definition of social entrepreneurship. Two differences between the traditional NPO and the social enterprise can be summarized into profit distribution (NPO cannot distribute profit) and the addition of commercial revenue stream for social enterprises (Beaton & Kennedy, 2021). Fitzgerald and Shepherd (2018) discussed that some NPOs do pursue beginning commercial avenues to increase revenue, although the challenges in adding them can be underestimated and disruptive to social mission. While it is competitively a disadvantage for the social enterprise, they are not allowed to divide profits among stakeholders and employees (Sahasranamam & Nandakumar, 2020). These authors are not in complete alignment if a NPO is included or not included in the social enterprise realm. Additionally, it is not clear if a social enterprise can allocate profits to stakeholders. Social enterprise has also received criticism with statements about the lack of definition; lack of ability to fulfill commercial and social missions at the same time; risk of company values being altered; and being too unrealistic (Kenny et al., 2020).

### ***Life Cycle***

The NPO can be easy to start and then it progresses through a lifecycle to maturity. If an individual wants to bring solutions to community needs, it is straightforward to start a NPO as it involves as little as (a) filing at the state level and paying fees (b) filing the IRS 1023EZ Form (c) developing bylaws and (d) creating a board of directors (Never & de Leon, 2017). A typical NPO startup involves grassroots volunteers who are part of the momentum (Valeau et al., 2019). From a NPO lifecycle there are seven stages with the first four related to the idea, startup, growth, and maturity

while the last three are related to the exit where relevance is lost, followed by trying to move in a new direction, and finally the final closure (Carman & Nesbit, 2013). The NPO transitions to the growth phase once they start working with larger donors, expand the board of directors, and begin formalizing roles, policies, and procedures (Billich, 2016). It is during this time that the workforce may change to increase skilled workers as they become more organized and strive for levels of more professionalism (Valeau et al., 2019). Additionally, more strategic planning, measurement, and governance begins (Valeau et al., 2019).

It is as easy to close a small NPO as it is to open one (Lee, 2017). In the United States, one third of NPO startups will fail in the first few years and within 4 years, another large percent fail (Berry, 2016). Some NPOs have short life spans due to a variety of reasons such as being started to manage a specific crisis that is now gone (Lee, 2017). In an analysis during the COVID-19 pandemic, 20 scenarios for NPO closures were used to conclude that the direst and most optimistic results were that over 119,000 or 38% and over 8,000 or 3% respectively would close (Harold, 2020). Finally, while many startup NPOs do not last long, those leaders that have previous experience in running charities have a better success rate of survival (Bennett, 2016).

### ***Uniqueness and Challenges***

NPOs operate in a precarious situation. They do not have profit as their goal; rather, they are focused on social goals and when difficult economic times are incurred, they have less funding and more service demand (Mourão et al., 2017). Topaloglu et al. (2018, p.246) suggested NPOs have two goals of “superior mission-based performance



and superior financial performance”. NPOs are in a challenging position when it comes to sustainability because they have external funding dependencies and are faced with ongoing volatility of their geographical, political, and economic environment (Singh & Mthuli, 2021). Even with the human and financial constraints that NPOs experience, they continue to provide services and promote social causes (Aboramadan & Kundi, 2020).

While the remainder of this chapter will review operational details and challenges, it is important to understand at a high-level what the literature indicates as challenges. Hodges and Howieson (2017) noted that funding deficits were the top constraint followed by funding insecurity, volunteer deficits, governmental regulations, and leadership gaps. In today’s environment expectations of NPOs are higher than ever, while operators deal with challenges such as competition and funding causing negative impacts on service delivery and NPO operational efficiency (Liao & Huang, 2016).

Some items of risk mitigation should be considered when forming a new NPO. Oftentimes, attorneys will complete and submit the paperwork so that the NPO has a certificate of formation, but other components need attention as well such as accounting, IRS requirements, and operational components (Teske, 2017). For example, in Texas law, tax exempt status is not automatically given when the certificate for the NPO is set up (Teske, 2017). Bylaws must be created and for the NPO to be sustainable, it should have a business plan addressing all business components such as strategic development, marketing, fundraising, etc. (Teske, 2017). The NPO startups will commonly not want to spend the extra money to address all of these needs (Teske, 2017), but this should be considered for a better chance of success. Also, when starting a new NPO, the amount

and diversity of programs and services should be evaluated as this could cause inefficiencies due to fragmented decision making and reduce the opportunity to best evaluate results to apply to future offerings (Mendoza-Abarca & Gras, 2019). Even though many NPOs start out with inexperienced people and volunteers, this will likely create problems if the hiring and training processes are not improved as the NPO grows (Gilbert, 2017).

There is a lack of a common understanding of NPO success and failure and the definition for this is complicated (Helmig et al., 2014). Their success is based on the accomplishment of mission however this is often difficult to measure (Helmig et al., 2014). NPO success could be its dissolution due to accomplishing their mission (Helmig et al., 2014). Helmig et al. (2014) conducted research to identify a framework to report and research NPO success and failure. Considering nonprofit closures can produce negative impacts from an economic and social perspective, it is important to understand challenges and work on sustainability (Lu et al., 2020). To better understand these challenges from an operational perspective, the results of this study provide barriers and challenges directly from NPO leaders.

### **Performance Management**

Before performance can be managed, the goals to measure against must be defined. The literature on how to measure NPO performance is varied, and consensus is low. However, there is agreement on the importance and value of a stated mission. The mission and strategy definition should guide the supporting systems, processes, people, and leadership and collaboration efforts.

### ***Mission***

A defined mission is integral to the NPO. NPOs exist for the single purpose of fulfilling the mission (Gazzola et al., 2017). When conducting mission-based planning, it will require strategic decisions to support the NPO mission (Valeau et al., 2019). The definition of the mission should be discussed in great depth with an open exchange of ideas including listening and reflection (Hawkins, 2014). The mission is sometimes said to be analogous to the soul of the NPO (Hawkins, 2014). Reaching the mission is normally very slow and the social need for what it is addressing does not commonly disappear (Berry, 2016).

The continuity of the mission can be influenced by various factors. Mission-market tension is a common struggle for NPOs where they are focusing on their mission fulfillment but have continual impacts from funding, economic, and market-related conditions (Sanders, 2013). NPO leaders are susceptible to mission drift because of demands and one way to help mitigate this is to ensure a documented mission statement that is tightly guarded (Hawkins, 2014). The mission statement is considered a strategic management tool and sways public perceptions (Pandey et al., 2017). The mission statement should be integrated into items such as company reports, publications, social media, and marketing material (Pandey et al., 2017).

### ***Strategy and Goals***

A strategy to achieve the mission is important. Some contend that managing against a mission is too restrictive especially if it is too narrow (Hawkins, 2014); therefore, a need to conduct detailed strategic planning is needed. Technology planning,

team building, and leadership development are some of the areas that commonly align with strategic planning (Hu et al., 2014). NPO capacity refers to the organization processes, people, practices that the NPO has in place to achieve mission (Shumate et al., 2017). Research indicates that the maturity of NPO strategic planning and management has increased from what it was in the period of 1977 and 1997 versus the time period of 1998 to 2015 (Miller, 2018). In the earlier period, there was little strategic planning and what was done was in response to the requirements of funders. But in the later period, planning was more evident, and it included components such as organizational improvements and capacity building (Miller, 2018).

While there have been improvements to NPO strategic planning, the organizational support could be better. One survey of NPOs revealed that 50% of the 1,000 participants either do not have a strategic plan or it is not in writing and of those that do have plans, 50% of them are not reviewing them quarterly (Altman, 2016). More than half of those NPOs that did not have a strategic plan also expressed that there was a lack of systems in place to ensure sharing of vision which in turn could cause donor skepticism (Altman, 2016). Leaders can influence good strategic planning by encouraging others to think strategically and provide support for the right resources to help with the planning process (Hu et al., 2014). Other influencing factors include board composure, management culture, and funding requirements for planning (Hu et al., 2014).

### *Measurement*

NPO measurement is convoluted. There is a lack of definition for how to measure NPO health and one reason for this may be because of the diverse missions, activities, and structures of NPOs (Bixler & Springer, 2018). A NPO index, that is comparable to the Dow Jones index for public companies, would allow visibility into the sector and possibly stimulate donors and other resources (Abramson et al., 2018). Such an index does not exist, but there have been several attempts to develop frameworks for measurement. Bryan (2019) provided a model for measuring NPO effectiveness by using measurement points of goal attainment, system resources, and multiple constituencies whereby these were specifically defined in meaning and details on assessment approach. Wilems et al. (2014) discussed the difference between NPO performance and effectiveness where performance is comprised of financial, stakeholder, market, and mission performance while effectiveness was focused on processes and programs executed to fulfill mission. Some suggested dimensions to measure the health include (a) organization capacity to understand financial, strategy, and governance strength (b) NPO social capital that includes trust and norms that support improved performance to reach mission (c) and sector effectiveness which is influenced by the effectiveness of NPO collaboration and bonding within the sector (Bixler & Springer, 2018).

Other considerations include defining metrics and understanding the dynamics around social mission measurement. For example, while it may be possible to report on how many families receive service, it is more difficult to report on the efficiency or effectiveness levels of the service (Minutolo et al., 2017). Measuring social impact,

compared to commercial results, has uncertainty and is long-term oriented therefore employees must commit to long term social change results (Ramus & Vaccaro, 2017). Also, the level of risk taking and innovativeness that a NPO demonstrates should not be overlooked when evaluating organizational effectiveness (Siddiqui, 2018).

### ***Challenges***

Conducting strategic planning along with the skill set to do so is critical. Challenges that come with implementing strategy include limited resources, economic changes, and political items; therefore, it is vital to monitor the environment and react appropriately (Kabeyi, 2019). Strategic planning can be difficult for small NPOs because of the time, cost, and skillset to support the process (Hu et al., 2014). To help with this, the NPO should seek out free services and resources to help or research funding to target strategic planning and capacity building (Hu et al., 2014). Capacity building can be stimulated by strategic planning, and this is an area where small NPOs need help (Hu et al., 2014). NPOs risk reputation when their activities don't align with mission (Hung & Hager, 2019). NPOs who came back stronger after COVID-19 were found to have spent time on strategic and sustainability plans (Rottkamp, 2021).

There is much literature regarding mission drift. Mission drift can be caused by funder requirements or by incorporating business-like commercial aspects, however the term is ambiguous and can entail negative connotations (Henderson & Lambert, 2018). The level of change may classify it as drift such as changing mission objectives versus changing some processes (Henderson & Lambert, 2018). Conversely there may be a deliberate mission change that targets new service users or the like, so while it can be

classified as mission drift, it is an acceptable need for a drift (Henderson & Lambert, 2018).

Funders can impose conditions on funding that may cause mission drift (Henderson & Lambert, 2018). This happens when NPOs modify their mission and programs to satisfy donors as opposed to meeting the needs of their original beneficiaries and this can be more tempting to NPOs when they are pressured with financial and resource gaps (Hung & Hager, 2019). How a NPO responds will determine if they are able to protect the mission (Henderson & Lambert, 2018). If the NPO accepts the changes they are exhibiting an adaptation response, whereas using an avoidance or shaping response would result in them rejecting the funding or trying to educate the funder respectively (Henderson & Lambert, 2018).

Mission drift can occur when the NPO begins to pursue one part of the mission more such as focusing on revenue generation and taking focus and energy away from social mission (Ometto et al., 2019). Economists have stated that while commercial activities may be vital to NPO survival, it can cause mission drift (Vacekova et al., 2017). Therefore, as the evolution of income generation has occurred in some of the business models, concerns have risen about trading off mission to accomplish financial goals (Green & Dalton, 2016). As NPOs evolve, it is important to appropriately balance the mission and doing this methodically can help minimize unnecessary mission drift (Ometto et al., 2019). Having managed “spaces of negotiation” will enable in-person collaboration, negotiation, and vetting of overarching goals (Ometto et al., 2019). While some have warned that NPO commercial ventures can cause mission drift, so can

spending time growing endowments and too little time on mission activities as well as investing in projects that are advantageous to board or management members or are just not aligned to mission (Jones, 2007).

There is no easy way to accurately categorize NPO missions or services. Understanding where the organization fits from a legal structure or tax reporting perspective is important, but it alone cannot determine what the NPO exactly provides to their service users. Lecy et al. (2019) evaluated NPO missions by using the National Taxonomy of Exempt Entities (NTEE); however, there was a need to organize in more detail to understand elements such as mission intent, activities, and target populations. This indicates that NTEE alone cannot completely describe what is involved in the mission.

### **NPO Processes and Systems**

To understand more about NPO business process and system challenges, this section will review background and status of common business processes. It is assumed that NPOs must have resources to operate, and these resources can include people, funds, information, technology, etc. (Çelik, 2020). The current study leveraged the information in this section to help with the identification and understanding of challenges that the case study participants had.

Sustainability of NPOs requires a focus on improved efficiency, adaptability, appropriate management and leadership models, and technology enablement (Mataira et al., 2014). NPOs are expected to be business-like when focusing on sustainability, however the call to be more business-like can have negative connotations for the NPO in



the sense that it can be perceived as a criticism that they are unable to apply more disciplined practices (Sanders, 2013). Some argue that caution must be taken when encouraging more business-like behavior since this implies more profit focus and could negatively affect the focus on social mission (Sanders, 2013). The term business can imply profit for owners compared to the term nonprofit which means that profit cannot be distributed (Sanders, 2013). While some may encourage more businesslike practices to compete better, caution should be used to not distance themselves from the long-standing advantages they have over for-profits such as being closer to the community values and have possibly more legitimacy (Froelich, 2012).

Processes and systems must be effective to support all infrastructure areas. In addition to operational infrastructure, financial and human resources are the most important resources needed to operate (Crisan & Dan, 2018). Ensuring that processes are in place for all functions in a NPO are important for improved control, consistency, and flexibility (Volunteer Hub, n.d.). A study on NPO technology innovation found that benefits can be recognized in business areas of administration, service delivery, and marketing (Jaskyte, 2012). NPOs should have infrastructure to support the performance based on defined performance expectations (Jolles et al., 2017). A study of 188 journal articles on social enterprise revealed the following themes that are of high prevalence: innovation, human resources, business strategy, and challenges (Gupta et al., 2020).

### ***Innovation***

Innovation is an important concept for NPOs. Social innovation includes changes with a broad impact on whole systems or groups (Shier et al., 2019). Social innovation is

a bigger effort than smaller process efficiency improvements (Shier et al., 2019).

Innovation is critical for NPOs due to the fact they manage so many challenges in solving social problems (Dover & Lawrence, 2012). Innovation is often overlooked but should be continuous where NPOs are repeatedly generating ideas and creating valued solutions (Dover & Lawrence, 2012). The time to spend on innovation activities and running the business is frequently difficult to balance and one way to mitigate this would be to build innovation into company values and mission (Dover & Lawrence, 2012)

### ***Quality***

There has been movement to implement quality management programs in the NPO sector which may be attributed to increased pressures with resources, funding, and competition (Melao et al., 2017). A focus on quality is considered a significant component for improving NPO performance (Al-Tabbaa et al., 2013). The application of an excellence model such as total quality management (TQM) helps with an organizational focus on continual process improvement and process management (Al-Tabbaa et al., 2013). When considering which of the TQM approaches works the best with NPOs, performance improvement is a key focus whether it be at the individual or program level (Al-Tabbaa et al., 2013). To enable tailored, quality services in a scarce resource environment, it is imperative that NPOs reengineer business processes to achieve maximum efficiency (Lettieri et al, 2004). QM and Excellence programs can bring positive attention to NPOs from a funder and competitive perspective, however from a bottom-line and service quality perspective, this is under-researched for NPOs (Melao et al., 2017).

### ***Technology Enablement***

Considering how technology can enable mission and daily operations is important. Having a digital strategy for a NPO that is actively worked will pay off by better enabling mission fulfillment (Bălăcescu, 2021). Digital strategy must be a focus in continued process evaluation, results monitoring, and in discussions with stakeholders (Bălăcescu, 2021). Shapiro and Oystriick (2018) discussed three key elements for tracking measurement data (a) tools must be accessible (b) the integration of data collection into processes (c) and a reliable process and system where the data is collected and analyzed on a recurring basis. NPOs have increased usage of technology for providing services, marketing, fundraising, advocacy, and community engagement (Young, 2018).

A variety of technology tools could help the success of the NPO. For example, Business Process Management (BPM) tools can enable better mission delivery by helping NPOs make better decisions and to have better control on processes and activities (Haddad et al., 2016). Enabling donations to be made online is a vital requirement for NPOs in today's world (Asset Panda, n.d.). Asset management is commonly tracked in spreadsheets but is managed poorly, which calls for better asset management systems and processes (Asset Panda, n.d.). Some common audit problems that are found include poor tracking of restricted grants and donations, lack of digitization, lack of signature tracking, and lack of cash flow review (Gilbert, 2017).

Technology also affects the service user's understanding of choices. Getting information to low-income populations has varied challenges. Aside from reduced access to technology and reduced literacy, they are often low priority consumers of paid

products, services and even voting information (Hamilton & Morgan, 2018). All of these factors can influence how much information they receive to make decisions (Hamilton & Morgan, 2018). Some agencies help this problem by bundling services and information into places that this population normally goes to such as healthcare and work locations (Hamilton & Morgan, 2018). This situation reveals an inequality of information disbursement (Hamilton & Morgan, 2018).

Knowledge management can be critical in the NPO environment. Because of the large amount of knowledge such as laws, program administration, reporting, etc. combined with the need to manage volunteers and cross-training, knowledge management is vital to NPOs (Lettieri et al, 2004). Identifying NPO knowledge taxonomy and managing the updates, storage, and retrieval can support both improved operational effectiveness and efficiency (Lettieri et al, 2004). Based on a study of over 2,000 NPOs, there is a lack of effective knowledge management tools (Rathi & Given, 2017). NPOs can leverage knowledge management tools to share information about processes and procedures with new hires and volunteers (Zbucnea et al. 2019).

Better data for NPOs can be helpful both internally and externally. NPO data tools and related processes can provide valuable information to support decisions internally but also in the larger ecosystem such as policy (Benjamin et al., 2018). Studies on NPO data and processes have identified inefficiencies such as incompleteness, duplication, and staff workarounds all of which indicate low cost and/or subpar tool implementations (Benjamin et al., 2018). One suggestion was to task NPO intermediaries with a focus on the data ecosystem and improvements to make better informed decisions (Benjamin et al.,

2018). The use of NPO community data systems is emerging to enable shared information for service users, social problems, and performance (Fink & Roholt, 2022).

Data management requires systems, skills, process, and culture changes. Even with the emphasis on evaluation and measurement, NPOs face barriers to properly track and measure work (Shapiro & Oystriick, 2018). Both capacity and skills to conduct these activities is commonly lacking (Shapiro & Oystriick, 2018). Collecting data alone is not enough; it must be translated into usable information for measurement and performance improvement (Kim et al., 2019). To execute the data strategy correctly, it must be supported by people trained appropriately and embedded into culture to influence processes and behaviors (Kim et al., 2019).

### ***Communications and Marketing***

Communications should be considered both internally and externally. NPO communication goes beyond social media, fundraising, and stakeholder relations; it also potentially involves communication around other topics such as employee engagement and regulations (Brooke, 2012). Communication to stakeholders is part of the accountability process, however since different stakeholders have different needs there could be multiple strategies needed (Carvalho et al., 2019). Part of donor relationship management is communicating responsible use of their donations as well as showing gratitude (Pressgrove, 2017). Good et al. (2018) discussed the importance of disclosing and managing stakeholder relationships as crucial to the NPO, and Gazzola et al. (2017) highlighted the ethical obligations to be transparent to the stakeholders. Communication regarding community impacts achieved, along with financial and organizational

information, is important (Carvalho et al., 2019). Internal marketing and communication is focused on hiring, informing, training, and motivating employees (Choi, 2016).

Because employees are internal customers that serve external stakeholders, it is important to rally them to be customer and service focused (Choi, 2016).

Communication should be comprehensive and consider NPO stakeholders.

Communication to all stakeholders about mission-related activities and accomplishments, as well as organization decisions and status, is crucial but there is no standard format for doing this (Gazzola et al., 2017). Part of the NPO communication should include providing information about risks to current and potential future stakeholders (Cadet & Carroll, 2019). Additionally, it is important to communicate narratives about the risk of not being able to provide their services as this can be an effective catalyst to encouraging resource commitment (Cadet & Carroll, 2019).

Marketing techniques should be evaluated according to the NPO services and strategic objectives. For example, studies have shown that visuals conveying negative situations can be used in marketing to help people to take action (Barberá-Tomás et al., 2019). Cadet and Carroll (2019) highlighted that using narratives is an effective way for NPOs to communicate. NPOs that use celebrity affiliation tactics not only receive more donations, but the fundraising expenses are also lower (Harris & Ruth, 2015). Celebrity affiliations are even more influential when the donors have a low interest or lack of knowledge about the NPO because the celebrity can influence trustworthiness and credibility of the NPO (Harris & Ruth, 2015). Proven marketing techniques should be considered and weighed according to the situation.

Care must be taken in planning and executing how the branding of the NPO is managed. Branding and communication convey the NPO tone of the mission to the public, and findings have been reported that when supporting or promoting a cause, the NPO will receive more donations and survive longer as opposed to a message that is combative or fighting against something (Botner et al., 2015). The brand name, tagline, or mission statement may influence the donor's intent (Botner et al., 2015). The NPO brand strength is important for executives to monitor as it relates to marketing effectiveness (Wymer et al., 2016).

Both professionalism and credibility of the NPO must be a focus when considering communication and marketing. Making a professional impression has an impact on NPO trustworthiness (Hommerová & Severová, 2019). Carvalho et al. (2019) discussed strengthening credibility of the NPO by disclosing both financial and non-financial information that is of interest to the stakeholders. Professionalism with a consistent message should be prevalent from the united front of the stakeholders to the appearance of website (Hommerová & Severová, 2019). The website is an important marketing management tool as it is a platform for sharing information with the public, fundraising, and volunteer recruitment (Hommerová & Severová, 2019).

### ***Advocacy***

While interests of well-organized groups with power are represented in policy-making decisions, NPOs can advocate for interests of the underrepresented as well as the general public (Mason, 2016). Since NPOs witness problems firsthand, they can provide valuable advocacy support and should make efforts to associate with their local NPO

associations (Delaney, 2020). NPOs are positioned well to be advocates for policy because they sit in the middle of policy and service users (Fyall, 2017). Fyall (2017) discussed the term policy entrepreneur as people or organizations that help influence policy change in between policy change windows. Common advocacy activities include petition letters, involvement in demonstrations, as well as staying in touch with governments both verbally and in being educated about government policy and programs (Neumayr et al., 2015).

Advocacy requires interaction with outside entities and some NPOs may have challenges with this. Increasing collaboration activities will increase advocacy because it can increase a better understanding of the people and the policies (Mosley, 2014). Shier and Handy (2015) indicated that social change can be increased by NPOs engaging with external entities. While NPOs can be critical advocates, their priority is to provide services and not conduct advocacy activities (Mosley, 2014). Additionally, they face barriers such as lack of knowledge in how to advocate and they may be uncomfortable if they should legally be participating in these activities (Mosley, 2014). NPOs may advocate, for example, by working on negative public perceptions or addressing limitations regarding policies (Shier & Handy, 2015).

### ***Funding***

The financial status of NPOs collectively is in bad shape with an estimated need to inject \$40 to \$50 billion dollars just to make them solvent (Morris et al., 2018). NPOs receive money to operate from a variety of sources including public sources such as government, state, and local entities; nonpublic such as foundations and corporations;



donations from individuals; membership fees; advertising; and charges for services (Hommerová & Severová, 2019). Variations occur based on NPO type, for example NPOs delivering social services rely on charitable contributions more than do health care related NPOs (Murphy, 2017). From 1977 to 1996, NPOs revenues were categorized as 55%, 41%, and 4% respectively to fees, government support, and private donations (Topaloglu et al., 2018).

Fundraising and donations are common areas of focus to fund activities. On average, Americans donate two percentage of income to NPOs; however, many do it out of an emotional connection as opposed to NPO performance (Minutolo et al., 2017). Eighty-eight percent of dollars raised for NPOs come from twelve percent of donors; therefore, it is important to cultivate them as much as possible (Jotform, 2022). Capital campaigns typically raise money in a short timeframe and 10 to 15 of the gifts normally make up a large percent of the total (Woronkowicz & Nicholson-Crotty, 2017). Sargeant and Shang (2016) investigated the drivers of successful fundraising and determined that the primary attribute was due to the systems and processes they used to identify and solve public problems. Păceșilă (2018) discussed endowments and how they can be used as funding streams for NPOs; however, there is caution around the governing laws and resources to manage these types of streams. The charitable tax deduction is so influential that there are studies that have found if this was eliminated, donations would decline by as much as 35% (Alston, 2018). Donors commonly lean on auditors to ensure their donations are being used correctly (Garven et al., 2018).

Foundations have long been in existence to fund NPOs via the grant process. The first significant foundation was the Peabody Education Fund established in 1867 (Ohio University, 2020). Caution should be taken when leveraging these funds due to terms and conditions. For example, the Rockefeller Philanthropy Advisors organization once refused a \$90 million donation because it was tied to a requirement of no allocation towards overhead expenses (Pope, Key, & Saigal, 2015). Foundations can be helpful in generating innovation in the social world by implementing programs that will: help with innovation skill building; providing capital for ideation work; and providing grants for innovative specific work (Jaskyte et al., 2018).

Microlending and crowdfunding are fairly new concepts that are being utilized. For example, Kiva is a leading NPO microlending organization that was founded in 2005 and has a focus in the social space (Johansen & Nielsen, 2016). Kiva connects borrowers and lenders by providing online information about NPOs and their projects (Johansen & Nielsen, 2016). There are volunteers that will go to local communities to assess the borrower before contracts are finalized (Johansen & Nielsen, 2016). Crowdsourcing and crowdfunding are ways of raising money through social media (Hommerová & Severová, 2019). Microfinance institutions (MFIs) have a mission of helping the poor by giving them credit where they can get it nowhere else (Pedrini & Ferri, 2016). These MFIs are supported by a mixture of foundations, banks, credit unions, cooperatives, NGOs, and non-bank financial entities (Pedrini & Ferri, 2016). Private equity financing is also available to NPOs (Bryce, 2019).

Social capital and impact investing has provided new avenues for NPO funding. Social venture capital groups evolved in the 1990s to support social entrepreneurship growth (Miller & Wesley, 2010). Social venture capital is also referred to as venture philanthropy or patient capital (Miller & Wesley, 2010). Social impact investing is considered a new generation in the world of philanthropy (Schroetgens & Boenigk, 2017). Social impact investing is profit with a purpose and investors want to understand the social return (impact) for their investment (Schroetgens & Boenigk, 2017). Funding such as this can be helpful since NPOs have challenges both in revenue and borrowing power because they provide services under market or free and they normally do not have assets to assist with loan qualification (Von Schnurbein & Fritz, 2017).

Regardless of where NPOs receive funding and revenue, they must be very thoughtful about decisions. They should manage operating reserve levels closely and have a clear plan and agreement on managing these funds (Sloan et al., 2015). Additionally, they need to carefully plan and monitor activities started to generate income due to the risk of cannibalizing resources that would otherwise be supporting direct mission fulfillment activities (Daniel & Kim, 2018). When a NPO adds a commercial stream, it can backfire as some donors may perceive their contributions are no longer needed (Jones, 2007). NPOs should also leverage collaboration and advocacy techniques to help when being faced with financial challenges (Hu & Kapucu, 2017).

### ***Financial Management and Reporting***

NPO financial management and reporting is more complex than for-profit businesses because the entity paying (donor) is not the consumer (beneficiary) therefore

there are two groups to consider when planning for performance measurement and reporting (Gajdova & Majduchova, 2018). The financial management processes have a focus on minimizing overhead, diversifying revenues, being lean, and avoiding debt (Mitchell & Calabrese, 2019). Morris et al. (2018) highlighted four components to evaluate when reviewing NPO financial health: solvency, liquidity, net income margin, and reserves. Ecer et al. (2017) discussed common NPO financial ratios for overhead, administrative expense, and fundraising. Additionally, Ecer et al. reviewed another metric called share of earned income to report on the amount of revenue generated through entrepreneurial efforts. The proportion of expenses used to provide mission fulfillment programs is called program ratio and is a common metric for NPO efficiency evaluation as well as donation influencing (Garven et al., 2018). NPO financial growth has been linked to higher project expenditures (Von Schnurbein & Fritz, 2017).

Even though NPOs spend time measuring, the results are not always used (Lee & Clerkin, 2017). Voluntary financial reporting has become prevalent for NPOs so they can mitigate public mistrust (Becker, 2018). Measurements for compliance are produced with coercive pressure (Lee & Clerkin, 2017). Measurement outcomes that could improve organizational effectiveness are more risk averse, but an appropriate response would be to use the information to improve services which would mean better support of mission (Lee & Clerkin, 2017). However, to build trust NPOs often go beyond legal requirements to ensure transparency (Becker, 2018).

### **Overhead Expenses and the Starvation Cycle**

The measurement of overhead expense as a percentage of all expenses is called the overhead ratio, and is scrutinized closely by stakeholders, especially donors (Lecy & Searing, 2015). NPO rankings can get lowered based on high expenses therefore there is a tendency to categorize administrative overhead into program costs, but this can cause an invalid picture of the cost to run the NPO (Pope, Key, & Saigal, 2015). NPOs frequently receive criticism when indirect expenses go up and direct expenses go down because at the financial reporting level it appears that funds are not going to mission fulfillment programs (Shon et al., 2019). The overhead ratio metric does not indicate anything about social impact measurement (IPM Advancement, n.d.). For-profit companies do not have this severe judgement on administrative costs (Pope, Key, & Saigal, 2015).

The NPO starvation cycle phenomenon was originally identified in the Nonprofit Overhead Cost study in 2004 (Lecy & Searing, 2015). The starvation cycle is used to describe the situation where a NPO creatively reduces overhead expenses so that they can be more viable to donors however this begins a journey of ultimately tearing down administrative support capacity because the lower overhead becomes a norm to the point where overhead cannot be added as more work occurs (Lecy & Searing, 2015). The manipulation of overhead cost accounting may help short term to receive donations but in the long term, this is hurting capacity (Lecy & Searing, 2015). Overhead costs have proved to be controversial and problematic because it has been tied to NPO worth, but the

starvation cycle phenomenon reveals that rewards are given for low overhead costs, but this can negatively impact program and service fulfillment (Berlin et al., 2017).

Capacity building, infrastructure investment, and outsourcing administrative functions can increase overhead expenses. Administrative costs for capacity building can enable better processes to run the NPO more effectively for those that they serve (Morillo, 2015). Investments in infrastructure have been shown to increase success (IPM Advancement, n.d.). While cost and process efficiencies could be gained by outsourcing NPO administrative functions to enable the NPO to focus on their core competencies for service delivery; without education and acceptance of this from donors, the support of this may not happen (Pope, Key, & Saigal, 2015). These types of expenses may need special treatment in reporting and funding management.

### **Governance**

NPO trust is gained by exhibiting high standards of ethics, transparency, and accountability (Ito & Slatten, 2018). NPOs are more sensitive to public scrutiny because of the social goals they work on (Sanzo-Perez et al., 2017a). Since the Sarbanes-Oxley Act was passed in 2002 for public companies, more attention has been given to how NPOs govern and self-regulate (Ito & Slatten, 2018). For example, the U.S. Senate Finance Committee conducted the “Charity Oversight and Reform: Keeping Bad Things from Happening to Good Charities” hearings and afterwards the Senate appointed the Independent Sector to facilitate a “Panel on the Nonprofit Sector” to recommend reform measures (Ito & Slatten, 2018). The outcome was the “Strengthening Transparency, Governance, and Accountability of Charitable Organizations: A Final Report to Congress

and the Nonprofit Sector” report which influenced changes on the Form 990 in 2008 (Ito & Slatten, 2018). In continued work with the panel, the Independent Sector also produced the “Principles for Good Governance and Ethical Practices” report (Ito & Slatten, 2018). This activity was the catalyst for state associations and national organizations to provide more assistance and education about legal and ethical practices and responsibilities (Ito & Slatten, 2018). The more accountable and transparent the NPO, the better chance they will be viewed as legitimate and accomplishing mission (Sanzo-Perez et al., 2017a).

As the call for NPO financial transparency continued, the IRS 990 tax data were made publicly available (Lecy & Searing, 2015). NPOs are required to report fraud on the IRS 990 form, but there is lack of compliance (Archambeault et al., 2015). Part of the required 990 form that NPOs complete for tax reporting requires a description of what program services were accomplished and the programs fall into categories of service provider, community builder, advocacy actor, creator/innovator, and preservation player (Brown, 2017). Unfortunately, the Internal Revenue Service (IRS) resource constraints eventually negatively impacted NPO oversight (Pettijohn & Borris, 2018).

Much literature on methods and participation in NPO governance has been produced. Some methods of governance include (a) providing board member orientation on legal and ethical roles, (b) improving the way financial information is distributed, (c) and strengthening policies around ethical behavior (Ito & Slatten, 2018). NPO fraud is a concern as it can not only affect contributions, but it has impacts on ability to fulfill mission (Archambeault et al., 2015). Starting in the 1980s, watchdog organizations such as The National Center for Charitable Statistics, Guidestar, and Charity Navigator were

created to support better NPO transparency (Lecy & Searing, 2015). Voluntary NPO accountability actions such as accreditations, financial reporting, and quality management processes can function as marketing cues for the public to gain trust regarding ethics, accountability, and service quality (Becker, 2018). Stakeholder participation in governance has been linked to increased organizational legitimacy (Leardini et al., 2019). The diversity of stakeholders and workforce are a few reasons why NPO governance and accountability are so vital (Tacon et al., 2017).

The board of directors for the NPO is required and very important. More than 1.41 million NPOs, with collective revenues of more than \$1.73 million, are governed by approximately eight million board members and trustees who volunteer their time (Millesen & Carman, 2019). The board of directors has a primary fiduciary role to ensure NPO mission fulfillment and legally they also have the duty of care, loyalty, and obedience requirements (Millesen & Carman, 2019). NPO board members serve in both legal and fiduciary perspectives, but they also participate in being advocates and community representatives for the NPO (Aulgur, 2016).

NPO boards can be complex. The composition of NPO boards is different than the for-profit world in that they are larger, have more committees, volunteer with no pay, and the chair is not an executive of the NPO (Thomas & Van Slyke, 2019). While there is no one right way to establish board members and practices, some of the key considerations include (a) onboarding board orientation for understanding mission and goals, (b) communicating attendance policy and member roles, (c) addressing member diversity and term limits, (d) ensuring that financial oversight is included, (e) and being specific



about how the CEO and executive director will be evaluated (Johnson, 2019). Common mistakes for board protocol include (a) not encouraging questions or challenging status quo, (b) micromanaging as opposed to governing, (c) and lack of emphasis on strategic plan (Johnson, 2019).

BoardSource is an organization that provides support for NPOs (Ito & Slatten, 2018). NPO boards must be educated on technological advancements and accompanying instant communication such as social media and use these to the advantage of the organization (Lincoln et al., 2019). Aside from the interpersonal skills of a chair, it is also important they he or she can provide an environment of trust and facilitate strategic conversions (Van Puyvelde et al., 2018). NPO board effectiveness is subjective, multidimensional in rating, and studies indicate that board members believe the board is more effective than the chief executives (Van Puyvelde et al., 2018).

### **Measurement**

NPO measurement is not straightforward. There is no comparable Dow Jones Industrial Average indicator for the NPO to understand how it is doing to provide to NPO leaders, policymakers, and other stakeholders for information on how challenges such as spending cuts, competition, workforce, disaster management are impacting this sector (Abramson et al., 2018). Instead, lagging information from Form 990 returns or one-shot surveys have been used to guide leaders, investors, and policy makers (Abramson et al., 2018). Further, there are gaps in understanding the profile of donations, types of service users, and geographical information (Faulk et al., 2021). This lack of understanding may introduce benchmark and measurement challenges.

A scorecard of social impact measures should be available to report (Hertel et al., 2022). Sawhill and Williamson (2001) discussed using categories of impact, activity, and capacity to measure progress against mission. Impact would reveal if progress on mission and goals is being made; the success of programs would indicate activity success; and the appropriate amount and support of resources would roll into capacity. Other measures mentioned include strength of political vulnerability, organizational attributes, environmental impacts, and problem depletion where the problem that the NPO is trying to solve is not a priority anymore (Searing, 2020). NPO social performance indicators include social impact and social responsibility (Hertel et al., 2022). Berry (2016) discussed the difficulty in quantifying benefits of a NPO especially when mission is focused on prevention.

Not only should the operational, financial, and health of the organization be measured, but the impact on the end service user should be measured. The use of outcome measurement evaluates if the NPO service user is “better off” as a result of receiving their services which links the NPO directly with the beneficiary (Benjamin, 2013). NPOs are upwards accountable to donors, government, etc. and downwardly accountable to those in the community that receive services (Benjamin, 2013). It is more common to discuss accountability regarding donors rather than beneficiaries even though NPOs consider beneficiaries as the most important stakeholder and while there are no legal obligations to them, they often represent their needs in advocacy and policy discussions (Benjamin, 2013). Beer and Micheli (2018) discussed social value measurement (SVM) which focuses on the realization and extent of changes the groups

and individuals receive from interaction with the NPO. SVM can provide information on emotional, physical, and cognitive assessment (Beer & Micheli, 2018). The overall performance measurement of a NPO should include service user experience and results into organizational performance (Beer & Micheli, 2018).

### ***Outsourcing and Shared Platforms***

Understanding potential benefits of outsourcing is critical for small NPOs to understand (Pope, Saigal, & Key, 2015). Outsourcing administrative functions allows the NPO to better focus on the mission as resources can be diverted back from doing these in house and redirect attention on mission critical activities (Pope, Saigal, & Key, 2015). Outsourcing NPO processes such as training, marketing, and fund raising has been suggested (Strang, 2018). A shared services model can reduce costs and is appropriate for both public and private sectors (Sahar et al., 2019). A shared program model has been used to help alleviate some of the resource constraints that small NPOs have, especially in the area of administrative functions (Dart et al., 2019). The shared program model helps free up staff to focus on mission focused service activities (Dart et al., 2019).

A systems-based solution of service integration may be helpful to the new world of hybrid collaborations (Smith & Phillips, 2016). Smith and Phillips (2016) defined this as providing processes and services that apply to administration, funding, governance, etc. across NPOs (including the related hybrids). From a data technology perspective, Krabill and Manns (2018) discussed the power of leveraging emerging technology, data management and analytics and the impact this could have on increased holistic care as opposed to siloed views of care, needs, and improvement needs. While this type of

systems-based solution comes with barriers, many could be overcome with governmental incentives (Smith & Phillips, 2016).

### ***Challenges and Risks***

NPOs are challenged with developing programs that are sustainable and supported by responsive business infrastructure (Smith & Phillips, 2016). As they are challenged with requirements to be more professional, transparent, and accountable, they must invest in improving their infrastructure for processes such as information gathering, financial tracking and reporting, staff capability improvement, and volunteer management (Smith, 2018). NPOs may have barriers adapting to a social entrepreneurial model because of startup costs and skill gaps (Smith & Phillips, 2016).

Looking at the efficiency of NPO processes and systems is important, though it may require time to evaluate and change. Balcik et al. (2014) discussed the potential logistical inefficiencies with a food distribution operation such as constraints on operating hours of donors and community agencies, volunteer availability, no insight to demand and supply, and a fair distribution among the agencies. Haddad et al. (2016) reviewed process issues with a Columbian based NPO where a formal business process review and redesign was used to investigate process improvements around communication and attraction of partners. While this type of effort may move the NPO toward a more corporate mode of approaching changes, as opposed to informal and unstructured decisions and processes, it will increase optimization of resources and allow for better service user delivery (Haddad et al., 2016).

Preparing for risks is a good strategic practice. The NPO should allocate one to two percent of their budget to risk management activity after they begin their growth phase (Billich, 2016). A single event can cost significant money and reputation issues, therefore spending time identifying and developing mitigation plans is worth the time and cost (Billich, 2016). From a risk management perspective, the amount of risk to incur should be defined and measured and evaluated before taking the risk; this should be similar to the mission statement where alignment should occur (Morris et al., 2018).

### **Leadership and Workforce**

Instituting strategic human resource practices in NPOs is becoming more critical due to the needed operational efficiency and effectiveness in this volatile environment (Baluch & Ridder, 2021). Originally NPOs did not consider leadership and management a priority but after experiencing sustainability challenges they are finding themselves having to be more business-like from an accountability, strategy, and structure perspective (English, 2021). All NPOs are challenged with being mission driven and trying to survive regardless of the size or organizational structure (Williams-Gray, 2016).

### ***Leader Responsibilities and Characteristics***

Social entrepreneurs are no different than the for-profit entrepreneur in the sense that they must create sustainable operations and acquire and develop resources for maximum use (Bacq & Eddleston, 2018). While running the NPO requires stewardship of donations toward mission fulfillment, it also requires stewardship to be responsive to social issues that affect the public (Hawkins, 2014). Leaders of NPOs are tasked with sustaining finances, ensuring workforce diversification, and leadership development

(Independent Sector, 2020a). From a community perspective, leaders must focus on gaining trust, advocacy, and engagement (Independent Sector, 2020a). Earning public trust through accountability and transparency will lead to more engaged donors, volunteers, and service users (Maguire, 2013). Ethical leadership and practices should transcend all parts of the business from engaging in strategic thinking, to governing assets and resources, to responsibly managing finances, to treating paid employees and volunteers well, to securing technologies (Maguire, 2013).

Attention should be given to how the founder influences the NPO operations. Founders are compelled to start social enterprises by their ethical and moral values which influence their social vision (Bacq & Eddleston, 2018). While these founders normally have a strong passion to achieve the mission and while that is often beneficial, it can have negative consequences known as “founder’s syndrome” which can affect organizational effectiveness with the founder having too much power (Carman & Nesbit, 2013). Eley (2021) noted that treating the NPO like a business is the way to make it thrive in addition to spending 50% of time on fundraising. Applying business practices to NPOs is often referred to as nonprofit managerialization (Beaton, 2021). Beaton (2021) discussed the concept of social and business logics being in conflict as the social logic is focused on NPO mission and the business logic being influenced by for-profit practices. Nonetheless, the NPO success should not be negatively impacted by power issues of the founder or other leaders.

### *Types and Traits of Leaders*

Innovation and diversity are important competencies for NPO leaders. They commonly have responsibility and are engaged with diverse activities from volunteer to facilities to strategic management (Norris-Tirrell et al., 2018). It is important for NPO leaders to be creative and innovative to lead the organization to accomplish the mission (Aboramadan & Kundi, 2020). They can influence a culture that increases innovativeness, and this is important to NPOs because responding to a volatile environment requires innovation for survival (Jaskyte, 2004). Gilstrap et al. (2016) conducted a study that found being strategic, transparent, self-composed, a team player, and quick to respond are important to leaders that manage crisis as the NPO leaders commonly must do. Bacq and Alt (2018) discussed how empathy is a vital trait of the social entrepreneur. Gilstrap and Morris (2015) discussed how NPO leaders must manage the tension and needs of factions within the organization and from a micro-level, organizational diversity must be managed which includes leading and supporting organizational affinity groups such as board members and volunteers.

Leadership styles have been studied and specific styles seem to be fitting for the NPO environment. Shared leadership has received attention from NPOs and while there are different definitions, it is related to themes such as joint executive leadership and delegating decision making (Freund, 2017). The followership type of leadership is also important in the NPO environment as leaders need to be able to flex back and forth between leader and follower depending on what stakeholder and what situation they are working with (Gilstrap & Morris, 2015). Sensegiving is a good leadership characteristic

for the NPO leader to have when managing crisis because leaders are able translate a version of the conditions to the organization and beneficiaries (Gilstrap et al., 2016). Servant leadership has been suggested as a style that may be appropriate for NPOs (Palumbo, 2016). Transformational leadership styles in NPOs influence better workforce commitment and engagement because it means they will pay more attention to individuals while inspiring and intellectually stimulating them (Aboramadan & Kundi, 2020).

### ***Engagement and Culture***

The cultural and organizational characteristics of the NPO influence success. NPO survival has been linked to a culture that is innovative, since being adaptive enables the NPO to maneuver a difficult and unpredictable environment (Langer & LeRoux, 2017). A study for better understanding the organizational characteristics for entrepreneurs in NPOs concluded that innovativeness, proactiveness, risk-taking, autonomy, competitive aggressiveness and reciprocity were relevant (Lacerda et al., 2019). Shier and Handy (2016) found that the following categories influenced a culture of social innovation: staff hiring, development and engagement; board involvement; and leadership direction. The political landscape of the state where the NPO resides can impact culture as well based on the Pettijohn and Borris (2018) discussion of three related NPO-state cultures: complementary, independent, and supplemental.

Employee engagement is an important construct to productivity and the success of a business. NPO employee engagement is influenced by shared values which NPOs are founded on (Akingbola & van den Berg, 2019). The shared values and community



concerns serve as the catalyst for the NPO activities (Akingbola & van den Berg, 2019). NPOs tend to have a commitment and collectivist-based culture (Philip & Arrowsmith, 2021).

### ***Leadership-Related Challenges***

The top skills gaps in the third sector include leadership skills as well as strategic planning (Hodges & Howieson, 2017). NPOs face leadership gaps, lack of workforce, and have a reliance on external resources such as volunteers and other organizations (Gilstrap & Morris, 2015). NPOs have challenges in recruiting leadership talent and are left with a deficit when this is an important success factor (Palumbo, 2016). Additionally, while executive succession plans can help mitigate uncertainties and dependencies (Hillman et al., 2009), close to 70% of NPOs lack executive succession plans which could be concerning with the workforce baby boomer exit (Norris-Tirrell et al., 2018). It has been noted that NPO leaders that have transitioned from the for-profit sector experience challenge differences than what they had in their former job, and these are associated with less leadership control, larger groups of stakeholders, social impact measurement, criticality of communication, and resource capacity (Taliento & Silverman, 2005).

### ***Workforce (Paid and Volunteer)***

Stahl (2013) noted that the human resources in NPOs are the ones that drive performance, social impact and innovation, and sustain the business. NPO productivity is dependent on their workforce skills (Sanzo-Perez et al., 2017b). In addition to paid workforce members, most NPOs have volunteers on their workforce (Sanzo-Perez et al.,

2017b). This workforce can be impacted by financially hard times by reduction of the paid workforce, enlisting more volunteers, or redirecting resources to activities like fundraising and collaborations (Arik et al., 2016).

NPOs can also improve their workforce by better management and coexistence strategies for volunteers (Sanzo-Perez et al., 2017b). The relationship between the paid and volunteer workforce is very important as it can cause dissatisfaction and turnover (Nesbit et al., 2018). Paid employees must be coached to have a good attitude with volunteers and support them with patience (Nesbit et al., 2018). Volunteer retention practices can reduce costs and service disruptions (McBey et al., 2017). Volunteers need to feel supported to maximize their commitment (McBey et al., 2017).

Volunteers assist NPOs to provide services that are delivered better when attitudes, skills, and motivations are maximized; therefore, internal marketing to volunteers as well as paid workforce is important (Alvarez-Gonzalez et al., 2017). Communication around mission and recruitment must focus on volunteer appeal (Nesbit et al., 2018). Some volunteers do not want to work with particular service user groups (Nesbit et al., 2018). Bureaucracy and rigid organizational structure are not a good fit for volunteers as they prefer flexible structures (Nesbit et al., 2018). Having a volunteer center and a dedicated volunteer manager are best practices along with other activities such as training, recognition, policies, and tracking involvement (Nesbit et al., 2018). NPOs should focus on volunteer management processes if they are having issues with retaining or expanding their volunteer base (Nesbit et al., 2018). NPOs with professional

skill gaps such as IT or legal help can also recruit volunteers for those needs (Nesbit et al., 2018).

Performance management can help with workforce engagement and performance. NPO involvement from frontline workers with performance management is critical to help with funding and competition issues (Jolles, 2017). Conducting performance assessments and data collection has been found to increase the understanding of goals for NPOs (Umar & Hassan, 2019). NPO communication and board involvement with performance management processes are linked to the workforce better understanding their performance objectives (Jolles et al., 2017). In addition to understanding their performance objectives, Strang (2018) indicated that the workforce, whether they are paid employees or volunteers, needs to receive continual training.

### ***Training and Development***

Capacity building can help the NPOs become more credible to the community and donors (Kapucu & Demiroz, 2015). As the skill set of the NPO workforce improves, their target populations have an improved chance of getting better services (Kapucu & Demiroz, 2015). Human resources, management, leadership, operations, strategic planning, and technology are examples of organization capacity (Williams-Gray, 2016). In the competitive NPO environment, the level of organizational effectiveness can influence funding decisions (Williams-Gray, 2016).

NPO training and development resources are plentiful. Nonprofit management education has been an evolving field in the United States since the 1980s and was founded by Dr. Michael O'Neill (Tavanti & Wilp, 2018). There are a variety of avenues

to pursue capacity building training. The IRS provides online training courses targeted to the small to midsize NPOs (U.S. Internal Revenue Service, n.d.-a.). Universities often collaborate with the community to provide education on plans and processes related to fundraising, marketing, strategy, and HR (Tavanti & Wilp, 2018). For example, Austin Community College has a subsidiary focused on community NPO education and support (Nonprofit Austin, n.d.). NPOs can find federal, state, and local resources to help with capacity building resources (Kapucu & Demiroz, 2015). Most US states have a state level association that provides accreditation and standards for NPOs (Strang, 2018). Stahl (2013) discussed talent philanthropy where funds are invested specifically to build the most important asset of the NPO which are the people. Aulgur (2016) described the RDT focus on the board of directors and their accountability to help with resources through external connections through their professional and personal relationships. The Independent Sector is a membership-based resource organization headquartered in Washington, DC (Ito & Slatten, 2018). These members include NPOs, funders, and corporations that work together to “advance the common good” (Ito & Slatten, 2018).

It is important to have training that is tailored to the NPO environment. Education should focus on combining real-world applications with business problem solving within the NPO community context (Tavanti & Wilp, 2018). While there is a need for NPO managers to have business knowledge and competencies, it may need to be tailored similar to what the accounting discipline has done with special non-profit certificates and specific non-profit questions on the CPA exam (Thomas & Van Slyke, 2019).

## **NPO Collaboration**

The sharing of people, funding, activities, and information is involved in collaboration (Shumate, Fu, & Cooper, 2018). NPO collaboration can be as simple as a one-time exchange to as complex as a full merger (Guo & Acar, 2005). Guo and Acar (2005) provided categories of formal and informal collaboration where the former involves simple information sharing, referrals, office space sharing and the latter is related to joint programs or organization changes that will formalize an ongoing relationship. The collaboration between businesses and NPOs can create one-time or ongoing value (Watson et al., 2018). Collaborations can provide an opportunity for organizations to learn from each other (Tong et al., 2018).

Successful collaborations require planning, trust, and time. If collaboration is successful, benefits such as the following can come to fruition: reduced costs, increased efficiency, access to skill sets, ability to provide more and better services, and joint forces on advocacy and funding (Tong et al., 2018). For the collaboration to be successful, Tong et al. (2018) discussed the importance of assessing and managing: effective communication and agreement on goals, commitment to spend time on the collaboration, trust level, and alignment or respect of differences in culture and mission. To be successful, there must be time to build the relationship and share expertise, and further shared vision and leadership on both sides is critical (Tong et al., 2018). Trust is vital to have between NPOs when collaborating and sharing resources even when there is some competition between the organizations (Bunger, 2013).

As demand for NPO services has increased in communities, the risk of duplication, inefficiency, and lack of community effectiveness grows (Atouba, 2019). NPO collaboration has shown how to address these concerns by providing more innovative solutions and preventing fragmentation of the services, thereby improving quality, and better managing costs (Atouba, 2019). Collaboration can enable a better focus on service users and their outcomes which can be especially beneficial for groups such as people who are mentally ill or have serious health problems (Smith & Phillips, 2016). Katz and Sasson (2017) noted that situations where NPOs, government agencies, and businesses work together to deliver services is called a “mixed market.” Regional and local policies, alignment, and sustainability can benefit from cross-sector and geographical collaboration efforts (Wright & Reames, 2020).

Resource exchange and organizational legitimacy often drive NPO collaboration (Zeimers et al., 2019). Partnering in this way can close resource gaps such as human resources, technology, and systems and processes but it can also introduce new exposure to attract service users (Zeimers et al., 2019). Resource integration can create value for each side individually as well as increased societal value (Watson et al., 2018). Coordinating or sharing resources for tasks such as human resources, training, accounting may reduce overhead costs and can be accomplished by a co-location or by a shared service arrangement (Bunger, 2013).

Specific advantages should be considered when planning a collaborative relationship. NPO collaborations can have positive short and long-term advantages such as allowing short term goals to be met and enabling ongoing conversation on best

practice sharing which in the long term can increase organizational resilience (Moldavanova & Goerdel, 2018). Atouba (2019) conducted a study on 202 NPO collaborative partnerships in Illinois and concluded that trust and prior collaborative experience are related to increase communication effectiveness, while picking partners based on reputation and similarity are related to increased trust.

Various theories have been applied to the study of NPO collaborations. The RDT applications indicate that relationships can help stabilize resources used (Bunger, 2013), collaboration is focused on managing external dependencies on resources (Guo & Acar, 2005), and that interagency collaboration can be used to both add resource capacity and reduce resource competition (Wright & Reames, 2020). From a transaction cost theory perspective, collaboration is focused on reducing costs (Guo & Acar, 2005).

### ***With For-Profits***

Business and NPO partnerships and other strategic alliances are becoming prevalent (Sanzo-Perez et al., 2017b). There are different levels of NPO to business collaborations ranging from non-donation to the business providing services, to there being full strategic and organizational collaboration (Katz & Sasson, 2017). Successful business-NPO collaborations can be advantageous to both entities as increased corporate social responsibility and cause is important on the business side and capacity increase is helpful on the NPO side (Alvarez-Gonzalez et al., 2017). The business sector should strive to partner with the NPO that best aligns with the causes the business supports (Shumate, Hsieh, & O'Connor, 2018).

***With Government***

There is a great need for collaboration between NPOs and government to increase the successful accomplishment of policy objectives (Miltenberger & Sloan, 2017). NPO and local government informal partnerships and collaborations are becoming more common to bring positive social change to communities (Pozil & Hacker, 2017). Having successful collaboration with policy makers requires leadership support, trust, commitment, and a facilitated understanding of goals (Miltenberger & Sloan, 2017).

***With Other NPOs***

Collaboration with other NPOs can be useful for the individual NPOs, the ecosystem of NPOs, and from a funding perspective. Over time, NPO collaborations with other NPOs and other organizations can help with resources and legitimacy (Kapucu & Demiroz, 2015). Shumate, Fu, and Cooper (2018) stressed that social value is created at the meso-level when multiple NPOs collaborate. Since funders can worry about the duplication of services at local levels, it is important to work on collaboration across agencies (Smith & Phillips, 2016).

***With Community and Other Allies***

NPOs can serve in a role to facilitate varied organizations towards social change (Yan et al., 2018). Having this independent role can help with negotiation, power, and cooperation issues that may exist in the larger group (Yan et al., 2018). Large cross-sector social partnerships (CSSP) frequently depend on the role of the NPO to coordinate public, private, and other NPO organizations to lead or assist with the larger collaboration or project (Yan et al., 2018). Yan et al. (2018) discussed some common activities the



NPO could help with including knowledge intermediary to bridge gaps across organizations and consultants; relationship development; training; resources; and facilitation between the diversity of team members, organizations, culture, and missions. Other activities could include advisory boards, and participating in trade associations (Çelik, 2020). Wellens and Jegers (2016) highlighted the need to collaborate with the service users as they are part of accountability and increased performance.

### ***Collaboration Challenges***

While collaboration is thought to be beneficial, it is not without risks that need to be managed. Because of the limited number of people working in a small NPO, attending to immediate client needs frequently comes before spending time on collaboration (Kim & Peng, 2018). Even though the small NPO could reap much needed benefits from conducting more collaboration (such as resource help), they are constrained not only with available personnel but also with the skill sets that are needed to make it a successful collaboration (Kim & Peng, 2018). While funders sometimes encourage NPOs to work together, it is possible for it to result in increased resource dependency and even mission drift (Witesman & Heiss, 2017).

The collaboration objectives must be clear, and the partner match must be adequate. Collaborations work well when the objective is of high value, but when the objectives have less impact, the outcome may be worse than if collaboration was not done (Witesman & Heiss, 2017). Collaboration is costly and if the parties are not a good fit, it can even have a negative impact on service users (Witesman & Heiss, 2017). The certainty and predictability of the resources that flow between organizations is very

important to manage (Çelik, 2020). There is risk in coordinating resources because it could enable one of the parties to have an advantage such as funding or clients and this may negatively impact the other party (Bunger, 2013). A critical success factor in NPO collaborations is that the partner in power such as a governmental agency or donor, should support the NPO independence, mission, and work to discuss and make joint decisions (Pozil & Hacker, 2017). Shumate, Fu, and Cooper (2018) surveyed 452 NPOs and the results indicate that collaboration does not necessarily result in capacity increase.

### **Summary and Conclusions**

This literature review has provided the reader with a thorough background from a historical, evolution, and terminology perspective. The importance and challenges of defining and managing to a mission was also explained. The review of the processes and systems provided an understanding of the operational infrastructure in which the NPO operates. The human resource needs were explained in the leadership and workforce section which was followed by the dynamics of the collaboration processes and needs.

As the NPO sector moves towards a social enterprise environment and continued resource constraints exist with the pressure to perform better with measured results, there are many challenges to overcome. Understanding the challenges and barriers directly from the leaders of the NPOs provides an opportunity to validate the findings from the literature and better understand directly from these participants what detracts them from fulfilling their mission. Understanding their reality fills a gap for understanding a comprehensive list of business barriers and challenges from the NPO perspective.

The design of the study is detailed in the next chapter and this literature review informs the design in several ways. First, the literature provided good context and hints of challenges to use in questions for the participants. Secondly, the literature along with the conceptual model provided the framework for the data analysis. Lastly, it provides a baseline understanding of the business processes, systems, and organization compositions.

### Chapter 3: Research Method

The purpose of this qualitative single case study was to explore business and management-related barriers and challenges NPO leaders encounter when delivering services and fulfilling organizational missions. This study was appropriate for a qualitative study because it was important to understand directly from NPO leaders how they formulate the truth and describe their reality. The results of this study may provide knowledge to better understand the business administration challenges NPOs encounter when delivering services and fulfilling organizational missions.

This chapter provides insight into the design and methodology of the study. In addition, I describe my role as the researcher and explain how credibility, transferability, dependability, confirmability, and ethical issues were managed. I also describe participant selection, instrumentation, and data collection and analysis procedures.

#### **Research Design and Rationale**

The research question for this study was the following: What business and management-related barriers and challenges do NPO leaders encounter when delivering services and fulfilling organizational missions? The target population for this study was NPO leaders in the Greater Austin MSA in Texas (Greater Austin, 2022). Figure 1 provides information about the conceptual framework. The qualitative method was the best fit for this study because it enabled me to explore the barriers and challenges that could not be identified in a quantitative study. It was critical to obtain thick, rich data to answer the research question. It was important to understand how NPO leaders formulate truth and describe their reality regarding the business administration challenges

encountered in fulfilling organizational missions. The qualitative method is appropriate for understanding perceptions and experiences, as well as in answering “why” and “how” questions (Patton, 2015). Although a quantitative approach was considered, I found no quantitative surveys or instruments in the literature that would answer the research question as well as a qualitative method.

The single case study design was focused on NPO leaders in the Greater Austin MSA (Greater Austin, 2022). This design was appropriate because it provided a bounded unit of analysis (see Yin, 2017) and supported answering the research question from one targeted community and group of NPO leaders. The geographical area was the single case, and the individual NPOs were the subunits matching the single case study design that Yin (2017) referred to as an embedded, single case design in which multiple units of analysis exist. A case study was also a good fit for purposes of transferability. Shenton (2004) expressed the need for researchers to provide details on the parameters of the study so it can be replicated. I ensured rigor in documenting the methodology so that another researcher could follow the steps. The design and methods used in this case study can be used to study other Greater Austin MSA (Greater Austin, 2022) NPO leaders and other NPO communities.

### **Role of the Researcher**

It is the responsibility of the researcher to collaborate with others and connect pieces of the design, data, and analysis (Ravitch & Carl, 2021). For a qualitative study, the researcher is the instrument, and there is much credibility at stake in how they carry out their duties (Patton, 2015). Experiences, beliefs, and identities of the researcher are

examples of what shapes the research goals and framework of the study (Ravitch & Carl, 2021). Because of these reasons, it is critical that the researcher be prescriptive in their reflexivity to recognize and report on their bias along all stages of the research effort (Ravitch & Carl, 2021). Toma (2011) indicated that it is important in qualitative studies to be reflective so that the influence of the researcher is minimized.

Although I had no personal or professional relationships with the participants, I did have a professional background that was managed thoughtfully. Ravitch and Carl (2021) noted that researchers tend to have unconscious ways of thinking and making sense of the world around them. Because I had a strong business background in business processes and technology, I took measures to avoid my personal bias from influencing the interpretation of the results. Among other precautions, I engaged in dialogic engagement with my peers and committee members (see Ravitch & Carl, 2021).

It is important to consider procedural, situational, relational, and existing ethical aspects from the beginning to the end of the research (Tracy, 2010). Patton (2015) discussed installing rigor into the process. I had conducted many studies in which I looked at business processes and talked to company owners and executives. I was disciplined to document my potential bias when I designed the study, collected and analyzed data, and reported the findings to increase impartiality and to demonstrate that I had sought to mitigate researcher bias throughout the study. This was especially important when I was interviewing and reviewing the data to ensure I was not taking a stance instead of hearing and evaluating what the participants said. Conversely, I had never worked in the nonprofit industry, so that helped counter some of the potential bias.

## **Methodology**

This section includes a description of the methodology that was used for the study. This includes details on participant selection, instrumentation, procedures, and data analysis. The first four appendices support this section.

### **Participant Selection Logic**

The participants were selected using purposeful sampling. The organizations had to fit the criteria outlined in Appendix A. Within these organizations, the participant had to be an executive or a key operator. The participating organization and interviewee were validated based on public information such as an organization's website, LinkedIn profile, and formation and tax reporting detail that was available. Some snowball sampling occurred as participants were asked for names of other potential participants who could provide information related to the research question (see Patton, 2015).

Data saturation occurs when the data collection elicits no new information (Patton, 2015). Having enough participants to yield no new information in the interview results was important in the current study. Guest et al. (2006) discussed the dilemma of needing to determine a sample size of participants to yield saturation when the research is in the early stages of proposal and design. Although Guest et al. concluded that six to 12 participants were reasonable based on their findings, they also cautioned to factor in the complexity and the number and experience of researchers on the project.

A sample size of 12 was the target for the current study using the information provided by Guest et al. (2006) as the rationale. Further supporting this range was the study conducted by Vogt and Abood (2021) in which they included 12 CommuniTree

partner organizations to conduct a case study to understand long-term visions for the program. The interviews were conducted over a 2-month timeframe, and each interview lasted close to 1 hour. Additional justification for this size was that the topic was not complex, and the study did not have critical dependencies on the outcome. The results would provide insight into what would be needed for a postdoctorate or similar study.

The participants were recruited using three avenues. First, the Nonprofit Austin (n.d.) office at the Austin Community College served as a community partner organization and agreed to help with recruitment. This organization offers a variety of resources and support for Austin-area NPOs such as classes, certifications, grant research support, and collaboration opportunities (Nonprofit Austin, n.d.). Initially, I thought that Nonprofit Austin would post the recruitment flyer in their office and send out the director communication email (see Appendix B) out to NPO leaders. Instead, they posted the recruitment verbiage on their Facebook page. They also provided me with contact information to the head of the local United Way organization, 6 NPO leaders, and a local NPO networking group. The feedback I received from Nonprofit Austin about the flyer was that it seemed to cheapen the effort. I contacted the United Way organization contact and they forwarded my email to a handful of organizations in Williamson County. I emailed the 6 NPO leaders and the NPO networking group. The NPO networking group posted the recruitment information on their internal website.

Second, the director communication and the flyer were posted on my personal LinkedIn account as well as some other NPO-related LinkedIn groups. Third, a cold-calling email approach was used to recruit participants from NPOs in the Greater Austin



MSA (Greater Austin, 2022) that I found via an internet search. The cold call/email communication (see Appendix B) was used for recruitment in these situations, as well as other snowball or direct leads I received.

Upon being contacted by a prospective participant, I immediately searched the U.S. Internal Revenue Service (n.d.-b) and the website of the NPO. If the NPO had a 1023 or 940 filing listed on the IRS website, I could determine the tax exempt (U.S. Internal Revenue Service, n.d.-c) and NTEE code (U.S. Internal Revenue Service, n.d.-d) to determine if the prospective participant satisfied the selection criteria in Appendix A. The NPO website was also searched to find information that would indicate the tax exempt and NTEE code information as well as MSA location and size of the organization (see Appendix A). In addition, the NPO website provided valuable information about the prospective participant to determine whether they were a leader in the NPO. I also contacted the prospective participant and asked them the following questions: (a) Is the NPO headquartered in Bastrop, Caldwell, Hays, Travis, or Williamson counties? (b) Is the size of your workforce 50 or less? (c) Are you a 501(c)(3) organization? (d) What are the primary services of your organization? (e) Are you a leader in your organization?

It soon became clear that the NTEE codes were causing recruitment issues because there was confusion and uncertainty. The NTEE codes were removed from the selection criteria with IRB approval to do so. Later, I determined that most of the participants did not know what the NTEE code was for their organization without doing more research. See Appendix A for the original NTEE codes that were targeted.

Once I confirmed that the participant met the selection criteria, I facilitated an agreed upon date and time for the interview and sent a meeting invite for the meeting. Additionally, I sent the IRB-approved informed consent form. I stayed in contact with the participant as the meeting approached and sent a reminder about the meeting and the informed consent form if they had not yet returned that. There were no cancellations, but some participants had to reschedule.

### **Instrumentation**

Turner (2010) noted that although there are multiple components to designing an interview protocol, the interview questions are the most critical. Interview questions should be open-ended, neutral, worded as one question, avoidant of the word “why,” and clear and appropriate for the interviewees (Turner, 2010). Patton (2015) discussed that a clearly stated interview question helps the researcher reduce uncomfortableness and establish rapport with the interviewee. Asking a question using “why” may offend the interviewee (Patton, 2015). Jacob and Furgeson (2012) noted that starting a question with “tell me about” is an effective way to give the interviewee permission to open up and begin talking.

In addition to the wording of the questions, there are other considerations when preparing the interview questions. Experience and knowledge questions help the researcher to understand the actions and activities of the interviewee (Patton, 2015). Jovchelovitch and Bauer (2000) advised that interviewee attitudes and opinions will naturally come out in the interview without being asked for and that it is better to allow these to occur naturally. Patton (2015) recommended that questions should not be stated

as an assumption of which opinion path the interviewee will take. As follow-ups to main interview questions, prompts are an excellent way to use follow-up questions that connect with literature points or other specific talking points that may add thickness to the data set (Jacob & Furgeson, 2012). Finally, Turner (2010) noted that open-ended questions allow each participant to provide their personal answers in detail, with each participant being asked the same questions.

Each word relayed in an interview response can be considered a miniature piece of what is in the participant's mind about the phenomenon or the meaning they make (Seidman, 2012). It is the responsibility of the researcher to facilitate detailed responses from interviewees. Three key characteristics of qualitative interviewing include extracting detailed information, asking open-ended questions to give the interviewee freedom to provide their own details, and being flexible with what questions are asked and in what order (Rubin & Rubin, 2012). Myers and Neuman (2007) discussed the answers interviewees give providing input to construct knowledge. It is that knowledge that we use to inform readers and researchers about our topic of interest.

Based on the literature review in Chapter 2, eight specific open-ended questions were established to align with the categories of mission, strategy, performance management, process and systems, workforce, and collaboration. Appendix C provides the complete interview protocol including the interview questions. The objective of the interview questions was to facilitate the answers to the research question for this study. Patton (2015) noted the need for flexibility in the interview guide to allow for tailoring to each case. Because all NPOs are not the same, flexibility was allowed throughout the

interview to ensure that the personal experiences, perceptions, and meaning of the barriers and challenges the NPO leaders encounter as they work on delivering services and fulfilling their mission were allowed to be expressed.

It was important to ensure the interview questions were appropriate for answering the research question which meant the NPO leaders must understand the question as written. In lieu of a pilot study to refine the interview questions, the wording was vetted with acquaintances in the NPO industry but outside of the target participation area. A need to provide definitions to the participants ahead of time was considered because some of the terms in the questions may have had different meanings to different people. However, I ran into no issues with this.

Along with creating and asking the right questions, journals and memos were also created during the time of the interview based on observations and personal biases. Audio recording and auto transcription of the interview was available after the interview, and pre and post journaling was also conducted. Organizational profile information was retrieved from websites, IRS reporting, and other virtual sources.

### **Procedures for Recruitment, Participation, and Data Collection**

This section provides the steps involved after the participant has agreed to participate. At this point in the process, a date and time was agreed upon and they have been sent a meeting invite via email. Three days before the interview, a reminder email was sent for confirmation and the informed consent was resent if it has not already been received back.

My preference was to conduct the meetings face-to-face, online, and phone in that order. The first handful of participants chose the online format, so I continued that format for the remainder, however one participant had to conduct the interview via phone. For each interview, I voice recorded my thoughts and feelings about the interviewee or organization as well as my personal state of mind that day. This helped with later understanding bias by being reflexive before the interview.

In all cases, the informed consent form was reviewed for understanding and questions whether they had already signed or not. If the informed consent had not been received before the interview, I would have required them to sign or acknowledge a copy before the interview began. In this study, all participants acknowledge the informed consent via email by responding back with their consent. At the first of the interview meetings, the informed consent was discussed first, and then the interview commenced.

At the time of the interview, a formal interview guide was used to assist with consistent questions and follow-up probes. I made every effort to make sure the participants were comfortable, and I fully focused on them. See the Opening Items in Appendix C for the items I reviewed with the participant before the interview questions began. The interview was scheduled for 60 minutes and none of them ran over that time, however, I would have welcomed the opportunity if the participant wanted more time. My plan was to use my phone to record face-to-face interviews and record online meetings using Zoom. However, I changed to Otter.ai for recording and used Microsoft Teams as a backup.

After the interview was over, journaling was conducted to document personal thoughts and impressions. Recordings were transcribed by either Microsoft Teams or Otter.ai or both. As expected, there were translation errors and I referred to the audio recording to correct these. A synthesized and more professional version of the transcription notes was sent to the participants for member-checking and review where they were given a chance to change or omit any part of the notes. At this time, they also received the reward (training credit, gift card, or donation) for participation. All interview results and journaling were used as input to peer debriefing and analysis.

There were no requirements for more than one interview; however, if a participant had requested an additional interview, I would have welcomed that opportunity. In addition to sending the participants the interview notes, I will be sending them a committee approved version of the consolidated results. A final email will be sent to the participants thanking them for their time and contribution.

### **Data Analysis Plan**

All transcribed interview and journal notes were copied into a Microsoft Excel workbook. Deductive analysis is based on predefined categories (Patton, 2015) and an attempt was made to incorporate this approach to categorize data related to the research question and connect answers and qualitative data to framework components. This was appropriate because I was analyzing interview data and trying to connect it to the research question, key literature inputs, and the conceptual model that includes EST and RDT theories. A priori coding is a form of deductive coding (Ravitch & Carl, 2021). Saldana (2016) indicated that such predetermined codes can assist with organizing results

to the conceptual framework. However, this approach did not work for the current study. See Appendix D for the original a priori codes defined for this study. While these a priori codes may be considered in future studies, they were abandoned in this study.

Using Saldana's (2016) concept of first cycle, second cycle, and after second cycle coding, I accomplished first cycle coding by reviewing the note in the column and assigning it a short phrase to assign structural coding. The second cycle coding provided a way to further code the first cycle coding using the coding the codes approach as defined by Saldana (2016). By analyzing the second cycle categories, the data were able to then be themed aligning with Saldana's (2016) approach of further organizing the data into fewer areas where meaning comes to surface, and this is the point where the themes were identified. After the coding was complete, the Saldana's (2016) *top 10* approach was used to produce a list of the most impressionable quotes aside from how they were coded. Code weaving was used to create narratives that speak to categories and phrases identified in the analysis (Saldana, 2016). The categories of categories approach were used to further analyze the data and evaluated for hierarchy, overlap, sequential, concurrency, domino effects, and networks (Saldana, 2016). All these analysis methods were used to finalize the findings.

The results were reported in several parts. Using a visual to support the results is effective in today's environment (Patton, 2015) and based on the results, I provided a few appropriate visuals and tables. Additionally, the results included an identifier for each theme along with a supporting narrative that was based on the associated data. Extraction of key quotes for each theme was also made available. More detail was also made

available in the results report to include a review of the number of participants and the landscape of the participating organizations and interviewee position with the organization. Names of organizations and participants were not disclosed, although general profile notes were provided. Frequency of occurrences of data and other observations were summarized along with limitations and considerations for future changes to methodology.

This paragraph includes notes on the tactics of review and data management. The first activity was to immerse myself in the interview notes and read them without bias. I used the personal reflection / comments column to notate my thoughts about the interview data lines as well as any potential bias I had about the data. For each row of data, I highlighted key words and phrases to help with the coding exercise. In addition to each line of the member-checked interview notes having its own excel column, the other columns included a: person code; unique line number; note type; code (1<sup>st</sup> cycle); category (2<sup>nd</sup> cycle); finding group (3<sup>rd</sup> cycle); flag column for notating special things such as anomalies and key quotes; raw transcript data that supported the notes line; conceptual model connection notes; and place for personal reflection or comment notes. The unique line number for each row enabled sorting back to the original sequence of interview data regardless of how the spreadsheet got sorted during analysis. For the person code, I maintained a separate sheet for the code and person name correlations. I enlisted a professional to review the coding work to provide feedback and play the role of “devil’s advocate.” After I made changes according to feedback, I completed the analysis and results writeup.



### **Issues of Trustworthiness**

Shenton (2004) discussed that credibility, transferability, dependability, and confirmability are to qualitative studies as internal validity, external validity/generalizability, reliability, and objectivity are, respectively, to quantitative studies. Burkholder et al. (2020) indicated that triangulation or using more than one source to provide the same results, can be helpful to mitigate several of these. Reflexivity practices also help several of them as does documenting methodological details (Shenton, 2004). The following will explain how I will attempt to instill these trustworthiness components.

#### **Credibility**

Credibility is similar to internal validity for quantitative studies and requires the researcher to be objective and design so that patterns and complexities can be evaluated to represent what the participant is conveying (Ravitch & Carl, 2021). It is instrumental in establishing trustworthiness and is focused on ensuring the results represent the reality of the participants (Shenton, 2004). Shenton (2004) noted that iterative questioning using probes or rephrasing the question can help detect falsehoods and better ensure the answers are correct which will increase credibility. To accomplish this, I used clarifying questions when I felt like I might have been making assumptions on what they were saying. Additionally, I sent them the final interview notes for review and changes. The use of reflexivity will support an ongoing identification and evaluation of researcher bias (Ravitch & Carl, 2021). I used reflexivity practices both before and after interviews by journaling, via an audio memo, my thoughts of expectations or assumptions I might have

been thinking. This helped me work to make decisions in analysis by specifically ruling out what I had in my notes regarding preconceived ideas or assumptions.

### **Transferability**

Transferability or extrapolations are focused on other uses of the findings or research approach in other settings (Patton, 2015). A case study is a good candidate for transferability. Since this study was conducted in the Greater Austin MSA (Greater Austin, 2022), it can now be applied to another community. The applicability will be determined by future researchers. Shenton (2004) expressed the need to provide details on the parameters of the study so that it can be replicated. I instilled rigor in documenting the methodology so that another community could follow the steps. For example, as noted in Appendix A, the criteria to select the participants could be changed for other communities and targeted organizations. The interview questions as found in Appendix C could be helpful for future researchers, although limitations and recommendations found in Chapter 5 regarding the questions should be reviewed and considered. Additionally, the thematic analysis approach and final presentation of connection to the conceptual model will be helpful for future researchers, but again limitations in Chapter 5 should be reviewed.

### **Dependability**

Dependability will provide evidence to the user of the research results that consistency in how the data is collected and reported (Burkholder et al., 2020). It is focused on how solid the data is regarding collection, alignment with research question and framework, and overall design to support the data (Ravitch & Carl, 2021). For this to

be evaluated, details of gathering and analysis of the data must be provided in the research results (Shenton, 2004). The questions for this study were aligned to the literature regarding mission, strategy, processes and systems, workforce, and collaboration. The results of the study were framed around the research question and mapped to the conceptual model and the literature review, carefully documenting the approach. And lastly triangulation was used to analyze and contrast the mission statement on the NPO website against how the leader spoke to the mission.

### **Confirmability**

Confirmability provides assurance and confirmation that the results are reflective of the participants' views and experiences versus the researcher (Shenton, 2004). Toma (2011) suggested having a "devil's advocate" to help critically evaluate the study results can help with confirmability. Ravitch and Carl (2021, p.169) provided the question "Do I have my own agenda, and am I imposing that on the data, thereby influencing the findings?" Reflexive journaling is used to document and evaluate the researcher's assumptions and relationships and it is ongoing through the research starting in early stages such as formulating research questions (Burkholder et al., 2020). I used reflexive journaling through the design processes and before and after interviews to help understand any bias that I had. The transcription of the interview helped as it was a verbatim reflection of what the interviewee told me as opposed to my interpretation. Finally, I conducted a peer review of the coding results.

### **Ethical Procedures**

No participation solicitation was conducted before getting IRB approval on the approach. All details about participant contact, including participant incentives were reviewed and approved by the IRB (Walden IRB number 03-01-23-0030582). After IRB approval, recruitment for participants began. Upon receiving notes of interest, an informed consent was sent right away for participant review and consent before the interview. The informed consent was reviewed again with the participants at the beginning of the interview.

Privacy disclaimer information was shared with the participants from the beginning to the end of contact with them. This included initial contact; the official invite for the interview; beginning of the interview; and any follow-up notes or contact. I was clear that not only the organization name, but their personal name would be anonymous. Patton (2015) clarified the difference between confidentiality and anonymity as, respectively, not disclosing the information participants share and what is shared will not be tied to the specific participant. In this study, I used extreme caution to not share any venting, complaints, or peripheral information the participant may have expressed. The data I collected from them was shared in the results but was not tied to them specifically. Additionally, I gave them the opportunity to strike any details for inclusion into the results or to drop out of the study.

From a data protection perspective, I kept the data on my local computer and the Excel workbook had a passcode to access. I am the only one with access and the information will be destroyed after the dissertation is complete and I have graduated with

my degree. Since I was doing the analysis out of my home office, I ensured that the computer had a passcode as well.

Each interview question was reviewed from a risk mitigation perspective so that I could consider ethical aspects or anticipated answers that might cause an ethics concern. In this study, there was no vulnerable population, and the questions were focused more on business activities and fact collecting. If a participant had disclosed information about business fraud or mishandling of clients, appropriate action would have been taken. The questions were written to not be personal, but there was a risk that the participants may end up expressing personal information such as emotions, frustrations, and the like. If they were to have gotten too emotional or provided sensitive information, I would have been responsive to asking them if they want to halt the interview or tell them that I will continue to honor the anonymity, or they can strike the response later. If any of that were to have occurred, I would have worked with my committee chair to determine the best course of action for any issues that may arise.

### **Summary**

This chapter provided insight to the details of this qualitative single case study. Appendices are leveraged to understand participant selection criteria, recruitment communication, interview protocol and the data analysis approach. The documented methodology provides information for future research to replicate the study in another environment. Finally, details are provided about how the study was conducted to instill trustworthiness and ethical treatment.

The details of this design enabled productive discussions with the NPO leaders so that details around barriers and challenges related to providing services and fulfilling mission can be better understood. This in turn enables a better understanding which could lead to solutions and changes enabling better service delivery for disadvantaged populations. Differences in what was planned in the design and what actually occurred, as explained in this chapter, include (a) the use of NTEE codes for selection criteria, (b) the use of a priori codes, (c) needing to omit the terminology of NPO owner in recruitment material, (d) and slight variation in how the Community Partner Organization executed the outreach plan.

Next, Chapter 4 provides details on the actual data collection and analysis as well as the results of the study. The results answer the research question by reviewing the final themes. Chapter 5 continues the discussion by providing interpretation within the conceptual framework and literature, followed by a review of limitations, recommendations, and implications.

## Chapter 4: Results

The purpose of this qualitative single case study was to explore the business and management-related barriers and challenges NPO leaders encounter when delivering services and fulfilling organizational missions. The target population for this study was NPO leaders in the Greater Austin MSA in Texas (Greater Austin, 2022). This study was appropriate for a qualitative study because it was important to understand directly from NPO leaders how they formulate the truth and describe their reality. The results of this study may provide knowledge to better understand the business administration challenges NPOs encounter when delivering services and fulfilling organizational missions.

### **Research Question**

What business and management-related barriers and challenges do NPO leaders encounter when delivering services and fulfilling organizational missions? This chapter provides the results of the study after all interview data were analyzed. The setting of the interviews and demographics of the interviewees are described. Next, details on the data collection and analysis are provided followed by an explanation of the procedures to instill trustworthiness. Finally, the results are described as to how they answered to the research question and provided other key findings.

### **Research Setting**

There were 13 participants interviewed, and 12 participants were included in the final sample. Two participants were board members of organizations that were going through major changes, and these participants provided the most details about challenges. The rest of the participants had the role of executive director and a few of those were also

the founders of the NPO. Of this second group, participants who had 15 years or more of experience were not as vocal about challenges. Several participants were undertaking large projects that involved challenges. One interviewee was discovered to be a fraud, and that interviewee's data were discarded. These characteristics were taken into consideration when analyzing the data. For example, one participant who had been in place for fewer than 6 months indicated that the knowledge transfer from the prior executive director position was an issue. This situation was not considered a widespread challenge.

Four of the potential participants were recruited from social media. I had posted the recruitment information via LinkedIn, and two other organizations posted the recruitment information on their social media sites. One of the social media participants was determined to be a fraud. I secured two other participants as result of cold calls and emails. Three participants were recruited via snowball sampling from one of my interviewees, and four were recruited via referrals from a person I knew. There were over 30 other organizations and leaders I reached out to but did not hear back from, or they did not fit the selection criteria. Some people I reached out to responded weeks later after I had completed my interviews.

### **Demographics**

The 12 participants represented NPOs in the following Texas counties: Travis, Williamson, and Bastrop. The participants had varied backgrounds. Some had been working with NPOs their entire careers, others came from a for-profit background, and others had converted from government agencies to NPOs. There was a good



representation of NPO types, and the following represents the breakdown on the primary service focus along with the number of NPOs: arts (two), child focused (four), economic disparities (one), food (two), health disparities (two), and transportation (one). The service users for the participating NPOs included women; children; caregivers; parents; trauma victims and families; older people; foster children; people with health disparities; incarcerated adults; children and families; and people with health, food, education, or financial (crisis or chronic) disparities. Seven of the NPOs had been in existence for over 20 years, four of the NPOs were between 11 and 20 years old, and one had been in existence for fewer than 10 years.

The titles and number of interviewees included board chairs (two), CEO or executive director (one), executive director (seven), founder or executive director (one), and founder or CEO (one). The tenure for interviewees was up to 5 years (five), 6–15 years (three), 16–20 years (two), and over 20 years (two). Table 1 provides details about the number of employees, volunteers, and board size.

**Table 1***Breakdown of NPO Employees, Volunteers, and Board Size*

ID	Number of employees	Number of volunteers	Board size
A01	5	0	6
A02	2.5 FTEs (30+ contractors)	0	5
A03	17	500 (6 <sup>a</sup> )	17
A04	30	0	17
A05	25	0	18
A06	2	Groups at a time for events	8
A07	14 (plus varied contractors)	60 (3.5 <sup>a</sup> )	18
A08	23	2 to 3	7
A09	7 (increasing to 10)	35-50	11
A10	18	5 to 6	12
A11	14 (5 FT and 9 PT)	36 <sup>a</sup>	9
A12	7	250 (27 <sup>a</sup> )	15

*Note:* FT = full-time; PT = part-time; FTEs = full-time employee equivalent.

<sup>a</sup>Reflects the full-time equivalent for the volunteers.

There was a variety of views and information provided about volunteers. As shown in Table 1, four of the NPOs had no volunteers, and few of the other organizations had full-service delivery dependence on volunteers. The types and profile of the volunteers were described as the following: (a) professional in-kind, (b) full-service delivery, (c) event or project driven, (d) volunteering to find out more about organization to hopefully be involved in a bigger way, (e) retirees, (f) professionals, (g) high schoolers, (h) service projects, (i) legally required community service hours, (j) group/project volunteers, (k) full-time, (l) work when they can, and (m) work as many or as few hours as they wish. The key messages about volunteers that came through were (a) too many reliability issues, (b) love and rely on volunteers, (c) there is a cost-benefit dilemma, and (d) can become jaded due to the effort put into them compared to the benefit received.

From a volunteer oversight perspective, one interviewee indicated that their training director provided the oversight, while another indicated that was part of the director of operations' responsibility. Other administration-related concepts mentioned included the following: (a) metric reporting for the number of volunteers, hours, and impacts; (b) advertising and recruiting; (c) onboarding and training; (d) scheduling and time tracking; (e) burnout; (f) assigning staff members to help with retention, recognition, and appreciation; (g) and managing restrictions and confidentiality based on the type of potential task assignments. Finally, several participants mentioned the negative impact that COVID-19 pandemic had on the number of volunteers, and they had yet to recover.

### **Data Collection**

The data collection resulted from 13 participants; however, one of them was determined to be fraudulent, so their data were excluded for a final sample size of 12 participants. Although the initial desire was to do in-person interviews, I discovered that the first group of participants wanted online meetings; therefore, that was the approach used for the others. Most of the interviews were conducted via Microsoft Teams, and one was conducted via phone because the participant could not connect via the Microsoft Teams link; however, I was able to conduct a Microsoft Teams audio recording and auto transcription for this participant. All interviews were scheduled for 1 hour, and most took the full hour except for a few that started late for various reasons. No interviews were longer than 1 hour.

All interviews had a Microsoft Teams auto transcription, and all but two had an additional Otter.ai auto transcription. The Otter.ai transcription was found to be superior to the Microsoft Teams transcription. The Otter.ai version was on average 3.76 times smaller because it provided a paragraph format per speaker whereas the Microsoft Teams transcript included fragments of statements per line and included all the “uhs,” “buts,” and “ands” of the conversation, as well additional rows for person and timestamps for each of the additional lines. Also, the Otter.ai transcriptions had more accurate conversion of the words spoken. Being able to read the paragraphs presented from Otter.ai was much easier than having to piece together all of the individual lines from Teams transcriptions.

Although I had both transcription types, it was important to listen to the audio because no conversion tool is 100% accurate. Listening to the inflection and pauses was important to determining the meaning. For the two situations in which I had only a Microsoft Teams transcription, I spent more time processing the transcription for the best understanding of meaning. For the first interview, I did not have an audio recording from Otter.ai or Microsoft Teams; I only had a Microsoft Teams transcription, and this was the hardest one to document for meaning. In cases where I had both types of audio and transcriptions, the Microsoft Teams version was used as a backup.

I maintained a tracking sheet in Microsoft Excel to retain metrics and information about each NPO. The NPO websites were reviewed for the description of their mission, and these data were placed in the appropriate column. An additional column was used to notate how the website description compared to what the interviewee described regarding their mission. Additionally, this tracking sheet was used for pre and post interview journal notes except for one, which I later went back and documented according to what I could remember thinking before and after. Otter.ai was also used to capture these journaling notes, which later were reviewed and placed into the Excel tracking sheet. These notes were reviewed several times throughout my analysis to make sure I was clear regarding any personal bias or conclusions.

Informed consent forms were received before the interviews commenced, and the formal interview guide was used to administer the interview questions after reviewing the opening items (see Appendix C). The interviewee was notified that they could stop the interview at any time or not answer any question. I also tried to make participants feel

comfortable by indicating that the interview was relaxed and they could stop and ask questions when needed. The main interview questions were included in the informed consent form, and it was apparent that some of the participants had reviewed and considered the questions beforehand. As the questioning unfolded, it was common that other questions further in the guide were organically answered. I was able to manage the questions although they had sometimes already been answered. I also used probes as needed. There were a few times when the conversation went off topic, but I was able to get participants to focus on the next question. Although I reiterated from the informed consent form the purpose of the study, I intentionally did not ask them about barriers and challenges until the end of the interview. Instead, I asked them questions about the organization from a mission, strategy, and administrative perspective, allowing the barriers and challenges to emerge from those conversations. At the end of the interview, I asked them to reiterate (or tell me for the first time) what their top three challenges were. For a few participants, this was the first time they mentioned challenges.

After the interviews, I sent follow-up emails to collect a few data points that may have been missing from one participant but included by the others; for example, some participants did not tell me how many volunteers they had during the interview. These data points were recorded in the tracking sheet I used to note key information about each NPO. Additionally, in cases in which I did not have a NTEE code, I ask participants for that, as well as their opinion on NTEE codes. This was useful because it helped me uncover the participants' perceptions of these codes. All data from these follow-up emails were recorded in the tracking sheet.

## **Data Analysis**

### **Transcription Processing**

I read through the transcriptions while replaying the audio to confirm the accuracy of the transcriptions and glean the details of what was being communicated by each participant. Some areas of the transcriptions required extended review of what was being said because it was not clear or I needed to confirm that what they were saying was correct as opposed to my interpretation of what they were saying. During this listening and reading, I also found that participants may have talked about the same topic multiple times throughout the interview; therefore, those multiple areas needed to be combined to understand the comprehensive message about what they were saying about the topic.

Reflecting on the research question addressing the challenges and barriers that NPO leaders encounter while fulfilling their mission, as well as the additional directive from my committee to collect data on the impact of the COVID-19 pandemic, I found that a large portion of what was discussed was not related to either of those topics. However, the information participants conveyed was valuable because it was relevant to how they operate. Not wanting to disregard important data, I decided to create an upfront grouping of the data I collected from the interviews. These groups were RQ answers, COVID-19 impacts, and other operational insights.

### **Member-Checking Process**

The raw transcription notes were useful to understand exact quotes and for remembering the ordering of the conversation. In providing a more useful and professional format to be member checked by the participant, it was decided to deliver a

synthesized and more professional version of the transcription notes. The resulting notes were then sent to the interviewee so that they could validate that the notes were accurate and reflected their meaning. The following are the steps that were used to produce these notes: (a) develop a standard template that can be used; for example, mine had subheadings for the groupings related to RQ answers, COVID-19 Impacts, and Other Operational Insights; (b) group like-information such as if a participant talked a lot about financial processes, then there would be a subsection called financials; (c) if they discussed the same topic in multiple sections of the interview, combine the discussion points into a sentence or list within the same subsection; (d) when synthesizing, take extreme care not to change meaning and use the exact words where at all possible when doing the synthesis; (e) do not use first person (I, we) as they may have expressed in the raw notes, instead use third person; (f) organize by order of precedence according to what makes sense for the topic areas; (g) and always keep the cross-reference of the raw notes to each line of the synthesized notes for later use and reference.

The final synthesized notes, along with an acknowledgement of the payment provided, were sent out to each participant. They were asked to review and either approve or indicate what changes needed to be made. All 12 participants responded although I had to follow-up with some of them multiple times. All updates based on their feedback were made.

For these 12 participants, the data in the raw transcripts were large. The average lines in the transcription documents were 1,028 and the average page numbers were 27. Even factoring out the two large Microsoft Teams transcriptions, the line and page



averages were 705 and 18 respectively. The final pages for the synthesized notes contained 178 and 4 for average lines and pages respectively.

## **Coding and Results**

### ***Moving Data Into Excel***

After member checking was complete, the notes were copied and pasted into an Excel sheet for final data analysis. This resulted in 2,132 lines of data from the synthesized notes, but converted was approximately 830 rows in Excel as a sentence in Microsoft Word may be around three rows in length but occupy only one row in Excel. The notes column in the worksheet retained these individual note line items. Additionally, there was a column to retain the original raw notes that were associated with the synthesized note. Each row had a column for Interview ID and Unique # so that the data could be sorted back to the original ordering when needed. After analysis and coding were completed, the total rows in Excel were 894 because rows were sometimes duplicated if they appeared in multiple codes.

Since the synthesized notes had an upfront grouping of RQ, COVID-19 Impacts, and Other Organizational Insights, the Excel worksheet had a column called Note Type to make that designation for each row. This resulted in 166 rows for RQ and 90 and 638 respectively for COVID-19 Impacts and Other Organizational Insights. The Code (1<sup>st</sup> cycle), Category (2<sup>nd</sup> cycle), and Finding Group (3<sup>rd</sup> cycle) columns existed to enter and analyze the data. A Comments/Reflection column existed to enter any personal notes needed for reflexivity and follow-up needs. A Flag column existed to notate special things such as anomalies, key quotes, etc. The data could be sorted by an individual

column or filtered to include or exclude data. This enabled easy analysis and quick searching and views of the data.

### ***Creating Codes, Categories, and Themes***

The coding approach will be explained using the terminology in Saldana (2016). Each line was assigned a code for the first cycle coding. When the note in the column was reviewed, a short phrase was entered into the corresponding Code column which enabled structural coding of data as defined by Saldana (2016). Originally an a priori approach was going to be used, but after discussion with the committee chair, it was decided to use open coding. Example codes include Austin demographics, diverse population risks, needs more transparency, executive mentoring, and program expansion.

After the code column was fully populated, the second cycle Category column was then used to further code the first cycle column implementing the coding the codes technique as Saldana (2016) documented. This allowed for lumping first cycle coding into a smaller set of categories by analyzing similarities of the first cycle codes. Example categories include Austin market; type – culture change; training and development; and type – program broadening.

By analyzing the second cycle categories, the data were able to then be themed and the third cycle finding group column enabled this. At the end of this part of analysis, all data were then assigned a finding group aligning with Saldana's (2016) approach of further organizing the data into fewer areas where meaning came to surface, and this is the point where the themes were identified. Appendix J has more details on the rollups and each theme will be described in detail in the Study Results section of this chapter.

Unrelated to the resulting themes and the research question, the Finding Group column was also used to group other types of information such as COVID-19 impact topics, other topics related to other organizational insights, and other summary topics or rollups. This column was also used to group data that was related to identifying information such as mission, organization, services, or interviewee specific information.

All coding was re-reviewed multiple times throughout the process. Some changes were made as this was done. Peer review feedback was incorporated, and a final review was completed before analysis was concluded.

### ***Analyzing Theme Information***

Each theme, along with associated codes, categories, and quotes, were analyzed and written about incorporating code weaving as Saldana (2016) reviews. During this phase, some of the included rows may have been omitted or reassigned upon further review. The frequency of occurrence in total and the number of participants that discussed the theme were evaluated. This helped with situations where one person may have been very verbose (total would be high) but only one other person mentioned it. The themes are discussed in detail in the Results section of this chapter.

### **Connection to Literature and Conceptual Model**

After the coding was complete and themes were defined, analysis for connections to literature and the conceptual model was conducted. A review of the Chapter 2 Literature Review was conducted to identify points where these findings confirmed, disconfirmed, or extended knowledge. These points were then expounded on in Chapter 5 in the interpretation of findings section. Also added to that section was the connection to

the conceptual model, which was done at the theme level. The visual of the model was used to tag the theme identifiers, then the points of connection were discussed.

### **Other Analysis**

Analysis outside the interview notes was also conducted. To compare and contrast the organizations and interviewees at high-level, the tracking worksheet was used, and this provided input to the demographics section. As discussed next in the Evidence of Trustworthiness section, the tracking worksheet was also used for reflexivity and triangulation. Both activities were completed during the analysis phase. The journaling was tracked and analyzed repeatedly for reflexivity purposes. Mission information from the NPO websites was placed in the tracking worksheet for triangulation analysis conducted between what the interviewee said, and what their website presented about the mission statement.

## **Evidence of Trustworthiness**

### **Credibility**

To ensure credibility, multiple strategies were used. Within the interviews, I used both planned and other probes to have the interviewee explain more. Also, I would commonly paraphrase to them my understanding of what they said so that I could verify that I correctly understood. After the interview, I was careful to write the notes based on what the interviewee actually said, instead of creating sentences with assumptions. The final interview notes were provided to the interviewee to conduct member checking. This provided the interviewee with a chance to confirm or change the notes before they were included as the data that I would later code. All participants participated in the member

checking process. Before and after each interview, I conducted audio journaling for reflexivity purposes so that I could be aware of any personal bias. These reflexive notes were reviewed multiple times throughout the project such as before and after the coding, during analysis, and when writing about themes. These strategies all helped ensure that I ruled out or minimized any personal ideas or assumptions and represented the realities of what the participant was conveying.

### **Transferability**

From a transferability perspective, the methodology was well documented for future researchers to reuse. The appendices contain exact criteria parameters, interview guides, questions, and details on the themes and other information that surfaced. Within the research setting, data collection, data analysis sections in Chapter 4, along with supporting appendices, future researchers will be able to understand details on how the data were recorded, transcribed, member checked, coded, and analyzed. Connection to the conceptual model was also documented for future research projects to consider incorporating. This will allow them to understand how to transfer methodology components as desired to another community or NPO leaders within the same community. These researchers should also be aware of the limitations and recommendations sections in Chapter 5.

### **Dependability**

The interview questions were aligned to the conceptual model and the literature regarding mission, strategy, processes and systems, workforce, and collaboration. The collection of information through the interview questions provided answers that aligned

to the conceptual model. Further, the Chapter 4 description on data collection and analysis documented the rigor and consistency used for collection and final reporting. The final results reported were framed around the conceptual model and literature review reinforcing rigor and consistency. These techniques provide evidence that the collection, analysis, and reporting are consistent and aligned with the conceptual framework and research question.

Triangulation was also used to demonstrate dependability. The organizational website of each participant was examined to extract the mission. Four of the organizations also had a vision statement presented alongside the mission. I found no disconnects between what I heard about the mission and what I saw on the website for eight of the participants. While the mission for A03 matched what I heard, the vision indicated that there was more that could be delivered than what is stated in the mission. Two of the missions seemed unclear and disconnected from what I heard; however, these two participants indicated they are going to revisit their mission. The mission for A05 represented generally what was heard; however, there was an important service that did not seem to be represented.

### **Confirmability**

From a confirmability perspective, the exact words expressed by the interviewee were captured in the audio and auto transcriptions. These were reviewed closely to ensure the participants' words were deciphered as opposed to making assumptions. Reflexivity was also used with audio journaling, which also had auto transcription. Journaling was conducted before and after the interviews and was reviewed multiple times throughout

the analysis process. The conceptual model and literature were referred to when developing interview questions so that these were grounding in something besides my curiosity. A peer review of the coding was conducted to help challenge the coding assumptions. A young professional was enlisted to review the coding decisions I had made, and this feedback helped me reflect more on the coding with the input of an outside perspective.

### **Study Results**

This section will provide details supporting the themes that emerged to answer the research question. Unrelated to the research question, a summary of other findings, related to COVID-19 impacts and other organizational insights, will also be provided. Finally, insight into the most impressionable quotes is included.

#### **Answers to Research Question**

When conducting the interviews, participants were asked questions about their organization based on the interview questions in Appendix C. Barriers and challenges naturally surfaced in the conversation with most of the participants. A final question was used to ask them their top 3 challenges and barriers. The following are the resulting four themes:

- Theme 1: Skillset gaps exist, especially in the areas of communication, financial, and human resource management.
- Theme 2: NPOs are faced with workforce challenges related to the hiring, retaining, training, development, culture, and being located in the Austin market.

- Theme 3: NPOS experience stress related to funding in the areas of competition, funding levels, fundraising, and the rules and process around managing grants and administrative costs.
- Theme 4: Some NPOs are reevaluating their mission, others have expressed a need to develop new strategies, and some noted that changes in the Austin market will influence their future strategies.

Each of these four themes will now be discussed in more detail.

***Theme 1: Skillset Gaps Exist Especially in the Areas of Communication, Financial, and Human Resource Management***

Theme 1 was focused on skill gaps in the areas of communication, financial, and human resource management. This theme was mentioned by 11 (92%) of the participants and a total of 44 times. Refer to Appendix J for more detail by participant.

The conversation around skill gaps included both a lack of resources and a need to develop current employees. Five of the participants discussed gaps related to communication functions; and another set of five discussed financial gaps; and four of the participants reviewed HR related gaps. Additionally, a few mentioned ethics and political savviness

From a communication perspective, A05 discussed how communication has been viewed as administrative and non-strategic when saying:

The communication piece though, that's just lack of respect to the position. As the organization looks at it, it just gets dumped on with all of the work that is nobody



else wants to do. You know, and it just becomes a very administrative process.

It's not very strategic.

Both A06 and A07 explained the challenges in communication with A06 noting "So the challenge is, you know, we could put data out on our, you know, social media that's really, you know, just doom and gloom or you know, bad, scary language," and A07 added "challenging to communicate the importance of soft services to the point that somebody wants to commit." Several confirmed that they had no communication or marketing support because the NPO had not yet invested in that.

The financial skill gaps included a lack of financial leadership as three of the participants expressed how this is having a negative direct impact on strategic direction and progress. A05 talked about strategy and the need to "back it up with some good budgeting processes." A02 said, "And so what I'm hoping is, is that we can come up with a financial strategy that includes fundraising and includes grants." A09 discussed that keeping up with reporting requirements can be costly and time-consuming. Both funders and certain programs can have special reporting that must be produced. Moreover, A09 indicated:

It's a struggle because in many cases when you bring in CPAs from don't have the background with nonprofits it's a learning curve all the time. And then you get auditors you know, coming in and if they're not necessarily used to nonprofits, then it's not just a learning curve, but they also don't understand the terminology that they use could also have a major impact on us because they just don't get it right.

Finally, A05 discussed the need to become more efficient that would help build better outcomes.

HR-related gaps and challenges were noted by many of the participants. A08 expressed that even though their retention is high, hiring and retaining is one of the top challenges. A10 discussed employee development and retention being challenging as their organization has experienced high growth. The challenge of reporting and keeping up with laws and taxes was mentioned, as was a statement about workforce and leadership not well positioned for the future. Lack of funding for staff was also mentioned. A12 talked about keeping staff small so money can be used to support program services through saying “we have very small paid staff. And, and we choose to do that because we want the majority of our funds to go to our programs services,” while A02 discussed lack of a resource and no money to complete a critical piece of work needed for their strategy. All of these challenges contribute to the complexity and uncertainty of workforce support needed to serve growing community needs.

***Theme 2: NPOs Are Faced With Workforce Challenges Related to Hiring, Retaining, Training, Development, Culture, and Being Located in the Austin Market***

Theme 2 was focused on workforce challenges relating to hiring, retaining, training, development, culture, and being located in the Austin market. This theme was mentioned by 11 (92%) of the participants and a total of 21 times. Refer to Appendix J for more detail by participant.

For this group of participants, workforce challenges regarding the Austin market, culture, hiring and retaining, and training and development were mentioned. The

economy and increased living expenses in the Austin area are causing people to move and this is making it harder to find people inside the Austin area to work for the pay the organization can provide. The growing community needs more staff to support them but there are no funds was reported by A10 when commenting:

Challenge just to meet the needs of our communities, and they're growing, and we don't, you know, we don't have the staff to be able to really adequately address the number of clients we have but that that takes money.

While the community is growing, the workforce is being directly impacted by the dynamics of the Austin market making it even more difficult to support the growth.

The cultural part of the workforce challenge revolves around new leadership having to align with culture and making changes within the culture. More comments included tenured employees not embracing change to etiquette improvement needs. It is more difficult than ever to find people who want to come into an office, according to A11. A07 suggested that the future workforce dynamics are unpredictable. Adding more diversity, including bilingual skills, was mentioned as a challenge, as was running the proper background checks mentioned by A01. Having to make tough decisions on what position is the priority to hire was mentioned by A12. Specialized training presenting challenges was mentioned by both A03 and A08. A community executive mentoring resource was mentioned by three participants. A03 stated, "Training for nonprofit executive directors, especially if they are startup nonprofit as well as their boards, is important. Training them on fundraising," and A04 expressed a need for financial mentoring when stating "financials are hard. And unless you have that tutor." Whether it

be culture internal or external to the NPO, there are challenges to navigate related to hiring, development, and making needed changes.

***Theme 3: NPOs Experience Stress Related to Funding in the Areas of Competition, Funding Levels, Fundraising, and the Rules and Process Around Managing Grants and Administrative Costs***

Theme 3 was focused on the stress that NPOs experience related to funding. This theme was mentioned by 10 (83%) of the participants and a total of 23 times. Refer to Appendix J for more detail by participant.

This theme emerged as a result of discussions on admin costs, funder requirements, funding competition, fundraising, grants, and policy impacts. Many of the participants indicated that the NPO had no issues with administrative costs and funding. A03 discussed, “I wish that we could somehow dispel that 25% admin and fundraising. It should be about impact,” and A05 noted that “biggest challenges, frustrations, is how the grant process works regarding overhead costs.” A03 commented that “worst thing that can happen is you sit on your hands or you try to not spend the funds to make the funds and then you’re not sustainable to then provide the services that are needed” and that impact should be a better measurement. Aside from admin cost constraints, other funder requirements can be troublesome. One participant told the story where a large funder was going to provide funding with constraints that could change the mission. A07 described a situation where a funder had so many constraints around how the funds were to be used that it caused a barrier in making the change properly. Competition of those “asking for the money” was noted several times. A11 indicated that this requires creativity and

finding new ways to ask for money. One participant conveyed that Austin was a difficult environment for fundraising, and another participant talked about competition of services in the market negatively affecting their revenue. One interviewee discussed the priorities at the entity types that use their services and that their decision makers could cut the programs quickly. Both funding cuts and sustaining money to provide service were mentioned as challenges. A12 relayed the perspective that the more you have the more you can do stating “funding never have enough funding because the more you have, the more you can do.” A09 mentioned that fundraising is one of their top challenges, and A08 described fundraising as “stressful and scary.” Both A03 and A07 mentioned policy changes that have negatively affected incoming funds. One participant described the grant process as difficult and overkill for those that managed their money well. Another participant discussed the need to invest in grant writing and the time to develop relationships; however, A02 discussed the need to develop a solid funding stream that is not so dependent on grants. Managing funding and all that goes along with it can be stressful.

***Theme 4: Some NPOs Are Re-evaluating Their Mission, Others Have Expressed a Need to Develop New Strategies, and Some Noted That Changes in the Austin Market Will Influence Their Future Strategies***

Theme 4 was focused on improvements to NPO strategies. This theme was mentioned by five (42%) of the participants and a total of 22 times. Refer to Appendix J for more detail by participant.

Strategy improvement challenges are related to developing the strategy and mission as well as the types of strategies needed. Several participants noted that dynamics in Austin are highly influencing their strategic planning. A02 discussed the major demographic changes and the diaspora out of Austin and needs to do a community impact assessment. A06 indicated “our challenges are reaching people in our community trying to get a diverse representation of our community, which is really hard here in Central Texas.” Both situations have a high impact on how and where the NPO should deliver their services.

Two participants described the need for a development strategy to be created and improved. Other types of strategies that need to be created or improved include brand and partnership strategies to increase donor confidence; improved and broadened program strategies; a plan for how to use an influx of money soon to be received; and even a culture change strategy to move away from being crisis oriented. One organization is a state of complete strategic, organizational, geographical, and financial change and needs a new strategy for everything. Feedback on needing the strategic plan to be achievable was mentioned. One participant talked about using a simplified four-point approach after they worked with a consultant that delivered a complex strategic plan that was too difficult to understand, much less execute. Two of the organizations plan to completely revisit their vision, mission, and full strategic plan. A01 indicated that “They haven’t updated their mission statement in 40 years.” Whether it be a major strategy overall, or a specific strategic component to be added, these participants were thinking about new strategies.

## **Other Findings Unrelated to the Research Question**

### ***COVID-19 Impacts***

Throughout the interviews, probes were used to find out about how the pandemic affected their organization. Additionally, it was often mentioned naturally in responses to questions since it was such a recent event. Most have returned to normal pre-COVID operations but both negative and positive impacts continue. See Appendix F for more narrative details regarding COVID-19 impacts.

Both short and long-term impacts on service delivery (C1) were mentioned by 10 (83%) of the participants and a total of 22 times. Refer to Appendix J for more detail by participant. The impacts included providing services remotely, providing new services, and scaling down or stopping services. Most NPOs did a pivot and figured out an acceptable, alternative ways to deliver services. In some situations, the service had to be scaled down or stopped temporarily. There were a few who mentioned negative impacts because in-person delivery being much better for trauma victims, and children not being able to receive services from school.

Positive impacts to financials (C2) were mentioned by 10 (83%) of the participants and a total of 16 times. Refer to Appendix J for more detail by participant. Overall, the financials were supplemented enough to sustain operations during the pandemic. Fundraising events could not occur, but government assistance was in place and individuals and other funders were generous. While the NPOs were well supported during this time, there have been some repercussions in the years after from a year over year financial perspective.

Technology enablement (C3) during the pandemic was mentioned by eight (67%) of the participants and a total of 13 times. Refer to Appendix J for more detail by participant. The pandemic was a catalyst for creating technology enablement around services. New technology was added or created to ensure service delivery, and these continue to provide added value to their service delivery. There were a few big-win stories about how the technology part of their infrastructure was positively impacted.

Continued workforce impacts (C4) were mentioned by seven (58%) of the participants and a total of 11 times. Refer to Appendix J for more detail by participant. These challenges included workforce management regarding hiring, retention, volunteers, and the Austin market dynamics since COVID-19. Volunteer levels have not returned to normal for some. Board meetings are still not being held in person for many. Salaries have skyrocketed in the Austin area on top of the fact that people are moving and not wanting to work anymore.

Process changes (C5) were mentioned by four (33%) of the participants and a total of 11 times. Refer to Appendix J for more detail by participant. Processes were influenced by COVID-19 protocols and service accommodations. For example, A12 stated “converted that drive thru distribution to a curbside so we literally converted the inside of the building to a production line.” Processes related to workspace and scheduling were also impacted as well as changed processes due to technology enablement. A10 indicated “which meant that we could not have many staff members in the building at once.”



### ***Other Operational Insights***

During the interviews, participants were asked about various parts of their organization that need administration. While barriers and challenges did surface during those discussions, other operational insights were plentiful and appeared as though they would be useful for others to have. Discussion about the organization board of directors group, insight to partners and types of collaborations that were in place, details around reporting that occurred to manage the organization, how strategic planning and review was conducted, details about their culture, funding types, reserves, thoughts on NTEE codes, and technology and other third-party services used were the primary topics conveyed. See Appendices G, H, and I for more details regarding these other organizational insight topics.

Board dynamics (O1) were mentioned by 11 (92%) of the participants and a total of 62 times. Refer to Appendix J for more detail by participant. The participants generally elaborated on topics such as the board size, financial commitments, varied subcommittees, meetings, processes, history and culture, current and desired diversity, roles, recruiting and onboarding. There was high variation on financial “give or get” policies. The majority had detailed thoughts about the detailed diversity of board members that would be best for their organization. All organizations had board meetings monthly or bi-monthly and most indicated they also had an advisory board. There were variances in board processes and commitment levels.

Collaboration partners (O2) were mentioned by 11 (92%) of the participants and a total of 43 times. Refer to Appendix J for more detail by participant. NPOs collaborate

with funders, volunteer targets, other NPOs, policy owners, and target service users. The list of groups and types of people and entities includes care givers, care providers, coalition and community groups, University of Texas, Texas State, Museums, community members, agricultures extensions, county agencies, criminal justice centers, Central Texas Food Bank, grocery stores, Department of Health and Human Services (varied offices), healthcare providers, OBGYNs, pediatricians, schools, Central Health, Community Care, Dell Children's Hospital and Research Center, Lone Star Circle of Care, Housing Authority of Central Texas, school districts, state agencies, municipalities, Travis County parks, YMCA, and state and national organizations related to their mission.

Reporting (O3) was mentioned by 11 (92%) of the participants and a total of 37 times. Refer to Appendix J for more detail by participant. NPOs describe reporting in terms of finances, strategy, service users, and programs. The participants elaborated on metrics being reported, types and cadence of reporting, and processes related to reporting. Included in metrics were financial, strategic, program, and service user data. Some reported on strategy using KPIs and others had qualitative reporting, and some kept an actions dashboard. Lives touched and impacts were also noted as metrics. There was a variety of maturity levels and roles involved in report management.

Strategy development and review (O4) was mentioned by 11 (92%) of the participants and a total of 32 times. Refer to Appendix J for more detail by participant. The development and review of strategy was described from very informal to very formal and ongoing. When discussing mission and strategy with the participants, information on

development, cadence, and input considerations surfaced. Five participants noted that they use outside people to facilitate the development of their strategic plan. Most of these NPOs conducted strategic planning every 3 years, but there were some extremes on either side of that as well. NPO certifications, leaderships, staff, and budget were all mentioned as inputs.

The definition of culture (O5) was mentioned by nine (75%) of the participants and a total of 29 times. Refer to Appendix J for more detail by participant. The interviewees described their culture with a general description or in terms of profile or both. Adjectives used in descriptions included family first, very Christian oriented (in a WWJD way), feelings-focused, family atmosphere, family focused, and familial. The profiles were described in terms of tenure, race, gender, and age of the workforce. Some integrated the culture of the board and organization guidelines and values into the definition.

**NTEE Codes.** Initially, specific NTEE codes were part of the participant criteria. Some potential participants were not clear on what their NTEE code was, and others were offering to participate even though their NTEE code was not one that was published in the recruiting material. This criterion was approved to be dropped so going into the interviews, I did not have the NTEE codes for about eight participants. In a post interview email, I asked these participants to provide their NTEE code as well as their opinions on them. A10 indicated “I do not know our NTEE code. It’s actually something I’ve never been asked, and I wasn’t aware of it, so I think that speaks to how much we use it!” One of the participants indicated that they did not have a NTEE code, but even if

they did it would hard to have just one code since they provide varied unique services. One participant guessed theirs, then indicated “Haven’t seen this before or used it so I don’t really have an opinion on it.” A12 stated, “I’ve never heard of an NTEE code before.” Two interviews never answered back, and two others did answer with the code and just commented that it was needed for federal grants and profiles.

**Funding Types.** There was much discussion on funding during the interviews. While Appendix H provides insight into the funding sources mentioned, there were many comments and opinions given regarding the funding processes. These include (a) must invest in grant writing; (b) use donations to fund services; (c) unrestricted funding is much easier to work with because they can be innovative and creative to serve the clients and save costs incurred because CPA and attorney costs are not involved to manage the details required with restricted funding; (d) small group funders vote as to where their money will go; (e) separate books are maintained for the for-profit and nonprofit sides of the organization; (f) sales streams help establish self-sustainability without having to depend on government resources; (g) need a more holistic grant strategy that supports the overall strategic plan; (h) lost funding from largest long-term funder due to a change in direction for the funder; (i) looking for contracts to pick up; (j) need a robust grant search and application process in place; (k) grants focused on engaging with more diverse and low socio-economic communities; (l) federal grants are more complex; (m) currently working on diversifying funding; (n) 90% of the funders will not pay for marketing and advertising; (o) and the for-profit makes money and donates to the nonprofit to support programming and service offerings because they only exist to support the nonprofit.

**Reserves.** A probe about financial reserves was used throughout the interviews. This was not reviewed with three of the participants. Of the nine remaining, one indicated that their NPO did not have a target for number of months of cash to reserve; one reported 8 months as their target; two indicated that 6 months was their target; two said they had a 3-month target but one of these said they did not have that much currently in reserves; there was no target for two of the participants; and one had a healthy amount invested in CDs and in cash.

**Technology and Third-Party Services and Tools.** The participants discussed technology and other third party services and tools they use to administrate their NPO. Appendix I provides details on technology and third party service and tools that were mentioned in the interviews. This list is not meant to be all inclusive but may provide data points for more comprehensive data gathering in the future.

**Top Quotes.** Saldana (2016) explained that independent of codes applied, extracting the top quotes that you find the most impressionable can provide valuable insight. Table 2 provides the most impressionable quotes for the three high level areas.

**Table 2***Top Quotes by Area*

Results area and key quote
<p>Related to research question</p> <p>“If I could get a survey of the landscape [surround NPOs], and get an idea of what they’re doing. You know, a lot of information I can get from just going to their websites and picking up the phone and calling people right. . But But, but the reason why it’s really important is because with the changing demographics in this area, we need to know where we need to focus our efforts.</p> <p>“Obviously, fundraising is always stressful and scary, but we’ve never had an issue with it, but it’s always like a challenge.”</p> <p>“there’s so many nonprofits asking for the same money, you know, and so you have to be creative and find new ways to ask and new ways to get them involved. And so that’s always a challenge.”</p> <p>“Can never have enough funding because the more you have, the more you can do.”</p> <p>“I wish that we could somehow dispel that 25% admin and fundraising. It should be about impact.”</p> <p>“The communication piece though, that’s just lack of respect to the position. As the organization looks at it, it just gets dumped on with all of the the work that is nobody else wants to do. You know, and it just becomes a very administrative process. It’s not very strategic.”</p> <p>“we’ve done all this impressive work of sort of organizing ourselves and you know, being able to create this story, but we need money and, and human capital to execute”</p> <p>“So the challenge is, you know, we could put data out on our, you know, social media that’s really, you know, just doom and gloom or you know, bad, scary language.”</p> <p>“Our biggest struggle for nonprofits, the amount of reporting and accountability the amount of money we have to spend on it from having a financial staff to having accountants, you know, outside of countless is still review and then have an annual audits. It has a huge outlay of funding. And when you when you’re in a position that you’re not bringing a lot of funding it’s hard it’s very, very challenging. And so we have to also make maintain someone on staff for compliance, because, of course, the reporting to the city, right state, the county, as well as the federal government. It takes a lot of time.”</p> <p>“With the strategic plan. We’re just going to start from scratch. We’re gonna do a new statement or we’re gonna do the entire thing.”</p> <p>“They haven’t updated their mission statement in 40 years.”</p> <p>“especially with the diaspora out of Austin“</p> <p>“Some of our challenges are reaching people in our community trying to get a diverse representation of our community, which is really hard here in Central Texas.”</p> <p>“we got a ransom virus. And it, it brought our organization to its knees and we had to start our books all over.”</p>
<p>Related to COVID-19 impacts</p> <p>“The community was very, very generous. And just, you know, I can’t even describe that it was it was an an outpouring of love.”</p>

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### Results area and key quote

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“it definitely was difficult during COVID when it was really scary.”

“All the things that the pandemic would bring are not even [in plan], so we had to pivot.”

“I would say that the pandemic was brutal along the workforce lines. And I’ve never seen anything like it. And it was the closest thing to destruction of the organization I’ve ever seen. Just brutal and ... I feel like I’m in a new era.”

### Related to other organizational insights

“The administration category. We’re going to assign based on the percentage of the budget size per inch range, we’re going to rent we’re going to kind of spread out. And the same thing people like me as an administrator. Sure I’m, I’m the Executive Director, but you know, I, I am, you know, when I go raise money, I’m raising money for these different things that it’s different categories and oversight in different categories. So we sort of take sort of spread things around.”

“some more informal interactions with nonprofit agencies in our community ... operate a lot of the like coalition groups and community people that come together and discuss a variety of issues or work on solutions.

“we work together on trying to share best practices, because there’s no sense of reinventing the wheel that somebody’s already doing very well. And so we might not take all their ideas that they have, but we might make whatever they’re doing into something for ourselves”

“My ideal situation would be to have every business require their people go and help, you know, one day and so if I may think of all these businesses in in the Greater Austin area, if everybody would volunteer one day... That would be my ideal situation where they would get on a system where maybe they do once a month, maybe they do a quarter, you know, something that’d be that’d be fabulous.”

“I talk about our fuel for the organization is being goodwill. Nobody needs to work for our organization. Anybody that works for us could make more money going somewhere else and working for another organization. No volunteer needs to volunteer. No volunteer board member needs to volunteer their service. No donor needs to write a check. Nothing about what we do that is necessary. In that sense. And so the only reason any of it happens is because of goodwill at some level. And we forget that when we try so hard to create a product at the expense of goodwill, we have failed. You missed the mark.”

“I’m applying for some grants to help get some pro bono public relations good because we really need you know, if we’re going to engage with all of those communities I mentioned, we need some more bandwidth.”

“I never knew that there were pockets of poverty like that in the city. It was a big eye opener.”

“most useful single document along those lines was Jim Collins, Good to Great and the social sector, ... it’s just really it’s the kind of thing you can hand it to a business person. “

“So I guess the short answer is we have an informal strategic plan.”

“My biggest need is a human resource person. That’s my biggest name because I don’t like human resources. Right. And it’s too hard to keep up with all the legalities of these this age.”

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## Summary

In addition to providing answers to the research question, this study provided additional information about the NPOs and how they operate in their ecosystem. For these 12 NPOs, top challenges were related to skill gaps, workforce challenges, funding stress, and strategy improvement. COVID-19 impacts were present in the areas of services, finance, technology, workforce, and process change components. Finally, other organizational insights, unrelated to challenges and COVID-19, were analyzed and presented in these findings.

The answers to the research question convey that communication, financial, and human resource management are the biggest skill gaps. The Austin market is impacting workforce and strategic inputs. Other workforce challenges include overall hiring, retaining, and development. While many of the NPOs had strategic plans, there were updates and new components that needed to be built. The funding stress regarding competition, funding levels, fundraising, and grants continue to be challenges in surviving.

Chapter 5 will analyze the results further by connecting them to literature and to the conceptual model used in this study. After limitations of the study are reviewed, recommendations for future researchers will be provided. And finally, insight into how these findings can be used to provide positive social change will be summarized.



## Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this qualitative single case study was to explore the business and management-related barriers and challenges NPO leaders encounter when delivering services and fulfilling organizational missions. The target population for this study was NPO leaders in the Greater Austin MSA in Texas (Greater Austin, 2022). This study was appropriate for a qualitative study because it was important to understand directly from NPO leaders how they formulate the truth and describe their reality. The results of this study may provide knowledge to better understand the business administration challenges NPOs encounter when delivering services and fulfilling organizational missions.

The method and design of this study was a qualitative single case study to explore the perspectives of NPO leaders in the Greater Austin MSA in Texas. This qualitative design was appropriate for understanding participants' perceptions and experiences. Data were gathered from NPO leaders using a semistructured interview guide, along with tools and methodology needed to record, transcribe, and code the data. The results provided details aligned with the conceptual model regarding community resources, workforce, financial management, governance, and funding. Additional details were uncovered related to the impact of the COVID-19 pandemic as well as other insights that were not necessarily barriers or challenges but were important findings that expanded existing literature.

### **Interpretation of Findings**

This research contributes to knowledge in several ways. First, it provides an understanding of NPO leaders' perceptions of business and management-related barriers

and challenges. Second, it adds to the knowledge base of COVID-19 impacts. Last, it provides other insights regarding board of directors, collaboration partners, reporting, strategy definition and review, culture, funding types, technology and third-party inventories, financial reserves, volunteer dynamics, and service user types from one subset of NPO leaders in one community. Also, included in this section is an explanation of how the findings confirm, disconfirm, and extend knowledge based on the peer-reviewed literature reviewed in Chapter 2. Additionally, the results are interpreted in the context of the conceptual framework.

### **Connection to Literature Review**

Molk and Sokol (2021) noted that NPOs employ 12 million people. The small subset of NPOs included in the current study employ almost 170 people and enable work for additional contractors. From a volunteer perspective, McBey et al. (2017) discussed retention practices and volunteers needing to feel support, as well as potential service disruptions. This group of participants echoed McBey et al.'s information as a few of them had full-service delivery dependency on volunteers; some talked about the need to focus on retention, recognition, and appreciation; and others discussed reliability and cost-benefit perspectives.

While the Greater Austin MSA was used as a convenience sample, the current study revealed that the growth and changes of the market are having impacts on strategy inputs and workforce challenges. It was important to understand this from a community perspective. According to World Population (n.d.), Austin, Texas has been experiencing a

higher growth rate than other American cities with an approximate 6% economic growth rate. Future research should not underestimate the impact of community dynamics.

Lecy et al. (2019) indicated that NPO missions cannot be evaluated by using the NTEE because there is more detail to understand elements such as mission intent, activities, and target populations. Although the current study confirmed that the NTEE code cannot be used alone to understand mission, the study also extends knowledge regarding the lack of understanding that NPO leaders have about NTEE codes. This provides a contribution to how NPO leaders view and understand the NTEE codes.

The NPO should allocate 1% to 2% of their budget to risk management activity after they begin their growth phase (Billich, 2016). The participants in the current study did not share information about risk management directly, although A09 and A10 described two separate events in which there was significant time and cost involved to resolve. Both could have been mitigated if they had respectively invested in IT and HR skill sets.

Focusing on the research question, the areas of skill gaps, workforce challenges, funding stress, and strategy improvement were represented in the literature as well as the current findings. Hodges and Howieson (2017) noted that funding deficits were the top constraint followed by funding insecurity, volunteer deficits, governmental regulations, and leadership gaps. The current study confirmed that funding stress could be related to funding deficits and funding insecurity, but volunteer deficits and governmental regulations were not confirmed. Leadership gaps were mentioned as a skill gap, but it was not one of the top three.

The top skills gaps in the third sector include leadership skills as well as strategic planning (Hodges & Howieson, 2017), whereas the current study revealed that communication, financial, and HR were the top skill gaps. These gaps, however, do align with the Crisan and Dan (2018) statement that financial and HR are the most important resources needed to operate. Due to challenges in the workforce, the HR skill gap is a concern when considering that Baluch and Ridder (2021) indicated that instituting strategic HR practices in NPOs is becoming more critical due to the needed operational efficiency and effectiveness in this volatile environment. Both Gazzola et al. (2017) and Carvalho et al. (2019) discussed the importance of communication regarding accomplishments, financial and nonfinancial information, and mission-related activities. Five of the current participants described challenges and the importance of good strategic communication.

Administrative costs for capacity building can enable better processes to run the NPO more effectively for those whom they serve (Morillo, 2015). A03 elaborated on this, indicating that although 75% for programs is a good starting point, they have to function like a business to be sustainable, and they must spend funds to make funds while being good stewards of donations. Investments in infrastructure have been shown to increase success (IPM Advancement, n.d.).

Over two thirds of participants in the current study discussed having a strategy that was appropriate, written, and reviewed often. This contrasts with the survey that Altman (2016) conducted that revealed that 50% of the 1,000 participants either did not have a strategic plan or it was not in writing; of those who did have plans, 50% were not

reviewing them quarterly. Regarding strategic mission, Henderson and Lambert (2018) discussed how funders can impose conditions on funding that may cause mission drift. An example of this was provided by A05 when discussing the near mission drift that occurred when a major funder had enlisted a strategy consultant.

The documented topics for COVID-19 impacts reviewed in Chapter 4 contribute to knowledge because the impacts are currently being researched. From a literature perspective, there were certain touchpoints in the literature that were relevant, such as NPOs going through difficult economic times and the prudence of investing in technology and processes. Comparing how the Obama administration helped NPOs grow with the American Reinvestment and Recovery Act stimulus package as the economy was recovering from the 2008 recession (Arik et al., 2016), all current participants talked about the help they received from the CARES Act and Paycheck Protection Program. The drive that these participants explained about continuing to service their users during this difficult period was noted through their commitment to change and add processes that enabled technology delivery of the services. This confirms what Aboramadan and Kundi (2020) indicated that despite the human and financial constraints that NPOs experience, they continue to provide services and promote social causes.

Bălăcescu (2021) indicated that having a digital strategy for an NPO that is actively worked will pay off by better enabling mission fulfillment. Smith (2018) suggested that NPOs must invest in improving their infrastructure for processes such as information gathering, financial tracking and reporting, staff capability improvement, and volunteer management. During the COVID-19 pandemic, most NPOs invested in

technology enablement; some had wanted this to happen prior to the pandemic, but it was not a high priority.

Topics from the other operational insights found in Chapter 4 also have touchpoints to the literature. Findings from the current study support what Thomas and Van Slyke (2019) discussed about the composition of NPO boards: They are different from for-profit boards in that they are larger, have more committees, have volunteers, and have chairs who are not executives of the NPO. The current study extended the knowledge from Chapter 2 regarding the common give-or-get policy for board members as well as the criticality of having a professionally diverse board.

Philip and Arrowsmith (2021) conveyed that NPOs tend to have a commitment and collectivist culture. This was supported by five of the current participants when they used adjectives such as the following to describe their culture: familial, family first, family atmosphere, and family focused. Conversely, Langer and LeRoux's (2017) statement about NPO survival being linked to a culture that is innovative was not supported in the current study because innovation was not mentioned as an adjective.

Beaton (2021) discussed the concept of social and business logics being in conflict because the social logic is focused on NPO mission and the business logic influenced by for-profit practices. For the current group of participants, only one was focused on the social logic and had minimal support of the business logic. This participant discussed how the concept of goodwill was very ingrained in the values and culture of the organization, and that reporting on progress is more qualitative than quantitative.

Shon et al. (2019) discussed that NPOs frequently receive criticism when indirect expenses go up and direct expenses go down because at the financial reporting level it appears that funds are not going to mission fulfillment programs. However, the current group of participants did not support that this was a top challenge or a challenge at all. Some of the participants shared their philosophy about the 25% concept but did not indicate that it was a big issue they had to deal with.

A09 elaborated on the learning curve, as well as the time it took to help them, of CPAs and auditors who did not have an NPO background. This supports the need for the accounting discipline to require special nonprofit certificates and specific nonprofit questions on the CPA exam, as Thomas and Van Slyke (2019) noted. This is also relevant to skill gap challenges.

Sahasranamam and Nandakumar (2020) offered varied definitions for social entrepreneurship including practicing commercial business combined with a social mission, and Murphy (2017) discussed NPOs succumbing to inclusion of revenue activities due to economic, environmental, and competition challenges. Three of the NPOs represented in the current study had material for-profit activity to support the for-profit side of the organization. Several others discussed needing to build this, and others had income generated from reduced-rate services that were augmented by other funding sources.

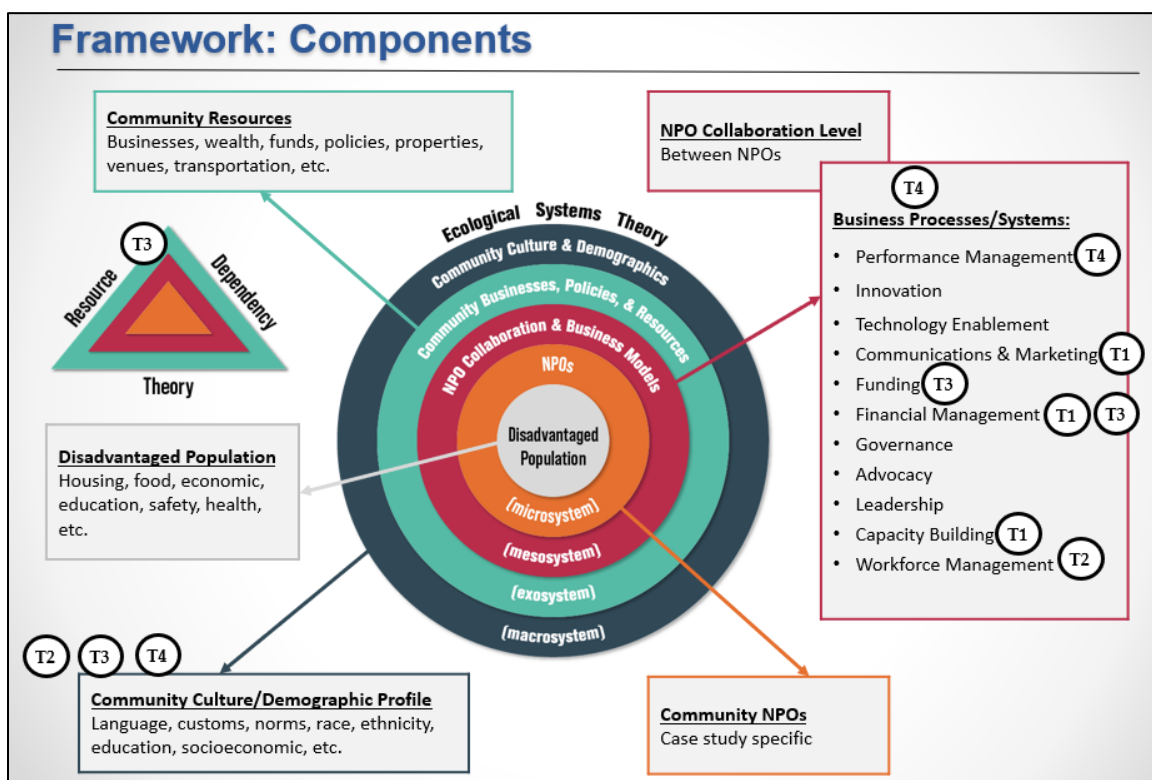
### **Theme Connection to Conceptual Model**

Figure 2 provides an illustration of the themes through the lens of the conceptual model. The disadvantaged population in the middle of the EST part of the model is

represented by the NPO service user types as described in the Chapter 4 Demographics section. The microsystem was represented by the participant NPOs. Themes are shown to be connected to the RDT as well as the mesosystem and macrosystem of the EST.

**Figure 2**

*Theme Connection to Conceptual Model*



The mesosystem (NPO collaboration and business models) has the most connections to the findings, which is not surprising because that was the focus of the interview questions. Theme 4 (T4) related to strategy was an overarching theme to the mesosystem because it influences and includes multiple components. Theme 1 (T1) related to skill gaps suggested that communication and financial skills were some of the biggest gaps that connect to communication, marketing, and financial management



processes, respectively. Theme 3 (T3) related to funding stress was associated with the funding and financial management processes. Capacity-building processes relevant to T1 and Theme 2 (T2) were connected to the workforce management processes. Because strategy was part of performance management in the literature review, T4 is connected to this. Advocacy processes were not directly mentioned. Innovation was mentioned only once regarding fundraising; however, many of the interviewees discussed innovative ways to add revenue streams. Leadership was not a predominant theme; however, it did come up some in the details for T1. The macrosystem (community culture and demographics) was mentioned in challenges for T2, T3, and T4 related to workforce challenges, funding stress, and inputs for strategy improvement, respectively.

Choi and Park (2021) used RDT to describe the interaction with NPOs and how they manage resource dependencies in their ecosystem. From an RDT perspective in the current study, it was clear that funding stress included in T3 was connected because it included a few policy impacts affecting funding. Additionally, there was a situation in which a specific funder was writing a big check to fund a new strategy that would change the mission of the NPO, but this did not end up happening. Sutton et al. (2021) discussed dependencies as being a problem when dependence becomes uncertain. For one NPO in the current study, there was a policy under review that may severely affect some pass-through funding that was being received, and the executive director was concerned.

RDT posits that an organization can be vulnerable if it limits revenue streams and NPOs have volatile funding environment whether it be government, foundations, or others (Searing, 2020). This statement was supported in several ways. Many of the NPOs

discussed expanding their funding streams for diversity. Discussion on grant writing, competition for funds, and lurking changes to policies and funder direction were all points that supported the concept of a volatile funding environment.

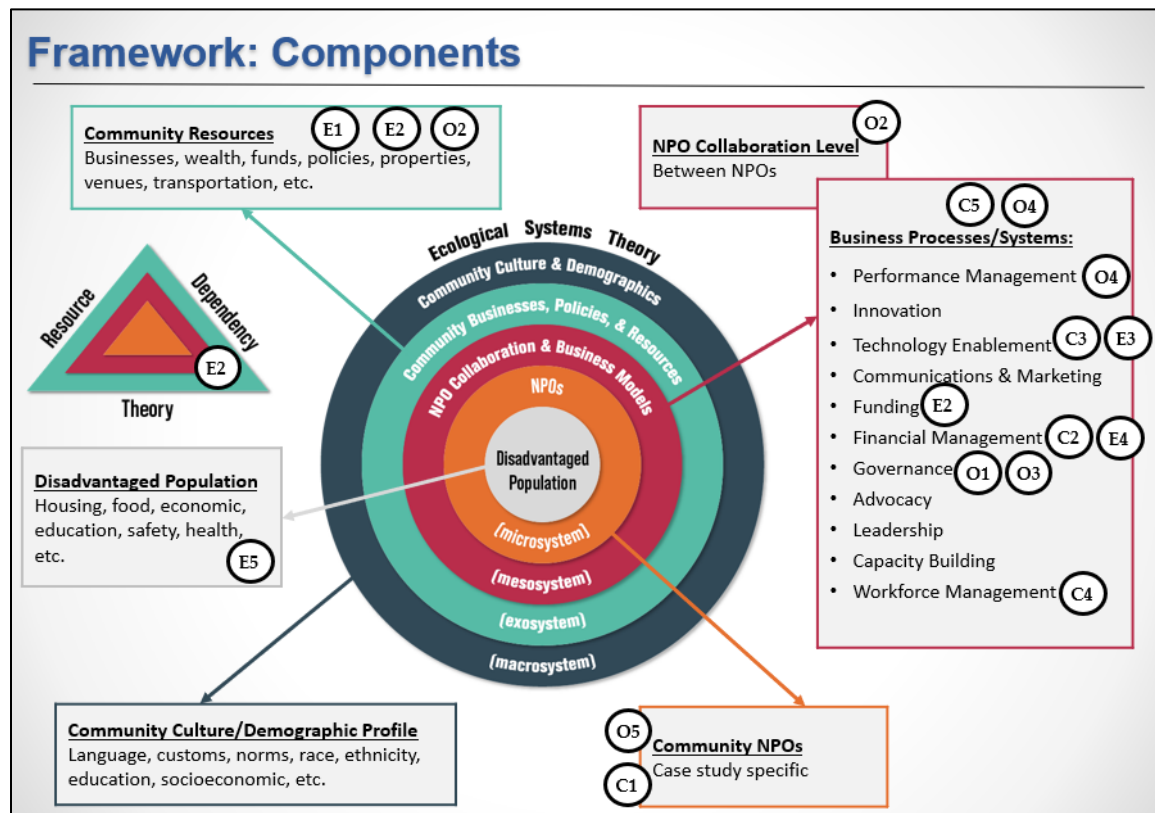
The intersection of the EST and RDT theories used in this study highlights the resource dependencies between the EST exosystem, mesosystem, and microsystem. The resources needed from the mesosystem include the operating business models and collaboration. They supply the microsystem (NPO) with the resources to operate. Additionally, exosystem supplies micro and meso systems with volunteers, funds, and other collaborative partners. While the macrosystem may not have been a direct resource dependency, it proved to be a large influencer in T1, T2, and T3 which relate to strategy, workforce challenges, and funding stress respectively. Including both EST and RDT in this study aligned with the premise that NPOs support social needs but they depend on the strength of business administration activities and all the resources they depend upon.

### **Connection for Other Topics to Conceptual Model**

Figure 3 provides an illustration of the other topics that were not related to the themes or research question through the lens of the conceptual model. It reveals that these other topics touched most of the areas of the EST as well as the RDT. This section provides more details.

Figure 3

*Other Finding Topics Connection to Conceptual Model*



The disadvantaged population in the middle of the EST part of the model is represented by the NPO service users (E5) as described in the Chapter 4 Demographics section. The connection directly within the microsystem (NPOs) includes service impacts during the pandemic (C1) and definition of the culture for the NPO (O5). The mesosystem (NPO Collaboration and Business Models) has the following connections: process changes (C5) and strategy development and review (O4) were overarching themes to the mesosystem because they influence and include multiple components; technology (C3) and technology and third party inventory (E3) findings connects to the technology enablement processes; fundings types (E2) are associated with the funding

processes; financial management processes were also involved with financial (C2) and financial reserves (E4); board dynamics (O1) and reporting (O3) are associated with governance processes; workforce (C4) is connected to the workforce management processes. O4 is connected to performance management. The exosystem (community resources) was involved when discussing volunteers (E1), collaboration partners (O2), and E2. From an RDT perspective, E2 would be involved.

### **Limitations of the Study**

Understanding limitations of research projects can help with mitigating and lessening the impact of the limitation. The first limitation was that the participants were all volunteers and there may be more valuable information that could be retrieved from those who did not want to participate, therefore limiting the representation of the leaders and community as a whole. Another initial limitation was the inclusion criteria of certain NTEE codes as this quickly caused recruitment issues. Since this was a constraint in getting enough participants, it was removed; however, people who had already considered but declined to participate due to the NTEE code may have participated. Even though this was a qualitative study and by nature cannot be transferred to other populations, these limitations may cause the transferability within the same community to be an even wider gap.

Rigor was instilled to reduce limitations. Detailed discussion on recruitment, data collection, data analysis, and supporting appendices were provided to help future researchers to leverage methodology to assess other NPO ecosystems. The interview questions may not have been direct enough to get more details to answer the research

question. Data on other organizational insights were collected as mentioned but not normalized to get comparable answers across all participants. An effort was made to be consistent in structuring collection, analysis, and results around the literature review and conceptual model; however, the initial related a priori codes found in Appendix D did not work well so open coding was conducted. Even though triangulation, member checking, reflexivity, and peer review on coding occurred, the coding and analysis of the data has some subjectivity due to the qualitative nature.

### **Recommendations**

This section will provide a summary of recommendations to consider for future researchers. These recommendations are based on the lessons learned from a researcher perspective and post-study considerations based on data received.

### **Key Lessons Learned**

There were three big lessons learned. Initially, I was referring to NPO owners and administrators. The word owner is incorrect because there is no “owner” of a NPO, but there are founders. The word owner was quickly dropped after consultation with the Austin Nonprofit organization before I rolled out the communication about the project. Next, the NTEE code was used as criteria for the types of NPOs that I wanted to include. Confusion and uncertainty quickly arose on this and was removed from the selection criteria through committee and IRB approval. Upon further inquiry, it was determined that most of the participants did not know what this was. To better frame the type of NPOs, stating the types of services or service users would be a better approach. Lastly, ensure there is a reliable audio recording and auto transcription plan that is established

and tested, along with a backup plan if possible. For example, I experienced issues with Microsoft Teams auto transcription and realized Otter.ai was superior, but I continued to use Teams as a backup.

### **Scope and Selection Criteria**

From a scope and selection criteria perspective, there are different ways to implement this type of study in another setting and with different criteria. Further, there is nothing preventing this study from being conducted with for-profit organizations. With any changes, I would recommend continued use of the conceptual model as the framework because it supports the ecosystem view.

The location, size of the NPO, and number of employees and volunteers could be different. For example, the location would be another community; however, I would suggest multiple counties unless there is a chance for a high participation rate. The size of the organization could be changed as well. For this study, the criteria were 50 or less employees and volunteers. It would be useful to understand differences between the different sizes; however, the results of my study did not show a trend necessarily that the bigger the organization, the more mature their business infrastructure. I would suggest better defining the number of volunteers upfront as I found myself having to understand full-time equivalency on volunteers as a few of them had many volunteers who could work only a few hours a week, therefore skewing the number of volunteers.

The criteria for the participants could also be changed. Talking to multiple positions for one NPO may be helpful. In my study, there was only one participant per NPO interviewed. There were two board members, and the remainder had the role of

executive director or comparable. The two board members reported many more barriers and challenges than the executive directors. This made me wonder if the executive directors could not have been as open about challenges. While recruitment may be more difficult, it would be good to interview at least one board member as well as a key position that works in the NPO. The type of role should also be better specified. At first, I was using criteria as owner/administrator, then changed to active administrator/management role, then was told that the following would be good examples to put on recruiting material: founder, executive director, board chairman, chief professional, or volunteer officer. Another idea would be interviewing functional types such as all people who have a role in financial tracking, reporting, and management.

### **Recruitment**

From a recruitment perspective, I would recommend partnering up with more NPO support entities in the community to help with recruiting. I used the Nonprofit Austin educational group, and they helped me by posting on their social media and helped with leads on other contacts. In retrospect, I would have enlisted more entities like this in the community ahead of time. Additionally, I wished I would have had more potential participants lined up ahead of time as I spent time researching and “cold contacting” potential participants after I received approval to proceed. It would have been more time efficient to have had the list and then quickly contact them out when I received IRB approval. Regarding the IRB approved flyer that I created, I received a comment from Nonprofit Austin that it cheapens the request, so it was not used. So, the suggestion would be to get more opinions on the flyer ahead of time.

## **Data Collection**

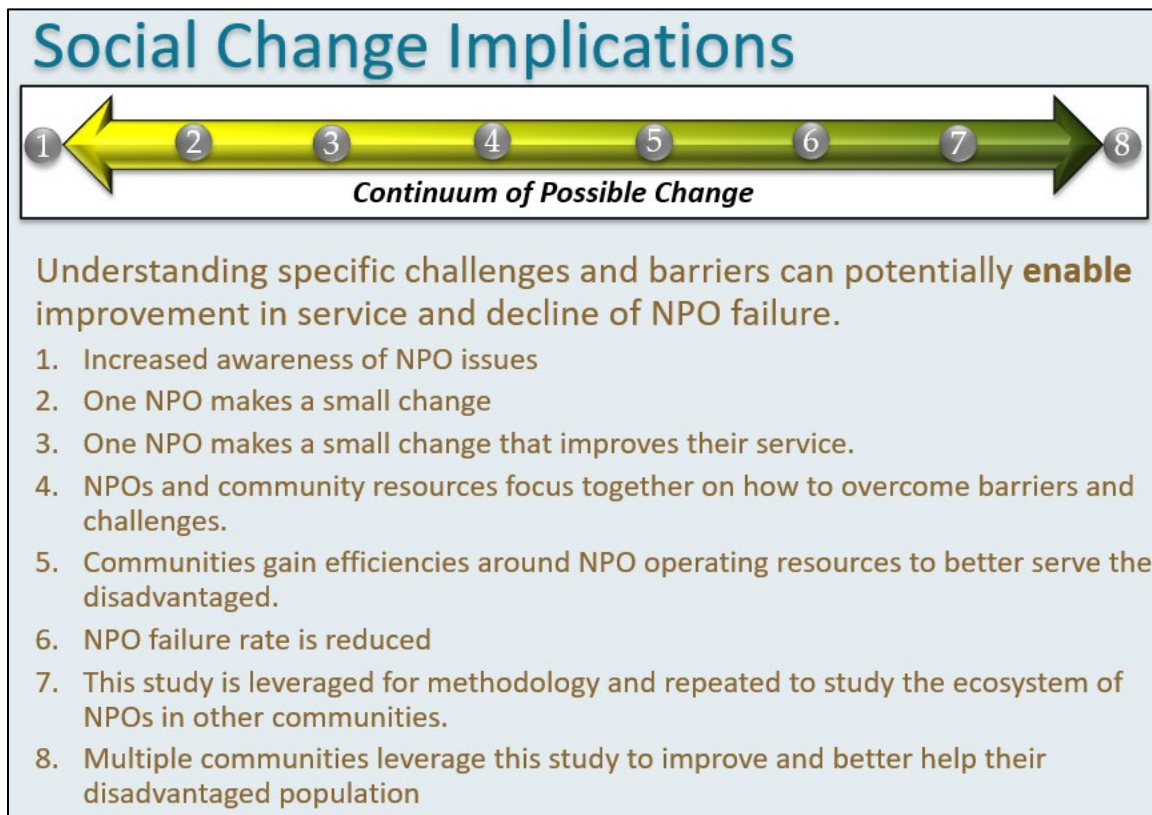
The key recommendations on the data collection changes revolve around the implementation of a pilot, the scope of the questions, and a suggestion about implementing a survey. Conducting a pilot study would be helpful to the data collection process and questions because it would allow for changes. While this study reached broad around the inquiry of how the NPO leaders operate their organization, a narrower focus could have helped get more depth. For example, the questions were open ended around the various functional areas of their operations in hopes that challenges and barriers would surface organically. I may have received more depth if I would have been more specific to ask them about barriers and challenges in questions about each functional area. Further, future studies may be interested only in specific functional areas. For example, since this group discussed communication, finance, and HR skill gaps, a future focus may be on just those functional areas to understand more detail about those specific barriers and challenges.

A survey would have been a good addition to this research to receive key demographic and other information (board size, employee and volunteer size, age of organization, etc.) up front so that interview time and follow-up would not be needed to retrieve this information. An additional consideration would be to convert the interview to an open-ended survey. While the open-ended survey would not allow for observation and probes that could be realized in an interview, more participants might be willing to help. Providing both options would be a consideration for triangulation.



### **Implications**

The resulting data of this study could be of significance to practice, theory, and positive change. First, the output of this study will be presented to interviewees and to some other key individuals in the community. The results will help raise awareness for this group of recipients and this is associated to the left side of change in Figure 4 for social change. Several of the interviewees commented that it was helpful to talk through some of the interview questions and this could have helped them think through their challenges more for making progress. For advancement towards the right side of the continuum in Figure 4, action would need to be taken for making change. Continuing to the far-right side of the change continuum would require multiple communities embracing the methodology of this study and implementing changes to help alleviate or lessen challenges and barriers.

**Figure 4***Continuum of Possible Change*

To move past level 1 on the change continuum, actual changes would need to be made. Based on the results answering the research question in this initial study, changes would be made to address the theme details that are related to skill gaps (T1), workforce challenges (T2), funding stress (T3), and strategy improvements (T4). Community initiatives and awareness will most likely be required to help with these changes.

One idea to help with the skill gaps includes providing affordable community solutions and support for communication, finance, HR, executive mentoring, and strategic planning skills. A shared program model has been used to help alleviate some of the resource constraints that small NPOs have, especially with administrative functions

(Dart et al., 2019). The shared program model helps free up staff to focus on mission focused service activities (Dart et al., 2019). IT is another potential area to support as having centralized data may also help with understanding the community's needs better.

Another possible way to help would be to conduct a recurring collaborative sharing of best practices for NPO leaders to share information and feel safe about asking for help or advice. This could be conducted remotely, in person, or both. Special community members may be invited to speak on certain topics. This would need strong leadership, coordination for session content, and results dissemination. Alternatively, or in addition, a monthly Austin NPO newsletter could be sent to all NPOs and businesses in the area. Businesses could sponsor these collaborative and informational activities, thereby becoming more engaged.

Because of the impacts of the changing Austin area market, providing ongoing Austin MSA information to NPOs to leverage may be helpful. This information would provide insight into community services being provided, community impacts of housing and cost of living changes, growth impacts, impacts of large community projects, demographic information, and best ways to reach the demographics. Also, a special analysis or report on the expected impacts to NPOs and service users from these topics could be included.

Before implementing these changes, more research would need to occur to properly build a roadmap for solutions. Potentially, this could spur more research to better understand more depth and breadth of challenges thus being a catalyst to work more collaboratively and building a community solution roadmap. Additionally, more

socialization would need to be done for bigger entities to support the effort. Any of these actions would need a strong community champion.

From a practice perspective, NPOs can utilize the information to understand what challenges and risks need to be mitigated and this study will provide documented findings to share with leaders in their organization, funders, community resources, and policy makers. Special projects, such as the ones suggested earlier, could be conducted to improve processes and systems to alleviate the challenges. The NPO will have an official report to show to funders and community resources that can help them with the barriers. Policy makers can leverage the data to inform and justify policy changes. For example, both the Travis County Health and Human Services and Planning and Budget Offices should be made aware of this study and any future studies based on this one. Empowering the NPOs with data and resources for improvement can have a positive impact on their practice.

From a theory perspective, this study is the first to combine the EST and RDT theories to study NPOs. This contribution can advance knowledge for future studies that pair the theories up to provide both a social and management viewpoint. The ecosystem where the NPO resides, along with resource dependencies within the ecosystem, provides a more holistic view of the impacts within the ecosystem. Further, as this study spotlighted, the community resources, demographics, culture, and dynamics will most certainly impact the findings thereby supporting the EST perspective of systems working together.

While the practice and theory perspectives can indirectly promote social change, this study advances the knowledge on a method to study community NPOs. Future researchers could build on the methodology and outcomes from this study to better identify improvement program requirements that holistically promote positive social change by improving NPO effectiveness. Quantitative versions of the study could also be developed as the methodology is used and studied more. Having a quantitative approach may help the study of more NPOs along with being a faster method. However, even a quantitative study may not be able to generalize well because the community profile, along with other NPOs and services existing in the community, seem to influence the individual NPO.

On a larger scale, repeating this study on NPOs in other communities and making subsequent positive changes would be an eight on the change continuum from Figure 4. To approach this, widespread interest and funding would be required. Developing and adding metrics into the results would be interesting to show indicators such as: maturity levels, how much improvement could be made, and subsequent measurement rates of NPO failure rates before and after conducting this type of study and implementation of changes.

Improving NPO effectiveness will make them stronger, so they can help more people with increased service levels. This in turn enables a healthier community. While the results of this study provided details directly from NPO leaders regarding challenges and barriers, actions will have to be taken to fully realize the significance of the findings. Enabling NPOs to do their best by helping them to reduce barriers and challenges can

enable them to provide better service which will enable a positive impact on the disadvantaged individuals, families, and communities.

### **Conclusions**

This study expanded upon literature and filled a gap by collecting challenge and barrier information directly from those responsible for the administration of NPOs. Additionally, it provided information about the operation of an NPO during a pandemic. While this study was based on feedback from 12 NPO leaders, it was well rounded regarding the types, size, age of NPOs and administrator backgrounds, titles, and tenures.

The data collected were more broad than deep, which was expected because there is a wide array of components involved in administrating a NPO and the question was centered on challenges and barriers in administrating. While the results were broad, it brought to the surface many topics that can be researched in detail by future researchers.

The methodology was documented in detail for transferability purposes. Recommendations for varied ways to execute the methodology were also provided. Additionally, the use of excel to analyze the data was documented well for others that may want to use this approach.

The conceptual model provided a successful application to build the design of questions and subsequently present the findings. This also supports another execution of this type of study in another community within a different ecosystem. Bringing together social and business theories was appropriate as the NPO enables social change but has business-like infrastructure.

This study provides hope that further iterations can enable NPOs to make improvements, better fulfill their mission, and minimize risk of failure. These improvements can allow communities to be served more effectively. However, this type of study will only provide input for improvement plans which would need to be actioned for final enablement.

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## Appendix A: Selection Criteria

Criteria	Criteria Description	Criteria Detail
MSA	Greater Austin MSA in Texas	Must have a headquarters in one of the following counties: Bastrop, Caldwell, Hays, Travis, Williamson
Size	Number of Workforce Members	Size of workforce must be between 0-50; can include volunteers
Financials <sup>a</sup>	Gross Revenue	No limit
Service Users <sup>a</sup>	Number of People Served	No limit
Tax Exempt Codes	501(c)(3)	Charitable Organizations, Literary Organizations, Organizations to Prevent Cruelty to Children
NTEE Codes <sup>b</sup>	F - Mental Health, Crisis Intervention L - Housing, Shelter M - Public Safety, Disaster Preparedness, Relief P - Human Services – Multipurpose and Other R - Civil Rights, Social Action, Advocacy S - Community Improvement, Capacity Building	F01--Alliances & Advocacy F20--Substance Abuse Dependency, Prevention & Treatment F21--Substance Abuse Prevention F22--Substance Abuse Treatment F30--Mental Health Treatment F31--Psychiatric Hospitals F32--Community Mental Health Centers F33--Residential Mental Health Treatment F40--Hot Lines & Crisis Intervention F42--Sexual Assault Services F50--Addictive Disorders N.E.C. F52--Smoking Addiction F53--Eating Disorders & Addictions F54--Gambling Addiction F60--Counseling F70--Mental Health Disorders F80--Mental Health Associations L20--Housing Development, Construction & Management L21--Low-Income & Subsidized Rental Housing L22--Senior Citizens Housing & Retirement Communities L24--Independent Housing for People with Disabilities L25--Housing Rehabilitation L30--Housing Search Assistance L40--Temporary Housing L41--Homeless Shelters L80--Housing Support L82--Housing Expense Reduction Support M20--Disaster Preparedness & Relief Services

Criteria	Criteria Description	Criteria Detail
		M23--Search & Rescue Squads
		P20--Human Service Organizations
		P21--American Red Cross
		P22--Urban League
		P24--Salvation Army
		P26--Volunteers of America
		P27--Young Mens or Womens Associations
		P28--Neighborhood Centers
		P30--Children & Youth Services
		P32--Foster Care
		P40--Family Services
		P42--Single Parent Agencies
		P43--Family Violence Shelters
		P44--In-Home Assistance
		P45--Family Services for Adolescent Parents
		P51--Financial Counseling
		P52--Transportation Assistance
		P60--Emergency Assistance
		P62--Victims Services
		P70--Residential Care & Adult Day Programs
		P71--Adult Day Care
		P73--Group Homes
		P74--Hospices
		P75--Supportive Housing for Older Adults
		P76--Homes for Children & Adolescents
		P80--Centers to Support the Independence of Specific Populations
		P81--Senior Centers
		P82--Developmentally Disabled Centers
		P83--Women's Centers
		P84--Ethnic & Immigrant Centers
		P85--Homeless Centers
		P86--Blind & Visually Impaired Centers
		P87--Deaf & Hearing Impaired Centers
		P88--LGBT Centers
		R20--Civil Rights
		R22--Minority Rights
		R23--Disabled Persons Rights
		R24--Womens Rights
		R25--Seniors Rights
		R26--Lesbian & Gay Rights
		R28--Children's Rights
		R30--Intergroup & Race Relations

Criteria	Criteria Description	Criteria Detail
		S20--Community & Neighborhood Development
		S22--Neighborhood & Block Associations

<sup>a</sup> While there was no limitation imposed on these criterion, future studies could choose to use set values for selection criteria.

<sup>b</sup> The NTEE code requirement was eventually removed as confusion occurred because participants were not well versed on what the code value was for their organization.

## Appendix B: Recruitment

## Flyer



**\*\* OPPORTUNITY \*\***

**RESEARCH PARTICIPANTS NEEDED**

*(This research is part of a Walden University student dissertation study.)*

Need to hear "directly from" nonprofit organizations on administration challenges!

One 1-hr interview and a few follow-up questions.

Choice of one: education credit, gift card, or donation.

**Timeframe: March and April 2023**

Contact: Becky Hammer (student) @ [redacted] . [redacted] . [redacted] ; [Becky.Hammer@\[redacted\]](mailto:Becky.Hammer@[redacted])

**PARTICIPANT PROFILE**

1. Must be 18 years or older
2. Must have an active administrator/management role in a 501(c)(3) organization with less than 50 employees (paid or volunteer).
3. Location: Travis, Williamson, Caldwell, Bastrop, or Hays counties

### Director Communication

Dear <Potential Participant Name>,

My name is Becky Hammer, a PhD student at Walden University, focusing on nonprofit organizations. I want to make you aware of an opportunity to participate in my dissertation research project. I am seeking nonprofit leaders in the Greater Austin area to conduct a 60-minute research interview. The focus of my study is to *better understand the barriers and challenges nonprofit leaders encounter when delivering services and fulfilling their mission.*

#### Participant Profile:

1. Must be 18 years or older
2. Must have an active administrator/management role (such as: Founder; Executive Director; Board Chairman; Chief Professional or Volunteer Officer) in a 501(c)(3) organization with less than 50 employees (paid or volunteer).
3. Location: Travis, Williamson, Caldwell, Bastrop, or Hays counties

#### Payment:

Choice of one of the following:

1. \$25 credit to Nonprofit Austin for education
2. \$25 donation to your organization
3. \$25 gift card to Target, Walmart, or Starbucks

If you are interested, please contact Becky Hammer at xxx.xxx.xxxx (text or voice) or e-mail [becky.hammer@xxxxx.xxx](mailto:becky.hammer@xxxxx.xxx). If I don't hear back, I may follow-up with you outside of this email to check your interest.

Thank you for your consideration to this important project.

Sincerely,

Becky Hammer

### **Cold Call/Email Communication**

Dear <Name>,

I am currently conducting research on nonprofit organizations in the greater Austin area. Your organization may fit the profile. Below is the approved IRB recruitment verbiage that explains more. If <name of NPO> is a fit, I would appreciate being allowed to interview a person in your organization that has good insight into the administration processes and related challenges.

I can also share the final results of the project if you wish.

---

< Director Communication was inserted here.>

## Appendix C: Interview Protocol

### Overview

The protocol around the interview is detailed in this appendix. The formal invitation was sent via email and an informed consent was also emailed. At the time of the interview, the formal interview guide was used to assist with consistent questions and follow-up probes. Post interview, journaling was conducted to document personal thoughts and impressions. All interview results and journaling were used as input to peer debriefing and analysis.

When the interviews began, the Opening Items were reviewed to ensure that the interviewee was informed and felt comfortable. Along with the Opening Items, the Informed Consent was reviewed to see if there are any last questions or concerns. Once all items in the Opening Items were completed, the questions begin. I allowed the participants to expand on their answers and did not interrupt, but asked clarifying questions as needed and used the probes if there seemed to be more important content that they did not already provide in the answer to the main question. I tracked if some of their answers addressed other questions and if so, I skipped some of the official questions and moved on to the others in the list.

While it was in the best interest of the study to get answers to all questions, a few times it was not possible in 60 minutes. Initially I was concerned that if I did not get all the questions answered, I may have mixed the questions up among participants, or just dropped some of them to get thicker description on fewer questions. However, there were only two interviews that I may not have covered some of the details around the main



questions. Whether this happened or not, the interview was going to conclude at the scheduled end time unless the participant wanted to continue. The questions and answers were stopped before the end time to allow for Closing Items to be covered before the interview ended.

## **Interview Guide**

### **Opening Items**

Thank you so much for agreeing to conduct this interview with me. It's people like you that make these projects happen. This interview is very important to my dissertation study, and I appreciate your time. I need to run through a few things before we begin.

1. Thank you for signing (or consenting to) the Informed Consent. Do you have any questions on that before we begin?
2. At any time in this interview if you want to decline to answer or stop the interview for any reason, please feel comfortable doing that. Also, if you need to pause for a bit due to someone entering your space or another reason, just let me know.
3. Please let me know if you need me to clarify anything you hear me say or ask. And please feel free to ask me questions along the way, I want this to be very lax.
4. This interview is being recorded to make sure I am hearing and understanding your words exactly as opposed to noting what I think you are saying. If you want the recording to be stopped at any time, please let me know. Is this okay with you?
5. If there is anything that is discussed in this interview that you decide later you want me to remove, then feel comfortable letting me know.

6. Do you have any points you would like to include for ground rules?
7. As a reminder, these questions are related to running a nonprofit organization and I know you are an expert with this, so I am excited to hear your answers. While my study is focused on understanding barriers and challenges, I want you to feel comfortable just talking about your organization through answering these questions.
8. Do you have any questions or clarifications before we begin?

### **Interview Questions**

1. Warm-up Question: Tell me about your career at <name of nonprofit organization>.
2. Tell me about the organizational mission and strategic planning conducted around it.

Probe:

- a. Tell me more about the strategic plan.
  - b. What are ways your workforce supports the mission?
  - c. What about your service users now compared to what it looks like in the future?
  - d. Are there situations where your mission has (or might) change?
  - e. What impacts did the COVID-19 pandemic have?
3. What kind of recurring financial reporting/management processes do you have?

Probes:

- a. What challenges do you have with key metrics that you either report on or would like to report on?
- b. Dashboards, standard reports, meetings?
- c. What about reserve accounts and overhead costs?

4. What is your workforce (including volunteers) responsible for on a day-to-day basis?

Probes:

- a. What about recruiting processes?
- b. Issues with engagement?
- c. How would you describe the culture of your organization?
- d. What are some improvements that you can think of that training and development could help with?
- e. What impacts did the COVID-19 pandemic have?

5. Tell me about any businesses, other nonprofits, advocacy groups or governmental departments you work with.

Probe:

- a. Tell me about some of the barriers in doing more of this.

6. What kinds of funding and revenue generation activities exist?

Probe:

- a. Tell me about reporting and tracking that must be done for this?
- b. Can you expand on any situations where there were strings attached to funding?
- c. Tell me about some of the more dire situations you have been faced with while leading this organization.
- d. Tell me about donor engagement is enabled?
- e. What impacts did the COVID-19 pandemic have?

7. Tell me about computer related systems and procedural processes you have in place.

Probe:

- a. Tell me about any sharing of systems, processes, reporting you may have with other organizations.
  - b. Tell me about any part of the processes or systems that you think help with innovation?
  - c. Tell me about fraud prevention processes.
8. Tell me about your board of directors group and other governance processes you have in place.
9. What would say about your top challenges in operating your organization would be?

Probe:

- a. What impacts did the COVID-19 pandemic have?
10. Closing Question: Is there anything else you would like to share before we complete this interview?

### **Closing Items**

1. I will type up our notes and will make them available for you to verify.
2. Once I finalize the results from this study, I will be sharing the consolidated results with all participants. Your name and organization name will be kept anonymous.
3. As for payment, would you like an education credit to Austin Nonprofit, a gift card, or a donation to your organization?
4. I want to thank you for your time today. You have provided some incredible information for me. If you have any follow-up questions or change your mind about me including your interview, please let me know via email or phone.

## Appendix D: Original A Priori Codes

A priori codes	Definition
Mission	Pertains to the mission or vision of the NPO.
Strategy	The strategic plan or process to develop, manage, monitor operational tactics to reach the NPO mission.
Performance Management	How the NPO manages and monitors the performance of the organization and team members.
Financial Management	The processes involved in creating and managing components of the finances of the NPO.
Collaboration	How the NPO works with other entities to share and exchange information and resources.
Workforce	The processes involved in hiring, training, and retaining paid employees and volunteers.
Funding	The sources and process of generating income for the NPO.
Systems & Processes	The technology and procedural systems and processes (or lack of) that run the NPO.
Governance	How the NPO manages compliance, ethics, and operational integrity.

*Note:* These were the original a priori codes that were included in the original design.

While they were associated to the conceptual model, they did not work for the coding, and they were ultimately disregarded in the coding. They are included here for future researchers to see.

Appendix E: CITI Certificate



Completion Date 07-Jan-2022  
Expiration Date N/A  
Record ID 46423904

This is to certify that:

**Becky Hammer**

Has completed the following CITI Program course:

**Student's**  
(Curriculum Group)  
**Doctoral Student Researchers**  
(Course Learner Group)  
**1 - Basic Course**  
(Stage)

Under requirements set by:

**Walden University**

Not valid for renewal of certification through CME.



Collaborative Institutional Training Initiative

Verify at [www.citiprogram.org/verify/?w9ed3cad1-a0d5-40c8-99aa-58e2a619d5a4-46423904](http://www.citiprogram.org/verify/?w9ed3cad1-a0d5-40c8-99aa-58e2a619d5a4-46423904)

## Appendix F: COVID Impacts

### **C1 Services**

Service delivery was impacted in a number of ways by the pandemic. These include providing services remotely, providing new services, and scaling down or stopping services. A11 discussed how the digital divide affected their service users so they started offering a service to help users with technology to place food orders. Most organizations provided services remotely, but it caused changes in technology to support this. Some services were not able to be provided remotely so those had to be put on hold or handled in an emergency case only. Two of the twelve participants reflected on the negative impact on their clients, while many just continued services and did a pivot in how the services were delivered. A10 described why remote services were not ideal as indicated by “it’s not best practice” and “just a lot of like when you’re dealing with trauma, a lot of impacts in terms of not being able to read people’s body language or you know, just pick up on in person nuance you don’t get over a zoom call”. Gaps in service causing negative impacts were also identified with children not receiving services at school they needed.

### **C2 Financials**

Financials were impacted positively during the pandemic, although there have been some lasting repercussions from this. The vast majority mentioned the government assistance as well as the generosity of both individuals and other funders. A12 discussed that they were too busy to apply for grants and they were approached by various funders contacting them to provide grants as explained by saying “way too busy to apply for

grants, but funders and foundations in this area that knew us were contacting us sending us grants to keep up operating.” A09 discussed how the extensions on loan paybacks helped both their services users as well as their organization. A06 discussed how ordinary fundraising events could not occur due to limitations on gatherings and events. While governmental and other funding helped and even improved their balance sheet as mentioned by A05, there has been a ripple effect because in the years since all this influx, the need for funding doesn’t look as big therefore donations are not coming as they would like. Overall, the financials were supplemented enough to sustain operations during the pandemic.

### **C3 Technology**

Technology was leveraged to enable operations during the pandemic. New technology was created, and permanent changes exist due to the pandemic catalyst. Five participants explained that new systems were developed and implemented to enable service delivery and are now permanently in place. A12 talked about a huge benefit saying “we wouldn’t have had this online application.” and “We used to be all 100% paper files, and this is much more efficient.” A09 was thrilled at the opportunity to finally accomplish online training, stating “I had been on our team for, you know, the three or four years prior to COVID. About we have got to learn to do online training”. Several of the organizations now provide an online version of their training which enables access to more service users. While some technology issues did occur, overall, the technology part of their infrastructure was positively impacted.



### **C4 Workforce**

This group of participants discussed the negative impact on the workforce including their volunteers and board processes. There were multiple reports of people not wanting to work anymore causing hiring and retention issues. A08 noted how “the biggest impact of COVID is just what it’s done to the whole labor force. It’s definitely been more difficult to hire and retain people and is still a problem.”. Both A10 and A11 provided information about negative effects on volunteers with not being able to get their volunteer base back to pre-pandemic levels. Other feedback regarding workforce included salaries skyrocketing in the Austin area, as A01 indicated “You know, staff salaries in Austin area have skyrocketed.” Having to look outside of Austin for employees and people moving also influenced this situation. A07 indicated they had to retain legal support to help with HR infrastructure around this new workforce mindset and dynamic. Many of the board of director groups have not returned to in-person meetings.

### **C5 Process Changes**

The processes of these organizations were impacted by COVID protocols and by technology. The method in how they interact with service users from distancing, masking, sanitizer, and the like were incorporated where there was service user contact. Some changes are permanent such as plexiglass shields. A10 discussed challenges in workspace within their own organization which impacted scheduling and even resulted in having to move to another building. A12 discussed needing a flowchart to outline which

parts of intake and servicing should now be done in person versus using the new technology developed during this time.

## Appendix G: Other Operational Insights

### **O1 Board Dynamics**

Eleven of the 12 participants provided details about the board of directors for their organization. The participants generally elaborated on topics such as the board size, financial commitments, varied sub-committees, meetings, processes, history and culture, current and desired diversity, roles, recruiting and onboarding. There was high variation on how the organization boards handled a financial “give or get” policy for the board. A05 indicated that “they do have a large fiduciary response \$3,500 a year commitment” while A12 indicated there was no annual amount, but they do help with fundraising. Table 1 shows the differences in the board sizes. Most indicated they had an advisory board, while one did not have one at all, and another had extended responsibilities for their advisory board for approving new board members. All organizations had board meetings monthly or bi-monthly. From recruiting and onboarding of new board members, some organizations were very methodical about how they vetted and onboarded board members. Another one had a hard time getting commitments for 3 years, and yet another was struggling to get a consistent board in place to advance the organization. The majority had very detailed thoughts about the detailed diversity of board members that would be best for their organization. Most of the participants said how important a board member can be such as A04 saying that “names carry a lot of weight.”

### **O2 Collaboration Partners**

During the interviews, information about collaboration partners and supporting processes was collected. Two of the participants discussed how they must collaborate

with city and state officials to get approval on their policies and procedures due to the type of services they provide. A09 collaborates directly with service users and potential service users by conducting recurring roundtable discussions. A10 must collaborate with governmental agencies to run background checks and use e-verify for status checking. A06 collaborates with Dell Children's Research Center for research needs. A11 has a vision to collaborate with a large set of businesses to solicit volunteer commitment. These examples reveal some of the different reasons for collaboration. Four of the participants reported collaborating with other NPOs that provide similar services for reasons such as sharing best practices, expanding services, partnering when providing services, and even shared funding. The list of groups, types of people and entities mentioned includes: care givers, care providers, coalition and community groups, University of Texas, Texas State, museums, community members, agriculture extensions, county agencies, criminal justice centers, Central Texas Food Bank, grocery stores, Department of Health and Human Services (varied offices), healthcare providers, OBGYNs, pediatricians, schools, Central Health, Community Care, Dell Children's hospital, Lone Star Circle of Care, Housing Authority of Central Texas, school districts, state agencies, municipalities, Travis County parks, YMCA, and state and national organizations related to their mission.

### **O3 Reporting**

Reporting was a topic of discussion with the participants. Eleven participants elaborated on metrics being reported, types and cadence of reporting, and processes related to reporting. Included in metrics were financial, strategic, program, and service user data. The majority of participants indicated they provide monthly financial reports to

the board, however A09 does this quarterly and A07 provide the reports on a bi-monthly basis. Mandated reporting to grantors is provided monthly or quarterly as required. Types of financial metrics include budget versus actual, cash flow, revenue, expenditures, balance sheet, year to date, year over year, and profit and loss to the program level. A03 views it as three buckets to fill: budget, income, and development. The person responsible for creating and presenting the reporting varied ranging from an external auditor, external CPA, treasurer, to an executive director.

Strategic reporting was centered around four KPIs for A06, but for A05 the measurement and reporting has been more qualitative. A03 spoke of a strategic plan actions dashboard where the components included programs, fundraising, administration, and personnel. A11 and A12 indicated there were very detailed metrics on programs. A08 discussed how success was measured by attainment of specific goals for their service users. A09 spoke of using lives touched and that impact reporting was their preferred way to measure success.

#### **O4 Strategy Development / Review**

When discussing mission and strategy with the participants, information on development, cadence, and input considerations surfaced. Most of the participants explained that they conduct strategic planning every three years, however A10 discussed how it is an ongoing progress for their organization, while A08 indicated that it was rather informal, and A12 talked about how it is largely project driven. Five participants noted that they use outside people to facilitate the development of their strategic plan. A06 indicated that Mission Capital was the entity that helped them. A12 discussed how

their planning was very focused on the needs of the community they serve. A09's organization had to build specific guidelines and goals into their plan based on their federal certification status. Several of the participants talked about the involvement of leadership and staff in development and goal setting. Both A5 and A10 discussed reviewing the budget and strategic plan to ensure alignment.

### **O5 Culture Definitions**

Nine of the participants discussed their cultures in either terms of general description, profile, or both. The culture of the board was also included in the discussion for some. Example phrases used to describe culture include family first, very Christian oriented (in a WWJD way), feelings-focused, family atmosphere, familial, and both A10 and A11 used family focused. Some participants related culture back to organizational guidelines and values. A10 described it as "we value honesty, vulnerability, openness" and A07 expressly detailed how the concept of goodwill is very ingrained in their culture. The profiles were described in terms of tenure, race, gender, and age.



Funding Source	A01	A02	A03	A04	A05	A06	A07	A08	A09	A10	A11	A12	Totals
Pass through funding			2							1			3
Reimbursements													
Grants											1		1
Rent Received									2				2
Sale of NPO owned property	1												1
Sales Stream						1			1			2	4
Service-related (related to NPO service)													
Organizations	1												1
Small Groups (such as church and women)								1					1
St. David's				2									2
State Grants										2			2
State Stipends								1					1
Via links on newsletters and social media									1				1
Totals	6	1	8	5		4	1	10	3	7	8	5	58

*Note:* The above list is not meant to be all inclusive but may provide data points for more comprehensive data gathering in the future. The information is based on responses to interview questions. For example, one participant may have shared that they get funding from a church, but another participant also gets funding from churches and did not mention that. Therefore, this should be considered a starting point for other researchers.



## Appendix I: Technology and Third-Party Inventory by NPO

Item	A01	A02	A03	A04	A05	A06	A07	A08	A09	A10	A11	A12
Website	yes	yes	yes	yes	yes	multiple <sup>a</sup>	6 or 7	yes	yes	yes	yes	yes
Google Drive		yes <sup>b</sup>	yes <sup>c</sup>			yes <sup>d</sup>				yes <sup>e</sup>		
Google Calendar		yes <sup>f</sup>										
Quickbooks		yes <sup>g</sup>	yes		yes (will be reassessed)		yes (bookkeeping firm)	yes (bookkeeping firm)			yes	
Outsourced Grant Writing			yes							partial		
Outsourced HR				Insperty (worth the monthly fee)	Considering <sup>h</sup>		CPA, External Law Firm		Hill Country (timekeeping/payroll)		actively searching	
Outsourced IT			Adopted <sup>i</sup>	Yes <sup>j</sup>					Yes <sup>k</sup>		Techsoup (acquire software)	
CRM/Donor Tracking			Donor Perfect	Razor's Edge	EveryAction	Neon One	Salesforce	Basecamp <sup>l</sup>		Salsa		Giftworks
Volunteer Management			Signup Genius									Volgistics
Service Specific System			Yes	yes				yes		yes (multiple)	yes	Custom Developed <sup>m</sup>
Training				Apricot								
IT Server			no	yes <sup>n</sup>					yes			
Land line phones			no								no (use ring central)	

Item	A01	A02	A03	A04	A05	A06	A07	A08	A09	A10	A11	A12
SMS Texting			yes				yes					
DocuSign / E-sign			yes									
Social Media / LinkedIn					job postings					job postings		
Constant Contact							yes				yes	

*Note:* The above list is not meant to be all inclusive but may provide data points for more comprehensive data gathering in the future. The information is based on responses to interview questions. For example, one participant may have shared that they get funding from a church, but another participant also gets funding from churches and did not mention that. Therefore, this should be considered a starting point for other researchers.

<sup>a</sup> English and Spanish; one supports online sales

<sup>b</sup> Documentation storage; Executive Director uploads monthly status / financials

<sup>c</sup> Policies and procedures are stored here and on Executive Director's desktop

<sup>d</sup> Documentation storage

<sup>e</sup> Policies and procedures stored here, and the board has access

<sup>f</sup> Organizational events are posted such as board meetings

<sup>g</sup> Executive director and bookkeeper work together

<sup>h</sup> Executive recruiting is already outsourced

<sup>l</sup> Program director coordinates.

<sup>j</sup> Very comprehensive support; would lose revenue if systems go down; one point of contact; continuity of care

<sup>k</sup> Systemverse; comprehensive support; began after ransom virus

<sup>l</sup> Financial reports, document storage/access; project management

<sup>m</sup> Developed by their outsourced IT group

<sup>n</sup> All policies and procedures stored here

## Appendix J: Finding Details (Participant Counts)

## Research Question Themes

ID	Theme	A01	A02	A03	A04	A05	A06	A07	A08	A09	A10	A11	A12	Mentioned	Participants	Participant %
T1	Skillset gaps exist, especially in the areas of communication, financial, and human resource management.	11	6	3	1	6	6	1	5	3	1		1	44	11	92%
T2	NPOs are faced with workforce challenges related to the hiring, retaining, training, development, culture, and being located in the Austin market.	2	3	5	1	2		1	1	1	1	2	2	21	11	92%
T3	NPOS experience stress related to funding in the areas of competition, funding levels, fundraising, and the rules and process around managing grants and administrative costs.		2	5	1	3	1	5	1	2		2	1	23	10	83%
T4	Some NPOs are re-evaluating their mission, others have expressed a need to develop new strategies, and some noted that changes in the Austin market will influence their future strategies.	10	4	1		6	1							22	5	42%

### COVID-19 Impact Topic Findings

ID	Finding Group	A01	A02	A03	A04	A05	A06	A07	A08	A09	A10	A11	A12	Total	Participants	Participant %	Description
C1	Services	1	1	1	3		2		4	1	2	5	2	22	10	83%	The pandemic had both short and long-term impacts on service delivery.
C2	Financial	1		2	1	3	1		2	1	3	1	1	16	10	83%	The NPOs had positive financial support during the pandemic.
C3	Technology	1	1	1	1		1			1		3	4	13	8	67%	The pandemic was the catalyst for creating technology enablement around services.
C4	Workforce	2	1	1				4	1		1	1		11	7	58%	The workforce has continued to have challenges with workforce management regarding hiring, retention, volunteers, and Austin market dynamics since COVID-19.
C5	Process Changes					1					2	6	2	11	4	33%	Process changes were influenced by COVID-19 protocols and service accommodations.

### Other Organization Insight Topic Findings

ID	Finding Group	A01	A02	A03	A04	A05	A06	A07	A08	A09	A10	A11	A12	Total	Participants	Participant %	Description
O1	Board Dynamics	2	6	3	10	3	4	5		4	10	8	7	62	11	92%	While there are differences in the makeup of the board of directors, the right diversity of members is important.
O2	Collaboration Partners	1	4	1	1		16	5	2	3	6	2	2	43	11	92%	NPOs collaborate with funders, volunteer targets, other NPOs, policy owners, and target service users.
O3	Reporting	1	1	8	2	1	2	4	6	4		6	2	37	11	92%	NPO leaders describe reporting in terms of finances, strategy, and programs; and there are a variety of maturity levels in which they produce these.
O4	Strategy Dev & Review		2	2	2	1	3	6	1	2	7	1	5	32	11	92%	Strategy development and review was described as very informal to very formal and ongoing.
O5	Culture Definition	2	1	2	2	7		9	1		2	3		29	9	75%	NPOs leaders use adjectives, tenure, gender, and age to describe the culture of their organization.
E1	Volunteer Management	1			1			1	6	2	7	5	17	40	8	67%	Used to elaborate on volunteers within the demographics section of Chapter 4.
E2	Funding Types	2	3	3	2	1	6		10	7	2	3	3	42	11	92%	Used as input for a matrix on what Interviewee reported as funding sources for their organization.
E3	Tech & 3rd Party Inv		5	7	6	7	5	2	8	5	8	5	6	64	11	92%	Used as input for a matrix on what Interviewee reported have what technology or 3rd party component.
E4	Financial - Reserves			1	1			1	1	2	1	1	1	9	8	67%	Used to report out on differences regarding how the organizations viewed or managed reserves.
E5	Service Users		2		1		2					1	4	10	5	42%	Used to elaborate on service user types within the demographics section of Chapter 4.