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# Role of Stand-Alone Business Entities in Sustaining Newly Established Nonprofit Organizations

Sharif S. Shamroukh  
*Walden University*

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# Walden University

College of Social and Behavioral Sciences

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Sharif R. Shamroukh

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Abstract

Role of Stand-Alone Business Entities in Sustaining Newly Established Nonprofit  
Organizations

by

Sharif R. Shamroukh

MS, University of Detroit Mercy, 1999

BS, Applied Science University, 1996

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

November 2019

## Abstract

Thousands of newly established nonprofit organizations (NPOs) with long-lasting and needed missions disappear annually, which negatively impacts the nonprofit sector in general and the potential recipients of the discontinued NPOs' services. The purpose of this quantitative study was to examine the possible influence that the presence of a strategic resource development plan and the establishment of a stand-alone business entity have on the persistence of newly established NPOs that have long-lasting and needed missions in the United States within the context of the theoretical framework resource dependence theory. Research questions focused on the role of commercial activities, particularly the stand-alone business entity model, and the importance of strategic resource development on NPOs' sustainability within the first 5 years of existence. The study population consisted of NPOs that had disappeared within 5 years of existence and those that had remained active for more than 5 years. Data from a researcher-developed survey instrument were collected from 33 representatives of active organizations and 29 representatives of nonactive organizations. Chi-square tests of independence revealed that the strategic resource development plan and the commercial activities/stand-alone business entities were significantly associated with the sustainability of the NPOs. Findings may be used to promote the creation of a strategic resource development plan and/or a stand-alone business entity at the initial stages of NPOs' establishment to sustain their role and contributions in their communities.

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## Dedication

First and foremost, I dedicate this study for the great man that I look up to as my role model who taught me the real principles of life and raised me to be the person who I am today: my late father, Ribhi Shamroukh. Further, my dedication goes to the woman who shared the beginnings of life with me, my mom Sara AbuHammad-Shamroukh, and for the woman who shares the rest of my life with me, my wife, Ruba AbuHammad-Shamroukh.

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I want to acknowledge the support that was provided from the group of Subject Matter Experts (SMEs) who provided an insightful and precious review of the researcher-developed survey that formed the vehicle for collecting my data to conduct the study. Thus, I would not forget to acknowledge all the participants who accepted the invitation to support this study by participating in answering the survey, as well as all Walden University staff who contributed to the completion of this study.

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## Chapter 1: Introduction to the Study

There is a problem in the nonprofit sector that affects the sustainability of nonprofit organizations (NPOs) and threatens the role and contributions of NPOs to societies. Thousands of newly established NPOs with proposed long-lasting and needed missions disappear annually, which negatively impacts the nonprofit sector in general and the potential recipients of the discontinued NPOs' services in particular. According to Levine and Zahradnik (2010), "the longevity of nonprofit organizations and their continued ability to serve our communities are being called into question more than ever before" (p. 716). The possible causes of the disappearance or discontinuation of this volume of NPOs is not known. Further, statistical data from the Internal Revenue Service (IRS, 2016) showed that every year thousands of NPOs lose their election as 501(c)(3) exempt organizations, which reflects the seriousness of NPOs' disappearance. The IRS (2016) data showed a total number of 403,010 of organizations that lost their elections as 501(c)(3) exempt organizations between the years 2010 and 2015, and the number is being updated periodically in the IRS (2016) website to include recently discontinued organizations. The IRS (2016) data showed that there are 1,862,495 total active charitable organizations in the United States, and the percentage of discontinued organizations will be 21%. This calculation indicates that approximately one fifth of the nonprofit sector is being lost, which necessitates research to help the nonprofit sector sustain its constituencies. According to Levine and Zahradnik (2010), "almost one in six organizations that filed a tax return in 2000 did not file in 2006" (p. 716). Although

Levine and Zahradnik presented data that reflected a period over 10 years old, their study indicated that the problem existed and continues to affect NPOs continuity.

On the threat of losing NPOs, Levine and Zahradnik (2010) stated several challenges that the NPOs face such as reduction or cut of state funding, increase in competition for funding sources, and policy changes that affect NPOs' funding eligibility.

The literature demonstrated that a study to investigate the causes of the disappearance of newly established NPOs and the possible role of the stand-alone business entity in sustaining the resource development is warranted. Hume, O'Dea, and Brimblecombe (2013) noted that more research on a particular problem may lead to "new and expanded findings" (p. 434). My review of the literature revealed a gap concerning the role of stand-alone business entities that work for the purpose of sustaining resource development and securing stable financial support to NPOs with long-lasting and needed missions that are less than 5 years in existence. Researchers had not examined the role that the stand-alone business entities play in establishing a sustainable resource development for this particular group of NPOs. Di Zhang and Swanson (2013) suggested the establishment of viable business that could be viable and mutually beneficial, but did not take into consideration the environment and particular circumstances of the newly established NPOs. Allen (2013) discussed the importance of NPOs' abilities to acquire their own resources through a strategy that limits the reliance on external sources and stated that "obtaining critical resources and reducing dependence on external organizations are objectives of vulnerable organizations and are the basic concepts of resource dependence theory (RDT)" (p. ii). However, Allen did not provide a specific

option for the NPOs to acquire their own resources without relying on other organizations, which left a gap for more studies in this regard. Arcuri (2014) discussed the importance of establishing businesses as a sustainable revenue generation system, but the study was limited to the nonprofit institutions of higher education, which are already established organizations unlike other categories of newly established NPOs with long-lasting and needed missions. To address the disappearance of newly established NPOs, it was necessary to know more about various factors that may influence the sustainability of newly established NPOs.

### **Background**

The scholarly literature focused on different factors related to sustainability of NPOs, such as principles of sustainability, importance of having a strategic plan for sustainability, importance of establishing stand-alone business entities, continuity issues of NPOs, fundraising and financial aspects of sustainability for the NPOs, different models of business activities that the NPOs applied and presented in the literature, and other forms of ventures that the NPOs pursued in their desire to diversify their resources as well. During the past two decades, NPOs started to feel the need to diversify their resource development approaches, and Young, Salamon, and Grinsfelder (2012) indicated that “nonprofit organizations have been involved in commercial transactions from the sector’s earliest days” (p. 522). Young et al. discovered nontraditional practices that were not applied within the philanthropy sector, specifically pursuing new ideas of business practices despite criticism that surrounded these approaches since the NPOs mainly focus on their mission and the business approaches focus on making profits for

the shareholders. The models that the NPOs applied did not come as a package that fits all sorts of NPOs; rather, the ideas or models constrained the development process even though some of those models contained large-scale investments by the NPOs.

The literature revealed various methodologies of business activities by the NPOs. Di Zhang and Swanson (2013) insisted that NPOs should not rely solely on government assistance and suggested balancing between social and business objectives through the establishment of viable businesses side-by-side to the NPO and concluded that this strategy could be viable and mutually beneficial for the long-term sustainability of the NPOs. Other scholars focused on certain principles of sustainability as the means to sustain the communities that the NPOs serve. For example, Hume et al. (2013) presented and discussed the topic of community autonomy as a principle for sustaining community NPOs. Manetti and Toccafondi (2014) discussed another principle of sustainability, which is the engagement and role of stakeholders in the organizations' activities and interactions as part of the public relations and sustainability approach. Manetti and Toccafondi argued that the stakeholders' role is important, and the organizations should encourage the active participation of stakeholders and engagement in all aspects of the organization.

Presenting another view of the sustainability of NPOs, Mataira, Morelli, Matsuoka, and Uehara-McDonald (2014) highlighted the economic changing conditions and the risk on the sustainability of NPOs when the organizations rely mainly on government support. Additionally, Mataira et al. examined an important aspect of sustainability, which is organizational influences such as training and development to

help organizations survive. Further, Kapucu and Demiroz (2013) investigated the role of networking as a factor that sustains NPOs and insisted that issues of sustainability come as a priority for organizations because networking among organizations is expected to help each organization in their sustainability and obtaining the support that they need from each other, in addition to influencing community involvement when the participated organizations actively enhance their capabilities and interorganizational networking.

The continuity theme was a widely studied phenomenon as part of researchers' work to resolve the disappearance of NPOs. Adamou (2014) discussed the term *continuity* as a different issue that affects the survivability of NPOs. Although Adamou tried to present comprehensive business continuity programs, these strategies were tailored to the international level of nonprofit organizations and dedicated some efforts to focus on the challenges that face the international organizations.

The survivability of NPOs depends in large part on government assistance, and due to economic changes, the total dependence on government resources causes certain NPOs to disappear. Burger and Owens (2013) evaluated the survival patterns of the nonprofit organizations within the policies that the government distributes the grants that it gives to NPOs, and focused on a certain geographical area, which limited the applicability of their findings to specific area. Salamon (2012) highlighted the revenue sources of the nonprofit organizations in general and mentioned that 52% of revenues come from fees and charges paid by organizations' clients, 38% of revenues come from government sources, and 10% of revenues come from individuals, foundations, and corporations. There was no clear discussion in Salamon's book about the business entity

as a potentially sustainable source of revenue for nonprofits, although there was a discussion about other sources of revenues, which left a gap for more studies in this field. Further, Young et al. (2012) highlighted the sustainability or survivability concerns by the NPOs and presented a comprehensive analysis about the business activities of the NPOs and the implications of this approach on the survival of NPOs and the consequences of adopting such practices. Young et al. concluded that NPOs were able to adjust to new challenges and dangers that face the philanthropy sector with concerns that arose from the public's understanding.

### **Problem Statement**

The nonprofit sector has experienced sustainability concerns that have affected newly established NPOs during the first 5 years, and data from the IRS (2016) showed the disappearance of at least one fifth of newly established NPOs during the initiation stage of existence. There has been little research on the presence of a strategic resource development plan and the stand-alone business entities and their role in the persistence of the newly established NPOs. To address sustainability and to explore the existence of strategic resource development plan and the role of stand-alone business entities in advancing continuity for newly established NPOs, some scholars presented valuable studies within the literature, but the problem has not been researched thoroughly to support sustainability of newly established NPOs. Bennett (2016) presented a study on British charitable organizations that focused on the disappearance of NPOs within the first 2 years of existence and concluded one of the main reasons for NPOs disappearance was the absence of existing development plans during the initiation period. Hager,

Galaskiewicz, and Larson (2004) examined the age factor and its effect on the continuity of organizations.

Several scholars addressed the continuity concerns of NPOs and proposed potential solutions that were based on either the organizations' reliance on external resources or in-house business activities for the purposes of saving the NPOs. Goldkind, Pardasani, and Marmo (2013) and Dillingham, Weiss, and Lawson (2012) proposed the model of joined efforts amongst NPOs and proposed the establishment of the foundation as a vehicle to drive the fundraising activities for the members organizations. However, the model did not have a business approach that addressed the role of stand-alone business entities and/or the existence of strategic resource development planning and was limited to fundraising activities with concentration on the planned giving method. Although considered a new and promising approach for achieving resource development goals, this model came with limitations and did not diversify the resource development beyond traditional fundraising methods.

Other examples of resource development solutions that researchers proposed for NPOs were businesslike operations through partnerships with for-profit corporations (Goerke, 2003), the establishment of viable business where the NPOs balance between social and for-profit activities (Di Zhang & Swanson, 2013), and other business models that intended to resolve the resource development desires of the NPOs and aim to sustain the NPOs. However, these models did not focus on the newly established NPOs, or the proposed models were in different countries such as Australia and United Kingdom, which have different approaches in dealing with the NPOs than the United States. As a

result of the existing problem, many organizations that have long-lasting and needed missions disappear annually, which causes the philanthropy sector to lose potential contributions by the discontinued organizations. Also, individuals who are expected to receive services from these organizations lose their benefits.

### **Purpose of the Study**

The purpose of this quantitative study was to explore the influence of a strategic resource development plan and the establishment of a stand-alone business entity on the persistence of newly established NPOs. The significance of the relationship may inform an understanding of how a strategic resource development plan and the establishment of a stand-alone business entity influence sustainability of the newly established NPOs. There was a need to study how NPOs maintain sustainability from the initial stages of their existence. By setting up a strategic resource development plan and establishing stand-alone business entities in the initial stages of development, newly established NPOs may become more sustainable and more financially secure.

This study may provide new knowledge about the presence of a strategic resource development plan and the role of stand-alone business entities using validated and reliable measures to assess the variables' effectiveness in increasing sustainability of newly established NPOs. Clark (2012) indicated that "non-profit organizations should be selective and strategic about how they can realistically create additional income streams" (p. 38).

## Research Questions and Hypotheses

This study focused on two research questions addressing the needs of the newly established NPOs regarding sustainability. The research questions addressed the possibility of newly established NPOs developing a strategic approach to promote sustainability through examination of the relationship among variables: strategic resource development plan, stand-alone business entities, and persistence of newly established NPOs. The first research question and its associated hypotheses focused on strategic resource development planning and how this variable influences the sustainability of newly established NPOs.

RQ1: Is the presence of a strategic resource development plan a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability?

*H<sub>0</sub>1*: The presence of a strategic resource development plan is not a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability.

*H<sub>a</sub>1*: The presence of a strategic resource development plan is a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability.

The sustainability level or status that the first research question is intended to measure is defined as "the ability to be maintained at a certain rate or level" (Dictionary.com, 2018). The research question addressed whether the presence of a strategic resource development plan influences the internal NPOs' capabilities to be maintained and continue operating. The strategic resource development planning referred

to the financial side of the NPOs because the continuous flow of funds forms the backbone of all programs and services of the NPOs.

The second research question focused on a new potential model for achieving sustainability that includes a new business activity arrangement. The hypotheses are included as well:

RQ2: What influence does a stand-alone business entity have on the persistence of newly established NPOs that have long-lasting and needed missions in the United States?

*H<sub>0</sub>2*: The embracing of a stand-alone business entity is not a good measuring instrument for the persistence of newly established NPOs in the United States.

*H<sub>a</sub>2*: The embracing of a stand-alone business entity is a good measuring instrument for the persistence of newly established NPOs in the United States.

The persistence of NPOs or any other organizational structure is defined as “firm or obstinate continuance in a course of action in spite of difficulty or opposition” (Dictionary.com, 2018). Persistence is not different from sustainability, and in the case of this research question, the focus was on stand-alone business entities as a potential model for building a strong base for financial flow for NPOs. The research question addressed whether this model would help newly established NPOs form a shield to protect the NPOs from failing. The literature on practices of NPOs showed that funding sources are not guaranteed to continue, and some resources may experience discontinuation due to policy or economic changes. Therefore, this research question addressed the potential influence of stand-alone business entities on the persistence of newly established NPOs.

## Theoretical Framework

The theoretical base for this study was Pfeffer and Salancik's (1978) resource dependence theory (RDT). This framework focuses on the ability of the NPOs to acquire resources and the capacity of these organizations to maintain the resources received. This framework did not specify the stand-alone business entity as a potential survival resource; the framework generalized the idea of maintaining resources to support the organization's survival approach and focused on diversification of resources to create organizational assets. An example of the use of this theory in the literature was the study that Akins (2015) conducted. Akins considered the resource dependence theory as one of the theoretical frameworks to support the diversification of resources as a successful strategy for NPO's survival. Akins (2015) stated that "since nonprofit organizations are dependent on external funding sources to support financial operations and capital improvements their association with resource dependence theory is common where organizational survival is contingent upon the ability of the organization to acquire and maintain resources" (p. 12). This example provided a justification for the newly established NPOs that have long-lasting and needed missions to adopt a diversification approach for resource development strategy and to tailor this approach to establish a stand-alone business entity as a possible means for persistence. Another example from the literature is the study that Dillingham et al. (2012) conducted to examine the slow of revenue generating for health care NPOs during hard economic times. Dillingham et al. focused on the importance of establishing a philanthropic stand-alone entity to achieve the financial goals of the health care NPOs that would result in sustaining the NPOs. Another

advantage of the RDT is the freedom of dependency that the organization may achieve when building a strategy that resists dependency on external sponsors when establishing its own stand-alone business entity and adopting a strategic resource development plan to become financially sustainable. According to da Silva Themudo (2004) “Resource Dependency Perspective (RDP) suggests that organizations can pursue strategies to protect their independence and resist external control” (p. 2). When newly established NPOs adopt strategic resource development plans and establish stand-alone business entities for persistence, they become more independent and capable of achieving sustainability.

### **Nature of the Study**

One of the widely employed designs in the social sciences is the causal-comparative design that “seeks to find relationships between independent and dependent variables after an action or event has already occurred” (Brewer & Kuhn, 2010, p. 124). I utilized this design to examine the relationship between two groups: NPOs that have disappeared or discontinued operations within the first 5 years, and the NPOs that have been more than 5 years in existence. I compared the responses from both groups to identify a potential difference between the independent variables, which were the strategic resource development plan and the stand-alone business entity, and the dependent variable, which was sustainability of the NPOs.

For this quantitative study, I used the survey method to gather data from participants who were executive directors or other official representatives of sustained NPOs and those that had disappeared during the first 5 years of existence. The

questionnaire included information about the organizations' resource development plans and/or establishment of stand-alone business entities to assess the organizations' understanding of the role and impact of the stand-alone business entities in sustaining the organizations' financial flow. The survey construct was the same for both groups.

The population of the study included two subpopulations of NPOs: those that were closed during the first 5 years of existence, and those that had been more than 5 years in existence and were still actively providing services to their clients. According to the IRS (2018), an estimated 12,155 NPOs nationwide closed within the first 5 years of existence. According to the National Center for Charitable Statistics (NCCS, 2018), an estimated 48,415 NPOs are still active between 5 and 10 years. I used systematic sampling from the two subpopulations to establish the two groups for the study.

The survey provided to both groups included the same questions. If members of the survived group reported that they had a strategic resource development plan in the initial stages of the organization and/or establishment of stand-alone business entities, then their sustainability and continued existence could be associated with the strategic resource development plan and/or stand-alone business entity. If NPOs that disappeared did not have a strategic resource development plan and/or stand-alone business entities, then their lack of sustainability could be associated with the lack of a resource development plan and/or establishment of stand-alone business entities. The reason for using a survey for the causal-comparative design was that it was the best strategy to answer the research questions because it allowed for the significance of the relationship

between resource development planning and stand-alone business entities and the sustainability of the NPOs to be examined.

### **Definitions**

The following definitions of terms were used in the study:

*Autonomy*: “The quality or state of being self-governing; *especially* the right of self-government” (merriam-webster.com, 2018).

*Commercial activity*: “Income from sources, such as client fees and charges” (Boschee, 2006, p. 1).

*Continuity*: “The ability of an organization to maintain essential functions during, as well as after, a disaster has occurred” (searchdisasterrecovery.techtarget.com, 2018).

*Nonprofit (or not-for-profit) organization*: “Organizations of members or volunteers, classified by the Internal Revenue Service as providing a public benefit without purpose of profit for members of the corporation” (Tempel, Seiler, & Aldrich, 2011, p. 473).

*Persistence*: “Object and process characteristics that continue to exist even after the process that created it ceases” (techopedia.com, 2018).

*Philanthropy*: The giving of gifts of time or valuables (money, securities, property) for public purposes. Philanthropy or charitable giving is one form of income of private nonprofit organizations (Salamon, 1992).

*Resource dependence*: The degree to which an organization successfully adapts to its environment, demonstrated by its capacity to sustain resources essential to its viability and survival over time. According to resource dependence theory, an organization able to

sustain consistent revenue sources has successfully adapted to the environment (Alexander, 2000).

*Resource development*: “The practice of identifying, cultivating, and securing financial and human support for an organization” (Ciconte & Jacob, 2009, p. 571).

*Revenue diversification*: “A broad representation of experiences, perspectives, opinions, and cultures, with an effort toward creating an environment of inclusiveness” (Ciconte & Jacob, 2009, p. 566).

*Strategy*: The direction and focus of the objectives and potential of organizations in the long-term to achieve their mission (Niven, 2008).

*Strategic planning*: A strategic management approach for organizations to map out their strategy for the future (Poister & Streib, 2005).

*Sustainability*: “The ability to be sustained, supported, upheld, or confirmed” (Dictionary.com, 2018).

*Tax exempt*: “To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an *action organization*, *i.e.*, it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates” (irs.gov, 2017).

*Vulnerability*: “An organization’s vulnerability to its environment is the result of its need for resources such as raw materials, labor, capital, equipment, knowledge and

outlets for its products and services—resources that are controlled by the environment” (Hatch & Cunliffe, 2006, p. 81).

### **Assumptions**

The nonprofit sector relies heavily on external resources such as grants, individual and corporate donors, foundation funding, government, and other means of resources that made the NPOs dependent on these unstable resources. Because dependency on external resources is one of the main constructs of the resource dependence theory, it was the framework that aligned some assumptions of the study. The ability of NPOs to acquire new resources and maintain these resources for survival is a core concept of the theory. RDT was used to provide a foundation for accepting new methods of resource developments and help NPOs transform from the dependency circle toward becoming more independent through diversifying their resources and examining the use of stand-alone business entities to support this approach.

The first assumption was that the participants would adhere to the guidelines to answer the questionnaire and provide honest answers in the questionnaire. Although there was a mechanism to remind the participants of the obligation to provide honest answers, I assumed that the participants came from responsible backgrounds and understood what it meant to participate in a study that aimed to help their respective organizations and the nonprofit sector in general. Also, I assumed that the participants would have sufficient familiarity with their organizations’ adaptation of strategic approaches and resource development methods. I further assumed that the participants believed that no harm to their respective NPOs would result from their participation in the study.

I used Likert-scale questions because “Likert scaling is a method designed to measure attitudes” (Frankfort-Nachmias, Nachmias, & DeWaard, 2015, p. 391). The questionnaire used to generate data from the sample units of analysis consisted of a set of questions with Likert scale options for each question. I assumed that this method would be appropriate for the study. The process to construct Likert scale questions followed Frankfort-Nachmias et al.’s (2015) steps, which were “(1) compile a list of possible scale items, (2) administer these items to a random sample of respondents, (3) compute a total score for each respondent, (4) examine the contribution (or discriminative power) of each scale item to the total score, (5) select the scale items, and (6) test the scale’s reliability” (p. 391).

The next assumption was that one fifth of newly established NPOs would continue to disappear. This assumption was based on data from the IRS (2016) that showed one fifth of newly established NPOs close within the first 5 years of existence. The age factor, which is the short history of the NPOs, was assumed to play a role in the disappearance of NPOs.

Because this study targeted newly established NPOs’ sustainability, I assumed that findings will provide a strong base for future research that focuses on the sustainability of the newly established NPOs. The effects of strategic resource development planning and/or stand-alone business entities on the sustainability of the newly established NPOs that have long-lasting and needed missions was examined quantitatively. By conducting this research, I assumed that the quantitative examination of the independent variables on sustainability may present more affirmation on the stated

alternative hypotheses. The final assumption in the study was that the sustained NPOs that remained active for more than 5 years had either a strategic resource development plan in place or other means of business activities that played a role in their sustainability.

### **Scope and Delimitations**

The study focused on a specific issue that affected newly established NPOs that have long-lasting and needed missions. One fifth of this category of NPOs discontinued during their 5 years of existence. Aspects of this problem included competition environment, government funding policy changes, low financial reserve, possible decline in individual and foundation giving, and overall global economic uncertainty. The study addressed potential solutions that may affect the sustainability of NPOs. Focusing on newly established NPOs sustainability was critical to the continuous contributions of NPOs that have long-lasting and needed missions in societies. The study focused on one category of NPOs in terms of longevity of existence, despite their programs and services that they provide to societies as long as those NPOs were created with aims to last long and have confirmed needed missions, and either discontinued within the first 5 years of existence or are still active for a period that exceeded 5 years. Thus, the study excluded all other NPOs that are beyond this borderline.

The study excluded several theories from investigation, such as configuration theory, organization theory, institutional analysis and development framework, social construction framework, and strategic choice theory. These theories are of value to the discussion and argument base of research in public policy. However, for the purpose of keeping the focus of the study firmly on the ability of the NPOs to acquire resources and

the capacity of these NPOs to maintain these resources, these theories were excluded.

Regarding generalizability of research outcomes, the study findings may be useful for a broad range of NPOs in addition to newly established NPOs.

### **Limitations**

Limitations included geographic barriers that prevented face-to-face contact with participants. This factor may have threatened validity of the answers that participants provided. I relied on the participants' integrity and honesty in providing accurate answers.

Another limitation of the study was related to the source of data collected. The participants in the survey consisted of official representatives of discontinued NPOs and sustained ones. Because the survey focused on data about strategic resource development, stand-alone business entities, and sustainability of NPOs, the responses were limited to the participants' interpretation and understanding of these variables.

Further, the study was limited to the use of one core construct of the resource dependence theory, which was the diversification of resources. Pfeffer and Salancik (1978) suggested that organizations are encouraged to build a resource development strategy that is based on diversity: "The more radical form of dependence avoidance is through diversification into different lines of business" (p. 109). The employment of the RDT theory in this study focused on diversity of resources through the establishment of a resource development strategy that makes the diversity of resources the core pillar of sustaining newly established NPOs. The establishment of stand-alone business entities

that were not explored before makes the study further limited to exploring this new approach.

### **Significance**

The seriousness of the problem of the disappearance of one fifth of newly established NPOs offered a strong rationale for the current study. The intent of this study was to make a positive difference in the sustainability of newly established NPOs. Epstein and Yuthas (2014) indicated that “to make an impact in a meaningful way, organizations need to (1) define what success means and (2) figure out how they’ll know when they’ve achieved it” (p. 28).

The implications for positive social change in alignment with the principles of the resource dependence theory may help leaders of newly established NPOs identify resource development strategies that will improve the sustainability of their organizations. Hume et al. (2013) asserted that “principles of sustainability included...long-term, transparent funding organizations and cycles” (p. 434). Therefore, by sustaining newly established NPOs that have long-lasting and needed missions, leaders will minimize the loss of these organizations and their contributions toward positive social change. Also, this research contributed to the literature in the public policy field, and other researchers may benefit from the findings. This research included an assessment of the resource development strategies that are focused on business activities and other means of fundraising approaches that the targeted population of NPOs are employing, which may lay the foundation for newly established NPOs to build on that may lead to sustaining their NPOs. Further, findings may enable newly established NPOs

to continue to make a difference in their respective communities, which is the core concept of positive social change.

### **Summary**

This chapter included the background of the study, the problem statement, the purpose of the study, the research questions, the dependent and independent variables, the theoretical framework, the nature of the study, definitions of key terms used in the study, the assumptions, the scope and delimitations that indicated the boundaries of the study, the limitations of the study, and the significance of the study regarding contributions to positive social change. In Chapter 2, I review the literature related to the variables of the study, including contributions from previous scholars and researchers on the research problem and research questions. I also synthesize earlier research to provide an understanding of where the current study will be placed in the literature of public policy and administration.

## Chapter 2: Literature Review

The research problem addressed in this study was the discontinuation of the newly established NPOs during the first 5 years of their existence, which constitutes approximately one fifth of newly established NPOs. The purpose of this quantitative study was to explore the influence of a strategic resource development plan and the establishment of a stand-alone business entity on the persistence of newly established NPOs in the United States within the context of resource dependence theory. This chapter includes an extensive review of literature related to the research problem and purpose of the study, as well as a review of literature related to the stated research questions and variables. The aim of reviewing peer-reviewed literature was to present a solid foundation for understanding the research problem and purpose of the study.

The literature review addresses challenges faced by the philanthropy sector because those challenges may have affected the ability of newly established NPOs to acquire resources. By understanding those challenges, I was able to determine where my study fit in the literature of public policy and was able to establish a foundation for the research. The chapter presents a comprehensive review of different models of commercial practices aimed at assisting NPOs in their desire for resources.

This chapter also include a review of the theoretical framework that was employed for the study and how previous researchers developed studies based on the resource dependence theory and/or the reviews and evaluations of this theory. I will provide a comprehensive review of the major themes related to the sustainability and

business activities of NPOs. In addition, the chapter includes a methodology and instrumentation section that highlights the designs that the literature contained for the previous studies and concludes with a summary of the contributions of previous literature on the themes discussed in this review.

### **Literature Search Strategy**

I searched the literature to understand what other researchers have contributed in the area of public policy in general and in the nonprofit sector in particular. The first focus of my strategy was searching the literature that addressed newly established NPOs that have long-lasting and needed missions and the business connections to the NPOs. The main databases that contributed peer-reviewed journal articles to this search were Business Source Complete, ABI/INFORM Complete, EBSCO host, Emerald Management, and SAGE Premier. I also searched the ProQuest database for dissertations and made sure that it covered global search engines to reach potential materials beyond Walden University studies. ProQuest was a valuable source for studies that were dedicated to the nonprofit sector and studies on sustainability and business activities by NPOs over the last two decades.

Besides the dissertations, which were mainly from ProQuest global, there were 28 publications that I was able to obtain peer-reviewed articles from: *Journal of Practical Consulting*, *The Journal of Development Studies*, *Nonprofit and Voluntary Sector Quarterly*, *Journal of Management*, *Sociology of Organizations*, *Environmental Quality Management*, *Organization Management Journal*, *Australian and New Zealand Journal of Public Health*, *The American Behavioral Scientist*, *Public Management Review*,

*Journal of Small Business and Enterprise Development, Systems Research and Behavioral Science, Journal of Technology Management and Innovation, Nonprofit Management and Leadership, Northeast Business and Economics Association, Management Decision, New Directions for Philanthropic Fundraising, Management Research Review, Journal of Business Continuity and Emergency Planning, Social Business, Administration in Social Work, Healthcare Financial Management, International Journal of Nonprofit and Voluntary Sector Marketing, Journal of Nonprofit and Public Sector Marketing, The Journal of Global Business Management, Strategy and Leadership, Forest Products Journal, and Harvard Business Review.*

The literature search strategy included the use of search terms and combinations of search terms such as *sustainability, financial sustainability, nonprofit resource development, sustaining resource development, autonomy, organizational sustainability, nonprofit sustainability, revenue management, sustaining nonprofits, government funding, corporate funding, foundation funding, funding sustainability, sustainable development, nonprofit failures, nonprofit organization finance, failure of nonprofit organizations, failure, maintaining, resource management, stable, nonprofit stabilization, stabilization, nonprofit resilience, resilience, continuity, survive, survival, establish, establishing, start, starting, disappear, disappearance, and demise.*

### **Theoretical Foundation**

The theoretical foundation for this study was Pfeffer and Salancik's (1978) theory of resource dependence (RDT). This framework focuses on the ability of the NPOs to acquire resources and the capacity of these organizations to maintain the resources

received. This framework did not specify the stand-alone business entity as a survival resource; it generalized the idea of maintaining resources to support the organization's survival approach and focused on diversification of resources to creating organizational assets. The literature contained examples of the use of this theory such as the study that Akins (2015) conducted and considered the resource dependence theory as one of the theoretical frameworks for the study to support the diversification of resources as a successful strategy for NPO's survival. Akins (2015) stated that "since nonprofit organizations are dependent on external funding sources to support financial operations and capital improvements their association with resource dependence theory is common where organizational survival is contingent upon the ability of the organization to acquire and maintain resources" (p. 12). This example provided a justification for the newly established NPOs to adopt a diversification approach for resource development strategy in general and customize this method to create a stand-alone business entity as a possible means for persistence. Another example from the literature is the study that Dillingham et al. (2012) conducted to examine the flow of revenue generating for health care NPOs during hard economic times and focused the purpose of the study to learn the importance of establishing philanthropic stand-alone entity to achieve the financial goals of health care NPOs that, according to Dillingham et al., will result in sustaining the NPOs. Another advantage of the RDT is the freedom of dependency that the organization may achieve when building a strategy that resists dependency on external sponsors when establishing its stand-alone business entity and adopt a strategic resource development plan to become financially sustained. According to da Silva Themudo (2004) "Resource

Dependency Perspective (RDP) suggests that organizations can pursue strategies to protect their independence and resist external control” (p. 2). Consequently, when newly established NPOs adopt strategic resource development plans and create stand-alone business entities for persistence, they become more independent and capable of achieving sustainability.

The literature of public policy was productive with the use of the resource dependence theory, and in this research the RDT served as the platform to examining how the NPOs achieve sustainability and become self-dependent on their revenue generating approaches rather than dependent on external resources such as government and foundations that may not be stable over the course of the life of the organization, which may come with various issues that the NPOs may not be capable of living with at a certain point. The RDT visualized the phenomena of the organizations’ dependence on a single external resource. Therefore, the strategy of relying on a single external resource for survival is risky and may result in possible issues that are related to organizations’ autonomy and long-term sustainability. Pfeffer and Salancik (1978) stated that “the perspective developed denies the validity of the conceptualization of organizations as self-directed, autonomous actors pursuing their own ends and instead argues that organizations are other-directed, involved in a constant struggle for autonomy and discretion, confronted with constraint and external control” (p. 257).

In the following subsections I discussed important constructs of the RDT such as diversity, external resources, acquiring resources, dependency, and leadership and power. Besides, there were elaborations on how other researchers evaluated those constructs and

applied the RDT framework in their studies to set a guidance for this research and evaluate literature of public policy within the RDT framework.

### **Diversity**

Diversity of resources is one of the core constructs of the RDT, and the suggestion by Pfeffer and Salancik (1978) was to build a resource development strategy that is based on diversity “the more radical form of dependence avoidance is through diversification into different lines of business” (p. 109), which was a clear emphasis by Pfeffer and Salancik on the importance of diversity of resources that was evident throughout the arguments that Pfeffer and Salancik (1978) presented for this theory. Therefore, more scholars came forward to support the same direction towards diversifying resources such as Froelich (1999) who confirmed that the resource development strategy should rely on the diversity of funding sources and stated that “nonprofit organizations must rely on a variety of activities and resource providers to support their mission-related work” (P. 247). Seo (2011) described several elements of the resource dependence theory and concluded that it encouraged the organizations to depend on crucial resources, which in turn stresses the organization’s leadership to diverse their NPOs’ resources. By doing so, the organizations would have dynamic interactions with internal and external environments and would enhance their behavior to reach strong resource dependence that relies primarily on diversity.

Pfeffer and Salancik (1978) argued that the leadership of the organization should make any necessary alterations to the organization’s structure and purposes so that its internal environment becomes ready for diversity of resources and capable to exchange

with different markets, this way the organization would be able to resist dependence on a single source of revenue and may have more chances to survive for a longer life, which is the core concept of sustainability “the most direct solution is to develop an organization which is dependent on a variety of exchanges and less dependent on any single exchanges” (p. 109). This would help the NPOs prevent possible risks of becoming strangled with the single source of their external revenues as Clark (2012) described it “unlike for-profit organizations, non-profit organizations, for the most part, are dependent upon predetermined streams of income, like grants, to sustain their programs and services. Non-profit organizations compete with other non-profits for these limited funds, which can restrict their organizational life cycle and opportunity for growth” (p. 33). Allen (2013) discussed in detail the revenue diversification and stressed that it would reduce potential failures and may promote successful revenue achievements for the organizations and stated that “the idea is to have the right mixture of companies to maximize the return on investments and minimize the undesirable variances by increasing the number of investments. This concept is synonymous with revenue diversification because the strategy is the same: to obtain the right mix of sources that assures revenues and reduces vulnerabilities” (p. 42).

With these valuable contributions that the researchers presented in support of the diversity construct of the RDT, other scholars discussed the theory and its applicability to social and business phenomena, and how the linkage between sustainability and diversity could be crucial for the NPOs advancement. Akins (2015) in a recent study presented a great part the resource dependence theory and its impact on the NPOs’ sustainability, and

argued that for the NPOs to achieve sustainability, they should diversify sources of funding and be dependent on external resources to reach a sustainable status that positions the NPOs in a steady financial stream. These two main points were the core of the overall discussions that the study presented. Consequently, Akins (2015) presented diversity as a pillar of the resource dependence theory and stated that “the ability to generate multiple funding streams impact organizational ability to maintain a connection with its current organizational mission” (p. 6). However, the study lacked the argument when contradicted the approach for diversity with Akins that proposed dependency on external resources. Dependency solely on external resources would not give the NPOs the ability to achieve long-term sustainability since the economic circumstances may change and the NPOs would be affected directly by economic changes. Therefore, the concept of diversity of resources may be a safe escape for NPOs’ financial needs, and dependency on a single channel of external resources only would affect this approach.

### **External Resources**

The concept of external resources as promoted by Pfeffer and Salancik (1978) gained the interest of Allen (2013) who highlighted an important effect of being dependent on external resources while not being able to acquire resources, which is that the external environment would influence the NPOs decisions, culture, social legitimacy, and so on; therefore, by adapting to the constructs of the RDT, organizations become more resistance to external dependency and become autonomous and self-determinant on their decisions and involvements with the society.

On the other hand, Akins (2015) stated that “external funding generated by nonprofit organizations to meet organizational and community needs is important for longevity. Nonprofit organizations that can secure external funding are in better positions to incorporate changes to support sustainability” (pp. 124-125). In this regard, there was a consistency issue with the proposed study since the author cited other studies to support the proposal on resource dependence theory that did not explicitly support or propose the concept of dependency on external resources. Rather, the studies that the author cited insisted that the ability of the NPOs to acquire resources would help in achieving sustainability without mentioning dependency on external resources, which means that the NPOs may achieve sustainability by their abilities to acquire resources and not necessarily be dependent on external environment “in Carroll and Stater’s (2009) research, nonprofit organizations have been linked with resource dependence theory based on the following studies: Froelich (1999) and Hodge and Piccolo (2005). These studies concluded that a nonprofit organization’s overall survival is contingent upon their ability to acquire revenue to operate programs” (Akins, 2015, pp. 2-3).

### **Acquiring Resources**

Another advantage of the resource dependence theory is the framework that it presents for organizations to acquire resources as Warm (2004) presented; the organizations may be more accurate on understanding how the process of acquiring resources and assessing which resources are needed for the benefit of the organizations. Besides, the organizations may be capable of tailoring resources to make the most of their advantage. By doing so, the organizations will have a stronger stand based on their

understanding to their internal environment and gain most of the acquired resources by structuring a more beneficial strategic resource development plan. Further, Seo (2011) brought up important point in connection with the RDT to the newly established NPOs is that when organizations understand resource dependence patterns, which is the financial flow and how it could be acquired would help the existence and continuity of the newly established NPOs “resource acquisition is very important for sustaining organizational performance (effectiveness) in the modern nonprofit sector. Understanding Resource Dependence Patterns (RDP) – appearance of the (financial) resource inflow, helps explore contemporary nonprofits’ behavior and performance” (p. 157).

The literature on the RDT theory and how it insisted the concept of acquiring resources was not limited to a particular direction, and the researchers were able to discuss the RDT approach from different angles. Allen (2013) conducted a study that focused on vulnerable organizations, which are those organizations that are easy to fail or get harm by internal or external environments, and within this category fit the newly established NPOs, “obtaining critical resources and reducing dependence on external organizations are objectives of vulnerable organizations and are the core concepts of resource dependence theory (RDT)” (p. n.d.). More studies confirmed that it is the NPOs’ ability to acquire resources that the resource dependence theory focus its core value, and maintain these resources is also a condition for the organizations to achieve their financial goals. Moulton and Eckerd (2012) (as cited in Akins, 2015) stated that “resource dependence theory, on the other hand, is used to focus on how nonprofit

organizations survival is dependent on their ability to acquire resources and the ability of these nonprofit organizations to maintain the resources received” (p. 5).

### **Dependency**

Burger and Owens (2013) discussed the resource dependence theory in terms of its aim to rely on outside environments for resources without specifying the exact definition of these resources, which, according to Burger and Owens (2013), these resources determine the NPOs survival, “according to this theory, since resources often originate from outside the organization, access to such resources usually implies that those providing the resources have certain claims over the organization and that these claims need to be managed carefully” (p. 1287). That could be a convincing reason for the NPOs leadership to adopt a diverse approach for resource development to avoid falling in the desire of a single sponsor. As Allen (2013) explained the reliance on external resources and the relationship with the RDT “NPOs’ dependence on outside organizations is descriptive of the basic constructs of RDT” (p. n.d.). In this regard, Allen (2013) believed that “organizations are not self-sustaining” (p. 1); therefore, for the interest of the organizations, NPOs should not become too dependent on external organizations, and thus organizations should work on a strategy that focuses on obtaining crucial resources and diversify these resources, which is, according to Allen, the core concept of resource dependence theory. Allen, along with other scholars, suggested the NPOs to establish joint ventures with for-profit businesses as an application towards becoming less dependent on limited external resources as defined by the RDT. Nevertheless, the primary contribution of the RDT is that organizations depend on their

capabilities to acquire critical resources and much less dependent on external sources for their operations and other financial needs.

Hence, NPOs would not become total independent entities because their constant need for resources is unstoppable, therefore:

Organizations, then, are not entirely autonomous entities pursuing desired ends at their discretion. Rather, organizations are constrained by the environment as a consequence of their resource needs. The degree of dependence experienced by an organization is determined by the importance and concentration of resources provided. Organizations that rely on few sources for vital inputs become highly dependent on and beholden to those providers for survival. (Froelich, 1999, pp. 247-248)

The solution, according to Froelich (1999) is a strategy that the diversity of resources is the core concept of it “avoiding dependence by maintaining alternative sources of key inputs” (p. 248).

Da Silva Themudo (2004) suggested several strategies for organizations’ independence: reducing resource dependence, avoiding demands, preventing external control, and commitment to mission. These strategies align with the aims of the RDT as discussed by da Silva Themudo (2004) “resource dependency perspective (RDP) suggests that organizations can pursue strategies to protect their independence and resist external control” (p. 2), which supports the primary goal of the RDT to help the NPOs become more diverse in their resource development strategies, along with strengthening the

organizations' autonomy and self-control of their decisions that are politically motivated desire for self-determination of the NPOs.

### **Leadership and Power**

RDT theory recognizes the surrounding environment on the existence and continuity of organizations; therefore, it provides directions on how leadership teams of the NPOs may build strategic development framework for their organizations through the assessment of their environments and power. Hillman, Withers, and Collins (2009) stated that "RDT recognizes the influence of external factors on organizational behavior and, although constrained by their context, managers can act to reduce environmental uncertainty and dependence. Central to these actions is the concept of power, which is the control over vital resources" (p. 1404). Davis and Adam Cobb (2010) discussed the impact of RDT especially on power, and stated that "the emphasis on power, and a careful articulation of the explicit repertoires of tactics available to organizations, is a hallmark of RDT that distinguishes it from other approaches, such as transaction cost economics" (p. 23).

### **Literature Review**

The literature contained contributions on the NPOs and business practices that were conducted within the NPOs and with collaborations and partnerships amongst philanthropy, government, and private sectors. Hence, the way the literature presented those studies was in different themes, and evaluated the NPOs business activities through multiple lenses, which surrounded the NPOs with a comprehensive handling of different themes, such as sustainability of NPOs especially the principles that some scholars

believed contribute to the success of sustainable approach that the organizations may need to adopt; continuity or persistence issues that concerned the NPOs' sector due to critical need to stay active to fulfill the organizations' missions; autonomy was a trended theme that concerned the NPOs; other studies presented demise, closure, or failure as issues that NPOs were concerned about and were valuable to include in the literature review to understand potential reasons, if any, for the discontinuation of NPOs; strategic resource development was one of the highly carried topics within the public policy with the note that there were not many contributions that are related to the newly established NPOs; and business activities that the NPOs conducted as a resource development approach, and the stand-alone business entities, in particular, was one of the important themes in this section.

It is important to state that the nonprofit organizations in the United States of America (USA) form an important sector and play a critical role in societies. According to the National Center for Charitable Statistics (NCCS, 2016), there are 1,571,056 tax-exempt organizations in the USA. This large number of NPOs, and the different societies and industries that NPOs impact would place them in an important position that has a critical impact on the economy and lives of people. Therefore, researchers and scholars contributed literature about the NPOs' sector and covered a broad range of topics and issues that are related to the NPOs.

Thus, taking the NPOs role and circumstances in consideration, the purpose of this quantitative study was to explore the influence that the presence of a strategic resource development plan and the establishment of a stand-alone business entity have on

the persistence of newly established NPOs that have long-lasting and needed missions in the United States within the context of resource dependence theory. The significance of the relationship is that it may inform an understanding of how the strategic resource development plan and the establishment of a stand-alone business entity influence strategic approach towards sustaining the NPOs. By presenting a comprehensive review of literature, the place of the study would be determined. Clark (2012) indicated that “non-profit organizations should be selective and strategic about how they can realistically create additional income streams” (p. 38). Thus, the following arguments and presentations would present a clear overview and conclude with how and where this study stands within the context of public policy and NPOs literature.

### **Sustainability**

Since the primary concern of the newly established NPOs that have long-lasting and needed missions is to become sustainable in all aspects of their activities and stay active and provide valuable contributions to societies and economy, sustainability was the most important theme in reviewing the literature. Thus, one of the positive implications for considering sustainability for NPOs survival and continuity is the revenue advantage that the sustainability may bring to the organization, Reese (2016) stated that “sustainability efforts could boost profits and create a competitive advantage in organizations” (p. 20), which could be a reason for NPOs researchers to present an enormous amount of literature on sustainability. Pojasek (2013) provided several ideas for organizations to implement sustainability strategy that can be tailored to each organization’s circumstances and explained that the core competencies of the

organization should be aligned with the strategic direction in order to achieve sustainability “a sustainability strategy should help an organization manage risk and become more sustainable over time. To be effective, however, the strategy must reflect the individual organization and the context within which it operates” (p. 81). There were challenges that Pojasek (2013) discussed concerning the sustainability strategy and insisted that “sustainability challenges represent the ability to meet the organization’s responsibilities with respect to environmental stewardship, social wellbeing, and the economic prosperity of the organization and the community as a whole” (p. 91). In this regard, Pojasek (2013) highlighted potential risks that would come with managing the organizations, and for achieving sustainability goals, it is imperative for strategic planners of the organizations to take into considerations potential challenges that may face the sustainability strategy, and added that “the aim of a sustainability strategy is to align the organization with its internal and external contexts in order to reduce the overall risks that might be experienced if these contexts were not clearly defined” (p. 92). Though Pojasek put general guidelines for the organizations, and every organization would be required to identify its competencies and values, taking into considerations its surrounding environment, internally and externally, to assess the specific steps that help the organization achieves sustainability. Although the guidance that Pojasek suggested sounded a promising framework for organizations to achieve sustainability, yet the concern that may be raised is that not all NPOs are the same, large or small, and organizations in the USA differ from those anywhere else around the world, the longevity of each organization is also a factor for what the organization should do, and which

specific steps could fit strategic goals. The link that Pojasek mapped out between the International Organization for Standardization (ISO) and sustainability of organizations was not the best choice to support the idea of presenting a generic guidance for sustainability because the ISO presents specific guidelines to assess the organizations' compliance with its standards, while the generic sustainability guidance that Pojasek presented had to go over the risks, internal and external environments, and specific circumstances of each organization.

Another study on the sustainability of NPOs that was presented by Shrivastava and Berger (2010). In this study, Shrivastava and Berger discussed a set of principles that affected the sustainable development of the organizations and stated that:

Core values and principles have been foundational in many areas of human endeavor. Major religions are founded on principles, major wars have been fought over principles, and entire sectors of society are structured around principles. The challenge of "sustainability" and sustainable enterprise is one of those millennial challenges that can fruitfully be addressed at a foundational level by principles. All organizations are unique and face a unique set of conditions that must be addressed in the course of embracing sustainability. It is the very complexity of organizing that such principles aim to reflect. (pp. 259-260).

Further, Shrivastava and Berger (2010) did not specify the sustainable principles as a standard list for organizations to follow; instead Shrivastava and Berger insisted that each industry or organization may form their industry-specific principles to become sustainable in its operations and future progress, and raised several questions that their

answers would help the leadership of NPOs to determine the proper guidelines towards building a sustainable environment for the organizations, and added that:

Concept and theory development opportunities abound in the design and framing of principles. We need to understand what economic, social, ecological, and political theories and values can make such principles appealing and compelling to organizations and their stakeholders. We must measure the impacts of principles on firm performance. It would be useful to understand the empirical reality underlying implementation or adoption of these principles. How widely and deeply have they been adopted? Does adherence to principles impact firm performance positively? What organizational and inter-organizational processes and social dynamics lead to creation of a successful set of principles? Which institutions need to be involved, who can effectively broker inter-stakeholder dialogues, what kinds of scientific, social, legal, and political skills are needed for developing principles? What are more and less effective ways of organizing principles?. (p. 260)

Although this proposal looked flexible and allowed the organizations to benefit and adopt universal sustainable principles regardless of their particular industry, yet there was no precise determination in the study to the directions of adapting principles of sustainability that may help the organizations succeed in their efforts.

Another study that was conducted in Canada by Seel (2007), in which the Seel discussed the sustainability of nonprofit organizations and proposed a stand-alone agency as a model to sustain the resources of the NPOs. Though, the author suggested the

nonprofit organizations go beyond their social missions and apply for-profit ideas to reach long-term sustainability, otherwise, per Seel, more than half of the Canadian nonprofit organizations would have to shut down. The theoretical framework that Seel employed for this study focused on social and political-related topics, and there were no mentioning to business-related theories, which might be considered as a gap in this study, because even Seel was able to present solid links between the proposed theories, and the study was based on the grounded theory approach, yet it was expected to detect a utilization of business or dependency theories, because this was the main core point of the study. Further, Seel stressed the discussion about the long-term sustainability preparedness in particular among the top leadership level of the organizations and presented crucial points that would support the importance of taking the long-term sustainability strategy as part of the ongoing discussions within the organization.

To convince the readers about a strategic approach to developing long-term sustainability, Seel (2007) discussed the issue of dependency on a single source of revenue and stated that “dependency on one source of revenue is risky. Reliance on one funder puts the organization at jeopardy for closure should the funder decides to change its support to another nonprofit organization. A strategy senior administrator tries to develop is diversification of funding” (p. 99). Though, Seel suggested the diversification of funding as a core strategy for successful leadership to achieving long-term sustainability, and by having a knowledgeable leadership of the organization with respect to diversification of funding, there would be more chances for the organizations to succeed with their missions because “the pursuit of a diversified funding base often

results in the senior administrator learning that sustainability is something that is possible to achieve. Communicating this understanding and the experience gained through diversified revenue development can also inspire the board of directors and others inside the organization to become engaged and supportive of initiatives aimed at sustainability” (p. 100). Therefore, the knowledge and background of the members of the organizations’ leadership about sustainability effectiveness for long-term success are imperative to make their respected organizations sustainable. Further, Seel (2007) stressed the importance of leadership experiences that would play as an important factor for sustaining the organizations and stated that “when a senior administrator comes into a nonprofit organization with experiences and the skills necessary to make the organization sustainable, they may have to address deficiencies that accumulated during a period of decline. Only when an organization is stabilized can time, energy and other resources be invested in activities such as the development of a fundraising department to ensure sustainability” (p. 101). Additionally, Seel (2007) warned that when the leadership of the organization does not stress long-term sustainability, there could be core issues that may threaten the organization and its continuity to meet its mission and could result in a potential danger “if the organization is not viable and not likely to exist in the long term, the duty of care felt by the senior administrator to clients and staff, for example, is compromised” (p. 104).

On the business solution approach for achieving long-term sustainability, Seel (2007) focused on the background and business skills that the leadership should have in order to succeed with their strategic management of the organization and to stabilize its

daily operations, although there were multiple discussions of the confidence that the leadership of NPOs may have concerning the establishment of business ventures to apply and achieve sustainable status for the organization. “Many nonprofit organizations come to view for-profit business ventures as an alternative to traditional funding and part of the diversification of the organization’s funding base. Senior administrators without business experience or without access to that experience or skill set tend to be overly optimistic about what can be generated in terms of profits” (p. 105). Further, Seel stressed in multiple attempts about the importance of resources and the solid backgrounds of the leadership. Although the discussions were of high value in respect to these sub-topics, there were limited proposal to the for-profit business as an alternative resource development for the organization; thus, Seel promoted the idea of for-profit as it could be a practice within some activities of the NPO, in addition, there were limited discussions regarding a stand-alone business venture as a potential survival and sustainability strategy for the NPOs in the study.

On the other hand, the issue of sustainability went beyond typical business operations as in the study that Hume et al. (2013) conducted on the aboriginal community gardens. Hume et al. pointed out an important issue concerning those gardens that operate below the expected potential. To help resolve this issue, Hume et al. (2013) proposed to employ the principals of sustainability and added that “Principles of sustainability included ...; long-term, transparent funding organizations and cycles” (p. 434). The purpose of Hume’s et al. study was to put together a set of sustainability principles that could fit the needs of specific nonprofit organizations in their goal of sustaining their

remote aboriginal community gardens. Hume et al. conducted interviews with aboriginal and non-aboriginal managers and utilized observational practices to collect data. The results that Hume et al. (2013) came up with through this study were related to principals of sustainability that were custom to NPOs that operate remote aboriginal gardens, and stated sustainability principles as “effective garden planning; community autonomy, consultation and engagement; growing community vetted crops; employing long-term, effective, culturally sensitive managers; long-term, transparent funding organizations and cycles; garden integration into existing food supply chains; culturally appropriate employment arrangements; and physical aspects of successful gardening” (p. 434). Principles of sustainability contained specific technical methods that were considered custom to the gardening industry. On the one hand, this specificity is seen as a gap in the study because these findings may be generalized for the gardening industry organizations only, rather than all small or newly established NPOs that are looking for generalized principles of sustainability to help them achieve their goals. On the other hand, Hume’s et al. (2013) focus on gardening industry was a plus because it brought a solution to a certain community once the NPOs intended to serve this particular community, which they did, and stated that “this work uniquely consults gardeners, managers and Aboriginal and non-Aboriginal people of both genders in the largest reported study of its type, resulting in new and expanded findings, particularly including new social factors for gardening success” (p. 434).

The newly established NPOs, which may contain any NPO within the classification of a charitable organization with a designation by the Internal Revenue

Service as 501(c) (3) that have been in existence for less than five years, regardless of the specialty or line of focus that the NPO's mission may specify. By looking into the contributions of previous literature on sustaining the NPOs, and align those contributions with the circumstances of the newly established NPOs, Seel (2007) focused on long-term sustainability preparedness that may start with the NPOs' leadership sustainability awareness and experiences, in addition to their business background skills that may influence their role and leadership efficiency, and the discussion that Seel presented on the potential role of a stand-alone agency, not business, as a sustainability model for the NPOs. While Shrivastava and Berger (2010) focused on the industry-specific sustainability principles, which is a favorable contribution for the newly established NPOs that have long-lasting and needed missions, Hume et al. (2013) presented a similar approach for adopting the sustainability principles that are custom for a particular category of the NPOs. On the other hand, Pojasek (2013) introduced broad guidance for sustainability and warned the NPOs on the potential risks that may face any NPO while working on sustainability, which is also a positive point that may benefit the newly established NPOs when considering sustainability strategies. Thus, most importantly, the sustainability to generate revenues as the ultimate purpose of planning and implementing sustainability for the NPOs per Reese (2016).

Consequently, previous literature did not present clear boundaries on the place where the newly established NPOs that have long-lasting and needed missions stand concerning all contributions by other researchers on different aspects of sustainability that may be considered as a road map for the newly formed NPOs to follow. Instead, the

arguments were either custom to industry-specific within the NPOs or nonspecific that has no consideration to the age factor, which is very short, that the newly established NPOs have. Therefore, in respect to sustainability, this study would consider the sustainability of the newly established NPOs and tailor the principles of sustainability that take into account the age factor of the NPOs and the available capabilities that any newly established NPO may have and affect the organizations' aim for generating revenues that ultimately sustain their operations and services. This is where the study stands regarding sustainability.

### **Reasons for Organizations to Demise/Close**

To understand some potential reasons for the NPOs to close down or disappear, Hager (1999) conducted a study that focused on theoretical literature to explain the demise phenomenon among NPOs and concluded several reasons that he believed might affect the search for answers to organizations' closure. Among these theoretical reasons were the size of the organization, internal capabilities and issues among stakeholders, organizational behavior and commitments towards communities and supporters, the competitive environment within the nonprofit sector on resources, and the formation and capacity of the organization's mission. Hager (1999) added that:

Clearly, nonprofit organizations close for a variety of reasons. Theoretical arguments largely derived from the study of business organizations are not always useful in explaining demise among nonprofit organizations. However, ecological arguments regarding age, size, and density in organizational populations are borne out in this study. Nonetheless, the issues for nonprofit organizations are broader

than those considered by ecological theory. The findings in this study shed light on both the limitations and the uses of ecological and other theoretical approaches in the study of organizational demise among nonprofits. (p. 238)

Although Hager (1999) presented several potential reasons for the NPOs to demise, which relied on environmental reasons, the actual ideas came from studying the practices of the organizations or by reviewing actual activities and policies that the NPOs followed and resulted the NPOs' closure or disappearance. Therefore, based on the findings and the approach of Hager's study, it is implicit that the reasons for NPOs to demise are still not clear and the connection to the demise of the newly established NPOs that have long-lasting and needed missions would not be reliable based on the ecological approach that Hager pursued.

Other scholars concluded a different set of reasons for the NPOs to demise. Hager, Galaskiewicz, Bielefeld, and Pins (1996) indicated that they believed some reasons affected the NPOs to demise and categorized those reasons such as internal reasons, mishandling or lack of control of financial matters and organizational procedures, besides environmental reasons. On the other hand, Hager et al. (1996) referred the reason(s) for the NPOs to demise to circumstances that were related to each organization's unique situation and stated that "each organization has a unique set of circumstances that led to the decision to close. Nonetheless, the received theory on the causes of organizational demise provided effective categories that resonated with the experiences of nonprofit representatives who described the events surrounding the closing of their organizations" (pp. 990-991). Consequently, this determination leads to

the belief that any reason for the NPOs to demise would be tailored to each organization and there would be no set of standards or reasons to rely on in order to figure out NPOs demise, even with Hager's et al. list of broad categories of reasons for organizations' demise, still there are possible unknown reasons for this phenomenon.

On the other hand, Hager et al. (1996) concluded several popular reasons that caused the NPOs to experience a decrease in their fiscal revenues and resulted in the decision to close their operations, "clearly, our respondents felt that organizational legitimacy was critical. The largest percentage of respondents said that being perceived as unimportant or nonessential was an important factor in their deciding to close down their operation" (p. 991).

Surprisingly, being a newly established NPO or small came as a critical and most affecting reason for the NPOs to demise "it was the newer and smaller organizations that had difficulty getting tied into the community and, lacking social capital, these organizations were more likely to disband" (Hager, 1996, p. 991). This conclusion did not state a solid base for the newly established NPOs to demise because the timing issue is a natural circumstance that every newly established NPO experiences, it is the short timing of existence may set a strong, convincing reason for the newly established NPOs to work on sustaining their existence. Further, this category of NPOs becomes the most urgent of the philanthropy sector to maintain its operations and resolve any reasons that may lead to their demise. Although these were legitimate reasons for small and newly established NPOs to demise, yet the study was not solely studying this category of the NPOs, therefore, these reasons would not be the only factors to assess the NPOs demise

because, according to Hager et al. every NPO has its own circumstances for ceasing their existence.

A more recent study that Hager et al. (2004) conducted came up to an essential conclusion that supported the previous NPOs age reason to demise. In this study, Hager et al. concluded that the age of the organization and the role of institutional and network embeddedness were main factors on the NPOs survival, which brought up the necessity of sustaining the NPOs right from the beginning so that the chances for succeeding with their missions could become more realistic. Hager et al. (2004) also added that “organizational ecologists have done the most important work on this topic, and a steady stream of studies has found that age is one of the strongest predictors of organizational mortality (Hannan and Freeman 1989). However, there is still no consensus on the underlying causes of the age effect, although there has been much speculation” (p. 160).

Another study on the reasons for NPOs’ demise highlighted a different set of possible reasons, especially since the study targeted newly established NPOs. Bennett (2016) conducted a study on British charitable organizations that failed or closed within the first two years of their establishment. The findings of the study showed that four major reasons contributed to the failure/closing of the British NPOs, which were: Funding difficulties, lack of development of plans, marketing, and management skills related issues, and managerial issues that were centered on personal workload. Concerning the newly established NPOs, Bennett (2016) concluded that “start-ups run by people with prior experience of working in charities had a significantly better chance of survival than start-ups managed by individuals lacking such experience” (p. 333). Hence,

this is a strong point that the recruiters for the NPOs should consider should they need to hire the most successful candidates to lead and steer the NPOs towards a successful future.

Bennett (2016) admitted that the data that was used in this research was less than the sampling required, which affected the validity of the findings of the study.

Additionally, Bennett (2016) claimed that “this was the first research ever to examine reasons for small enterprise collapse within the nonprofit domain” (p. 333). However, several studies discussed grounds for the nonprofits to demise, and some of those studies were listed in this section. Further, this study was conducted in Britain; hence Bennett’s statement could be valid within the British nonprofit sector, but when generalizing the originality of the research to all nonprofit domains, it becomes not entirely accurate.

Further, the theoretical framework that Bennett used for the study was mainly the human capital theory and insisted that the characteristics of the organization’s founder(s) play a significant role in the cause of survival. This determination could be debatable, because the survival as listed in Bennett’s study was limited to the personal characteristics of the founder(s), such as the educational background and experience. Besides, Bennett limited the study to organizations that their primary function was human services and excluded other types of nonprofit organizations. While this may be considered as a credit to the study because it focused and took into consideration specific NPOs’ type for the study, and the results would reflect this type only of the NPOs, yet the reasons that Bennett listed for justifying the focus on human service organizations were not legitimate because those reasons may also apply to other types of nonprofit organizations such as the

organizations' dependent on public donations. It is not ambiguous that all nonprofit organizations are eligible to receive public donations since they were designated by the government entities as charitable organizations.

Further, there was not enough literature on the disappearance, demise, or closure of the NPOs, which was evident in the limited amount of studies that contributed towards learning and explaining the reasons behind the disappearance occurrence of the NPOs. Hager et al. (1996), Hager (1999), and Hager et al. (2004) insisted on the age factor as a potential reason for the NPOs to close. Nonetheless, when discussing the age as a possible factor to close, it is the fact that all NPOs experience the same consideration, and there were successful experiences among the sector. Additionally, Hager et al. and Hager highlighted other reasons for closure that may come as a result of the age factor as well, at the same time, Hager et al. and Hager confirmed that there was a set of circumstances for each NPO to close, which directed other scholars towards studying potential reasons for demise. Even with a more recent study, Bennett (2016) examined the age factor and attached it to the level of experiences that the NPOs leadership had, which made this factor a more contributor towards the success and continuity of the NPOs.

What this means in the context of the stated literature is that every NPO had its own unique set of circumstances for demise (Hager, 1999). Thus, it would be more realistic to rely on this assumption to place this study in the literature and focus on the potential factors that support the sustainability of the newly established NPOs. Further, the age factor as a possible reason for NPOs to close could be a legitimate reason for focusing the study on this category of NPOs and adding a new contribution that may likely defeat the

age as a reason for NPOs' closure by presenting possible strategy to help the newly established NPOs to sustain their good standing and contribution to societies.

### **Strategic Resource Development Plan**

The thoughts or guidance of development process for building successful strategic resource development plans for the NPOs should consider factors that may influence the financial expectations and goals of the organizations, in this regard, Reese (2016) indicated that “managers must consider numerous factors and potential outcomes for the organization” (p. 18). Therefore, the leadership of the organization should invest enough time for achieving this task and come up with a potentially fit plan that meets the specific environment and demands of their respected NPOs.

The first study that would be discussed in this section is the one that Franklin (2011) presented and focused on the relationship between strategic planning and the organizational achievements of the NPOs. The study did not focus on resource development strategies, rather it focused on strategic practices that would eventually support the overall mission of the NPOs, which is an important goal of any NPO, but the resource development, in particular, requires a more precise approach to achieve sustainable status other than achieving the organizational mission. Franklin (2011) presented a model throughout the study that covered several strategic planning areas for the nonprofit organizations, such as customer processes, internal business processes, employee growth and learning processes, and financial processes, and stated that “there was a positive and statistically significant relationship between strategic planning and mission achievement ratings. The strength of relationship was considered moderately

strong. As strategic planning activities increased, so did mission achievement ratings” (p. 98). This conclusion established one of the foundations that the NPOs’ planners should consider when working on strategic planning, which is the desire and seriousness of having a strategic plan in place for the NPOs.

Another strategy that Moizer and Tracey (2010) proposed focused on resource allocation as a potential means to achieve sustainable status for the NPOs. While this approach could be useful, the resource allocation is intended for organizations that already have resources, while the newly established NPOs have not built adequate resources yet; therefore, the difference here is between allocating resources and developing ones. Moizer and Tracey (2010) presented their resource allocation model and stated that “a simple causal loop diagram is constructed which maps out the relationships between resource allocation and a number of other variables thought to influence the sustainability of social enterprises” (p. 252). Therefore, although Moizer and Tracey’s study may contain valuable literature for the NPOs in general, the content lacked finding or developing resources for the newly established NPOs to achieve sustainability and meet the organizations’ missions.

Another approach for building a strategic resource development plan was presented by Myser (2016), who introduced the study with multiple questions about the financial health of a specific category of the NPOs. One of these questions was, “how do successful organizations strategize to build stable and sustainable financial health?” (p. iii). Although Myser provided detailed arguments on this topic, particularly on this question, yet the focus of the study was limited to the member associations regardless of

the age or size of the NPOs, which made the outcome of the research targets a specific category of the NPOs that may not have the same circumstances of the wider category of the NPOs or the newly established NPOs in particular.

Other than the financial health of the member associations that Myser (2016) proposed, Parra (2013) insisted that sustainable behavior would allow the creation of economic, social, and environmentally sustainable future. The purpose of Parra's study was to discover potential methods to promote a sustainable vision by adopting new teaching or educational ways or techniques to help new entrepreneurs succeed with their ideas to achieve long-term sustainable establishments. The approach that the Parra (2013) promoted in this study would be of value to the newly established NPOs because the idea is compatible with for-profit, non-profit, and hybrid organizations, and "generating a change of perspective from the beginning of the entrepreneurship process is sought for fostering the birth of organizations that respect the environment and are responsible when confronting social problems" (p. 11). By setting a sustainable vision right from the beginning of establishing a new organization, Parra insisted that would be a preventive strategy to come over potential problems and would help sustain the programs, services, and the resource development of the organization. In this regard, Parra (2013) suggested the "education" as a solution for sustainable development and indicated that the education for sustainable development "is the hope and the best way for achieving sustainable development. It requires people of all professions and social conditions to think critically about things taken for granted and to find creative solutions and alternatives for unsustainable habits and practices (UNESCO 2008)" (p. 12). Parra believed that by

promoting education for sustainability, there will be sufficient future for entrepreneurs and would increase the possible creation of a sustainable vision for the organization. Although the education approach could have a positive impact on the future of the organization, yet it is not the only factor that helps the leaders of the organization to develop a sustainable strategic plan, and specifically a resource development plan.

Besides education and the role of the educated entrepreneurs, Bowman (2011) presented a comprehensive discussion about the long term and short term financial sustainability of the ordinary NPOs, and suggested that long-term sustainability comes from a model that secures maintaining services of the organizations, while the short term objective is to develop an organizational capacity to help the organization come over any economic downturns and save the possible liquidation of the NPOs while supporting the long-term goals, and asserted that “the proposed model assumes that management’s long-run objective is maintaining or expanding services. On this time scale, donor restrictions on net assets are not critical. Temporarily restricted net assets are eventually reclassified to unrestricted, and organizations will not accept permanently restricted net assets unless they will contribute to long-run capacity” (p. 40). This model presented a thought of strategic resource development plan that possibly helps the NPOs sustain the services and operations of the organizations. Further, Bowman (2011) presented specific vital factors that support this model to succeed and added that:

An organization’s mission, values, opportunities, and threats come into play when it determines its preferred level of capacity in the long term, but the long-term rate of inflation unambiguously establishes a floor under the rate of return on assets

necessary to sustain it at any given level. However, organizations must take care to have adequate short-term capacity or else external economic shocks may force them to liquidate. (p. 48)

With these key indicators that were playing a significant role in sustaining the long-term capacity of the NPOs, there was no discussion appeared about the concrete steps that Bowman (2011) proposed to help the financial side of the organization to succeed and to reach the sustainability level. It was not clear how the financial viability, in the long term and short-term objectives, could be achieved while the organization may or may not have sustainable resources. Bowman concluded that the NPOs were required to keep their plans in generating unrestricted cash while working on their short term and long-term objectives. This suggestion raised questions about the efficiency of the proposed model because if the organization will always maintain efforts to generate funds, then how the proposed model will help the organization to achieve long-term sustainability. The continuous generation of unrestricted cash may be required for the resiliency objective, while there should come to a certain point when the organization becomes financially sustainable, which was not clear in the proposed model.

On another discussion of the strategic practices of the NPOs, the literature touched the great recession as a downturn economic time when the NPOs required having strategic resource development planning to deal with the consequences of the recession. Kielbasa, Zgut, and Peterson (2010) discussed the impact of the great recession on the nonprofits' operations and services and reported that there were more than half of the charities reported a decline in their services, especially in the healthcare arena in 2009.

On the other hand, at the time of recession, Kielbasa et al. reported a significant increase in the number of charities that were created as a response to the economic downturn, and this increase also occurred during other times such as right after 9/11 attacks. Kielbasa et al. encouraged the nonprofits to expand their activities and services to become more transparent with the communities and to put more efforts to stay in strong connections with their donors. These were more likely suggestions to enhance the nonprofits' operations and productivity rather than indicators to count on for a reliable solution.

Kielbasa et al. (2010) did not provide a practical solution to keep charities in business while facing an economic downturn that was caused by the economic recession. Kielbasa's et al. study contained a solution for the great recession as a general way of practice to keep the organizations' more productive and transparent with their stakeholders, rather than as a permanent solution to save the organizations from disappearance. Therefore, the main weakness could be the lack of a reliable or transparent solution for NPOs to survive economic downturns.

While the great recession took part in the literature, the presence of a strategic resource development for NPOs was a central topic that Clark (2012) discussed and focused on establishing a link between the resource development and the presence of a strategic planning that the board of directors is required to have in order for them to think strategically and to become positive contributors to the success of their respected organizations. Particularly, Clark (2012) stressed the concept of Strategic Thinking as the key for successful strategic planning and practices within the nonprofit organizations and expected that the results would lead to more productive efforts towards sustaining the

organization and added that “organizations use strategic thinking to ensure the longevity of their operation, while others use it to become or remain number one in their market. This same logic can be applied to non-profit organizations” (p. 33). Further, Clark maintained throughout the study that strategic thinking within the nonprofit sector should lead to a continuous search for alternative resources. This way the nonprofit organizations would be on the right direction for sustaining their programs and warrant a long-term existence “few non-profit organizations have alternative streams of income to supplement or support long-term operations in the absence of grant funding. To accommodate for this loss, non-profit organizations must think strategically to develop alternative revenue streams to guarantee the longevity of their programs and to ensure their clients will continue to receive the services they need” (Clark, 2012, p. 33). This approach is essential for the strategic resource development planning for nonprofit organizations. Yet, it should not be the only factor that guarantees the long-term sustainability for the NPOs, therefore, Clark stressed the idea of adapting the strategic thinking to ensure that the leadership of the NPOs should focus their efforts towards a productive strategy that strategic thinking forms the core base for long-term strategic planning, and cited a statement from Graetz (2002) that stated “non-profit leaders should replace outdated practices that are not relevant in today’s economy and cause inefficiency and replace them with sustainable practices. This will require them to be creative and utilize their professional and personal experiences to develop solutions that answer the question, ‘How can we sustain our business?’ (Graetz, 2002)” (pp. 33-34).

Moreover, the literature included other factors that may lead to successful strategic planning. Murphy (2000) highlighted how startup organizations should be able to execute a successful strategic plan by having clarity of purpose, which is a reliable introduction of what the organization is all about and why it exists. Secondly, Murphy insisted that the NPOs should be able to apply what it intended to do. Therefore, Murphy tried to draw a blueprint for the NPOs to become capable of continuing as a startup organization. With the important base to have a successful startup for NPOs, Murphy highlighted some obstacles that usually come as a consequence of being a new organization, such as the short history that may not give a comprehensive view of the startup NPOs, and that could be a reason for failure to secure financial support from foundations. On the other hand, Murphy proposed what was called a sequential process for the startup NPOs to strengthen the NPOs and to achieve the legitimacy that the foundations may be looking for to provide their support. There were still issues with the funding from foundations that may harden the NPOs efforts, such as the short existence of the NPO and limited transactions that may not demonstrate what the foundations are looking for in order to provide financial grants. Murphy (2000) added that:

A successful funding strategy relies on a clear definition of funding priorities for the organization. Successful organizations have defined their organizational priorities, developed a distinctive and compelling case for the organization and its priorities, created internal ownership for the case, and developed communication strategies to portray the mission and goals of the organization to important

constituencies, thereby creating the perception of momentum and a successful public profile. (p. 7)

In addition to these pillars for creating a successful resource development strategy for the startup NPOs, Murphy (2000) encouraged the NPOs to have carefully selected and trained board members. By bringing the point of recruiting and training the board members for the NPOs, Murphy stressed an initial and most essential duties of the board members, which are strategic planning and helping in fundraising for their respected NPOs, though selecting individuals that fit to carry these jobs would demonstrate more potential for succeeding with meeting the NPOs fundraising goals. Further, Murphy stressed that following the suggested process will help the newly established NPOs that have long-lasting and needed missions to lay the groundwork for this task. With the requirements to prepare and build a potential successful fundraising strategy for the newly established NPOs, Murphy expected a long-term successful financial capacity. The study contained this strategy for specifically obtaining funding from foundations, which limited the applicability of this proposal and may not be generalized to other sources of funding. Additionally, the proposed strategy by Murphy does not promote diversity which is a key factor for succeeding with fundraising strategies. Further, issues such as an absence of strategic planning for the NPOs was the core center of the discussion Horton (2013), who believed that the lack of strategic planning was a major cause for NPOs failure and suggested that the NPOs should be willing to adopt innovative ways to prepare for a financial crisis. With these suggestions, along with strategic plans for what Horton (2013) called “financial restructuring,” the NPOs would be ready to survive major

economic recessions. Although the suggestions were valuable, yet there were no clear directions to specific instruments that the readers may follow to build their organizations' strategic plans to survive economic recessions. Further, the study was not clear on the value of strategic planning in general for NPOs; it presented its outcome of surviving economic recession. The problem with NPOs financial needs is not limited to recession times; it is an ongoing demand for the NPOs to stay active and promote their mission regardless of the recession times. The recession times make the NPOs financial needs harder while the necessity of strategic planning is critical for all times.

On a critical key component of the strategic planning for the NPOs, Ndoro (2007) focused on the role of revenue diversification as a potential strategic approach for intermediary NPOs to achieve sustainability. Although Ndoro presented valuable discussions about the diversification of income, the focus was on the small business development centers (SBDCs), which are different from the NPOs concerning their goals and functionality. Therefore, the actual strategies that may fit the SBDCs may not be compatible with small or newly established NPOs. Ndoro (2007) added "study conclusions show that revenue diversification strategies with both high penetration diversification and strategic action success were value-adding instrumental strategies contributing cash inflow into the SBDCs thus impacting organizational sustainability, whereas functional strategies lacked strategic action success but served to support internal income maintenance or revenue reallocation activities" (p. iii). The positive point is that Ndoro adopted the diversification of revenues, in which this approach plays a positive role in sustaining the organizations, regardless of being non-profit or for-profit

organizations. On the other hand, Rojas (2016) discussed a different angle of adopting the diversity of resources and the role of this approach in the success or failure of the NPOs. The aim of Rojas' study was to compare the adaptive strategies that played a role in the survival of the NPOs and other adaptive strategies that played a role in demise or discontinuation of other NPOs during the economic recession. The outcome of the study suggested that the leadership willingness to diversify resource development strategies was a key factor in achieving sustainable status within their NPOs. Rojas (2016) indicated that "Findings of this case study demonstrated that the leaders of all four organizations identified and applied capacity within the span of their control prior to exploring other options. In addition, findings suggested that adaptive strategy and outcomes of sustainment or non-sustainment may come as a result of the leadership's willingness to diversify (or change) strategy" (p. 165). Therefore, Rojas focused on the NPOs leaders' perspective on adapting strategies to deal with the recession time on the sustainability and survivability of NPOs, for both the sustained and non-sustained NPOs, thus, Rojas focused on the decisions that the NPOs leaders took in order to achieve survivability or sustainability, specifically the strategies that the leaders adapted for the respected organizations that led them to sustainability status, and others who led them to fail the recession time, respectively.

The leaders of the first group of NPOs, the sustained ones, adapted strategies that focused on the internal environment of their organizations, while the leaders of the second group of NPOs, the non-sustained ones, adapted strategies that were not willing to diversify their core mission and practices, especially with new funder requirements.

Consequently, Rojas (2016) focused on the role of adaptive strategies in the survival and sustainment of the NPOs that lead to conclude that Rojas did not promote a particular adaptive approach as an outcome of the study. Rojas did not convince the readers to take a specific strategy to lead their organizations for sustainability except the presentation of which adaptive strategies that helped the sustained NPOs survive the economic recession time, in which the strategy focused on the diversity of adaptive strategies, and the role of the leadership of these NPOs in continuing their efforts to move from one strategy to another, which Rojas presented as means of diversifying the leadership decisions to meet the continuous changes of the economic recession.

While the diversity had several coverages in the literature for strategic resource development of the NPOs, Arcuri (2014) focused on a sustainable revenue generation system that was specific to the nonprofit institutions of higher education (NIHES). Thus, the business idea for revenue generation system was tailored to meet this group of the NPOs, which suggested a limitation concern for generalizing the concept to other areas of NPOs. Therefore, the proposed system was set to meet a sector of nonprofits that were already established, unlike the newly established NPOs. Moreover, the study outcome did not include an establishment of a business entity as a sustainable solution for the nonprofit organizations; rather it provided a grounded theory that focused on involving all system components of the organization to working together to achieve a sustainable status for generating revenues. “The study’s findings theorize that a sustainable revenue generation system must continually include, and respond to, the multidirectional interactions of all system components as they change over time, including businesses.

The result of the multidirectional connectivity between all of the system components was increased revenue for NIHEs and reduced student and government-funded tuition” (p. n.d.).

The literature also contained other ideas for strategic resource development that relied on sustainability as the goal for these approaches. McDonald et al. (2015) set the purpose of the study to offer “a sustainability-based typology” and similar strategies to sustain the financial goals of the nonprofit organization. McDonald et al. believed that the proposed typology identified several strategies to achieve organizational sustainability of nonprofit organizations. Thus, McDonald et al. did not provide a specific strategy for the nonprofits to follow to achieve sustainability. Rather, McDonald et al. provided general thoughts that the leadership of nonprofit organizations may assess the proper steps to enhance the organization’s revenues and, as a result, achieve organizational and financial sustainability. There were several thoughts in the study, and McDonald et al. encouraged the nonprofit managers to decide on what is suitable to fit their own NPOs’ needs.

Although these directional thoughts could be useful to a certain degree, they lack the focus on a particular strategy; McDonald et al. (2015) stated that “The proposed typology can serve managers as an analytical tool to diagnose the organization’s vulnerability” (p. 984).

The literature also included a recent study that Reese (2016) conducted about the strategic resource development for the NPOs and included several general directions to the leadership team of educational NPOs, and suggested that the NPOs leadership should consider certain factors that would help the creation of a sustainable resource

development plan, such as new business models, and stated that “strategies to support budget decisions which maintain organizational sustainability could include new business models for sustainability with specific programs that separates an institution from all others, the ability to adjust to meet new opportunities and reduce threats, include resources for continuous development, and exploration of new funding streams (Phelan, 2014)” (p. 19). Other suggestions included the considerations of stakeholders’ demands and desires when forming resource development plans “leadership must discover effective strategies for sustainable futures that meet the needs of all stakeholders (Christofi et al., 2012; Kettunen, 2015; Romano, 2012)” (p. 18).

Reese (2016) suggested the creation of new business models that focused on innovations and added that “community college business leaders could focus on the creation of a sustainable business model with a future focused on innovations and change that will meet stakeholder needs and incorporate business strategies (Lai, Lin, & Wang, 2015; Otara, 2015). This may include considering the effects of the changes on the faculty and staff, students, and community” (p. 19).

Focusing on innovations and considerations of the institutions’ stakeholders demands, Reese (2016) limited the new business ideas to innovations that meet the college community, which has its environment and different needs than other NPOs. Additionally, throughout the study, Reese did not generalize the sustainability business model to include all NPOs, which is an advantageous approach for the college communities; therefore, the internal considerations in this proposal were the primary for the development of resource development strategy that intended to meet the college

institutions' internal considerations. "Leadership should consider changes suggested by the stakeholders and the potential effects the changes will have to the culture of the organization" (p. 20).

The other view that may contradicted with the purpose of establishing a resource development strategy for the NPOs, which was the dependent on government assistant as the primary source of funding and a strategy that relied totally on government as Besel (2000) stated "as long as nonprofits remain dependent on governmental funding via key stakeholders for survival, the nature of an agency's director job will remain extremely political. Efforts to more effectively lobby for increased funding support from governmental and private institutions may be improved if nonprofits are able to demonstrate program successes" (p. 173).

Accordingly, as presented above, there was no specific form of resource development approach for the NPOs to follow based on the efforts that the researchers have done in this theme. The ideas that were included in the literature contained proposals of funding strategies that would lead to long-term financial capacity such as the model that Murphy (2000) proposed for obtaining funding from foundations; strategy that builds on more transparency such as the one mentioned in Kielbasa et al. (2010); Moizer and Tracey (2010) discussed the possibility of resource allocation; Franklin (2011) suggested that the strategic planning leads to mission achievement; Bowman (2011) focused on establishing long-term and short-term financial sustainability goals that would be possible through continuous efforts of generating unrestricted funds; Clark (2012) promoted the strategic thinking that would lead to endless search for alternative resources

which is a strong association between resource development and strategic thinking; Parra (2013) encouraged the continuous search for creative solutions and alternatives through education of the organizations' leadership; Horton (2013) presented a preventive approaches to escape potential financial crisis and determined that the lack of strategic planning is a significant cause of organizations' failures; Arcuri (2014) proposed a revenue generating system that was tailored for the higher educational NPOs and the proposal did not include a business entity as a sustainable solution, instead the proposal was business activities to benefit mainly the higher education NPOs; McDonald et al. (2015) discussed general thoughts that may lead to organizational sustainability; while the most recent contributions to the strategic resource development were conducted by Myser (2016) who discussed ideas on financial health of the NPOs, and Reese (2016) who discussed certain factors that may help the creation of sustainable resource development plan such as new business models that focused on innovations and exploration of new funding streams.

The most realistic proposals in the literature came from Ndoro (2007) and Rojas (2016) that focused on revenue diversification strategy and presented examples of the leadership willingness to diversify resource development approaches and models of failed organizations due to the leadership not willing to expand resources. Therefore, the core factor for success that researchers presented throughout the literature was the diversity of resources.

Additionally, although the literature contained various suggestions and varied between theoretical and practical solutions to build successful strategic resource

development plans for organizations in general and the NPOs in particular, yet there was nothing related directly to the newly established NPOs. Therefore, this study would benefit from the thoughts that the literature contained, at the same time, the contribution of the research in regards to the resource development plan would provide specific directions for the newly established NPOs to adopt a new diversity approach that may advise the founders and leadership of the newly established NPOs to pursue a new business strategy that focusses on a comprehensive stand-alone business entity as a potential successful strategic resource development approach, which is the focus of the study and a valuable contribution to the literature.

### **Persistence: Continuity of Newly Established NPOs**

The discussion of sustaining the NPOs in general and the newly established NPOs that have long-lasting and needed missions, in particular, would gain more beneficial when discussing what the literature contained regarding the continuity or persistence of the organizations. The study that Adamou (2014) conducted clearly focused on business continuity management in the international level, which was related to the United Nations organization, and stated that “member states have encouraged senior management to design and implement business continuity strategies to minimize the mishandling of an internal crisis and build organizational resilience, but very few of them have actually been able to design and implement comprehensive business continuity programs” (p. 221). Although Adamou discussed an important aspect of the philanthropy sector organizations, yet the circumstances that are related to the newly established NPOs and the NPOs within the United States are different than the international level. Further,

Adamou questioned the slow progress by the international organizations in the continuity area of the strategic management and business administration and discussed some challenges that faced the international organizations in the component of business continuity and how these challenges became opportunities to help the targeted organizations. First, the business continuity required a commitment by the senior management, and the problem was concerning the ability of the senior management to obtain political support by the member states of the international organization. Secondly, senior management of the international organization relied on member states on their financial support to accomplish their duties, which made it harder for the international organizations when countries decrease their financial obligations once economic factors cause some internal economic crisis within those states. Therefore, the challenge became extremely severe because the international organization would have little or no control over their budgets.

Although the focus of Adamou's (2014) study was the international organization, it included valuable discussions and thoughts about business continuity issues in general. Adamou (2014) conducted interviews with a dozen of middle and senior managers and revealed that "business continuity has not been an area of sustained interest/concern because it is a relatively new subject and business continuity management has often been limited to contingency planning. Moreover, managers described a lack of adequate support from the senior management to actually implement business continuity strategies" (pp. 224-225). These findings would be of valuable encouragement for more studies on continuity matters and would help new researchers to focus on this area of

research to enhance the organizations' abilities for persistence and long-term sustainability.

Other scholars also discussed the continuity of NPOs. Mataira et al. (2014) discussed the continuity issue that faced the NPOs with meeting their missions. The focus of the study was on the relationship with donors, who were described as "investors" in some portions of the study. Although Mataira et al. presented an issue within the nonprofit sector, yet Mataira et al. (2014) relied on some principles that may cause the organizations to dysfunction or disappear, such as accountability, and stated that:

The reality is that funders are requiring human service programs to show value for their dollar and are calling for higher levels of accountability. There has been "movement of the needle" on social problems, and as we gravitate towards more social investing, performance will be held at a premium. Donors will want to see major impacts and even the amelioration of social problems as a return on their investment. We argue these to be mutually aligned and tangibly focused goals for long-term sustainability (Notcull & Ratcliffe, 2012). (pp. 240-241)

Additionally, Mataira et al. (2014) provided ideas for long term sustainability for nonprofit sector without taking into consideration that within this sector there are large organizations with strong financial capabilities have the ability to survive, while other small organizations, especially those that were newly established, were more likely to be affected by the economic conditions and the desire of donors. Further, Mataira et al. made a connection between the economic downturns and the continuity of NPOs to serve the public and impact the communities; thus, the association focused on the funders with

their conditions to continue their support. Yet, the connection was not clear to convince the readers with the role of the funders to save the nonprofit organizations while at the same time made their conditions to continue their support, which was a significant gap that Mataira et al. did not state although there were indications that the study contained ideas and highlights that contributed to the NPOs success “it is our hope this article not only stimulates new ideas and practices but that it contributes to a growing discourse on strategic philanthropy and non-profit social enterprise building” (p. 232).

Therefore, the discussions in the literature were apparent in presenting continuity obstacles that the NPOs faced as a result of relying solely on funders rather than being financially independent. The example of Adamou (2014) was very clear of the international organization’s subordination to the desire and economic conditions of the member states; similarly, the Mataira et al. (2014) expressed that funders may pose conditions on the NPOs anytime. As a result, the NPOs were affected by all these circumstances of the sponsors.

This study, in this scenario, would present the persistence of the newly established NPOs as a business model that would free the NPOs from being attached to sponsors’ conditions. Hence, the continuity theme in the NPOs literature did not provide a continuity model that relies on business activities rather than being followers to the desires and conditions of funders; thus, here stands the contribution of this study concerning the persistence and continuity of the newly established NPOs.

### **Stand-Alone Business Entity/Business Activities by NPOs**

The discussion of business activities by NPOs took a broad range in the literature of public policy and proposed different forms of NPOs' business practices and activities for increasing their resource development opportunities and sustaining their operations and activities. Some of those ideas discussed business activities that were conducted within the daily activities or the internal environment of the NPOs, while other forms of business activities took the partnership and/or cooperation with other for-profit entities as a possible solution for their desire of more resources; thus, there was a limited literature on the stand-alone business entities. The review of literature that is being presented in this section will take on all these forms and would make it clear of how the NPOs targeted business ideas for sustaining their organizations through diversifying their revenues to meet their missions.

Goldkind et al. (2013) discussed the justification for their study by presenting the increasing need for alternative resources at the time of increasing competition and scarce resources and evaluated a potential solution that consisted of "how three child welfare organizations banded together to create a fourth entity, The Foundation. The Foundation was founded as a vehicle for generating revenues for the partner agencies via planned giving" (p. 199). Thus, the model that Goldkind et al. evaluated consisted of a separate entity to drive the revenues for the partner organizations through planned giving. While the creation of an independent entity to generate revenues could be of positive impact on the partner organizations, the specific goal of this foundation carried a significant problem because it was limited to the planned giving method of fundraising that would be

subject to the desire of prospects and the changing economic conditions. Additionally, Goldkind et al. focused on mergers and partner relationships and networking. While this emphasis is justified for the study in general, it was not enough to convince the audience about the planned giving through a joint foundation.

Additionally, Goldkind et al. (2013) did not conduct an assessment of the efficacy of this option for partner organizations as a practical option for raising funds. There are still questions about the productivity and worthiness of the investment that the partner organizations have had in this proposed method of resource development, and since Goldkind et al. did not present an assessment information about the outcome of the project, the study would lack a solid base to generalize its experience to other organizations, which present this point as the main gap that leaves the chances to other scholars to contribute towards improvement and sustainability of nonprofits' resource development options. Further, one of the main limitations of Goldkind's et al. study is the sustainability issue that Goldkind et al. admitted that the separate entity, the foundation, would experience because this new entity would always be dependent on the stability of the partner organizations, which means that the partner organizations should have a plan for their stability in order to keep the Foundation sustained and working steadily to achieve its mission. This would present the opposite side of the equation that contradicted with the hypothetical purpose of founding a separate entity to help the partner organizations in their fundraising and resource development efforts.

A similar approach came through Dillingham et al. (2012). Dillingham et al. conducted a study to examine the slow of revenue-generating phenomena for healthcare

NPOs during hard economic times and focused the purpose of the study to learn the importance of establishing a philanthropic stand-alone entity to achieve the financial goals of the health care NPOs, which would result in sustaining the NPOs. Hence, the proposal consisted of having an independent fundraising entity to take over all resource development activities for a group of nonprofit hospitals. Therefore, there is no business involved; instead, it is a new mechanism for managing fundraising activities. Dillingham et al. discussed the need for diversifying the fundraising approaches and believed that the establishment of the stand-alone fundraising foundation would help to reach out to more prospects and may expand the revenues for the hospitals that are participating in the proposed entity. Therefore, the model that Dillingham et al. provided to increase the revenues of nonprofits was tailored for the nonprofit hospitals and maybe a good strategy for other healthcare nonprofit organizations only. If NPOs other than hospitals were interested in pursuing this model, there would be some changes to suit their different circumstances.

On the other hand, operating a for-profit business approach by NPOs took part in the literature. Clark (2012) believed that if the NPOs were able to establish their own for-profit business, they will be able to secure a steady income by their own and would be able to relieve themselves from relying on other sources that may not secure their long term resources, and added that “non-profit organizations do not have to experience the stress of fighting for a scintilla of awarded funds if they develop businesses that can earn them income” (p. 32). Additionally, Clark warned that NPOs that do not adopt this approach for resources would jeopardize their future by not having a steady income of

their own and would experience struggle from being or continue relying on external sources such as grants. This approach supported the direction towards establishing businesses without specifying how and which form of business model could be the most suitable for the NPOs. Goerke (2003) presented that nonprofit organizations need to take the step to operate “businesslike” by establishing partnerships with for-profit businesses, and by creating services and products to generate income for the organization. To achieve this level, Goerke stressed the idea of appointing a business development manager within the NPOs and made the main duties of this position was to build financial capacity through creating services and promoting products that eventually generate financial income for the NPOs. Hence, Goerke listed several examples of nonprofit organizations that took this model and promoted services and products for the purposes of generating revenues through a business development manager, and one of those example organizations created a corporate arm for their respected organization. By establishing a corporate arm, the organization applied an idea that was similar to the stand-alone business entity within the Australian NPOs environment. Further, Goerke listed multiple duties that the business development manager would be responsible for carrying that included several tasks as part of the overall organization’s work, such as public relations.

Scholars presented other business models other than the previously discussed in this study. Di Zhang and Swanson (2013) suggested the establishment of a viable business and concluded that this strategy could be viable and mutually beneficial which did not take into consideration the circumstances of the newly established NPOs that have long-lasting and needed missions. Di Zhang and Swanson (2013) insisted that NPOs

should not rely solely on government assistance and suggested to balance between social and business objectives through the establishment of viable business side-by-side to the NPO, and concluded that this strategy could support the long term sustainability goals of the NPOs, and added that “organizations that apply prudent business management practices to sustain missions focused on generating social improvements are considered to be social entrepreneurial (Swanson & Zhang, 2010). The concept of social entrepreneurship has evolved from its original focus on nonprofit entities” (p. 106). Also, Di Zhang and Swanson confirmed with other previous studies that there were few models of business-like practices within the NPOs to achieve the revenue outcome that is intended from managing ongoing business operations. Throughout the study, Di Zhang and Swanson did not promote the idea of a stand-alone business entity; the focus was on social entrepreneur model where the NPOs run a business structure and compromise between social values and business values, which Di Zhang and Swanson called it “synergy” zone.

In a recent study, Furick (2013) opposed the idea of operating a separate business by the NPOs and justified this stand by contradicting the concept of operating a business with the NPOs operations and used an example of the church to support this claim by defeating an example of establishing a franchise business and considered the idea as unacceptable by the stakeholders. Further, Furick discussed an unclear business function of the nonprofit organization that was not a separate business entity that manages the business activities for the NPOs; rather the Furick promoted for-profit business activities within the functions of the not-for-profit organization. The main idea was that Furick

(2013) proposed a model that blended the nonprofit mission with the for-profit purpose and called it “the creation of the L3C structure represents a step forward in closing the gap between for-profit and not-for-profit businesses, possibly bringing closer the huge financial resources of for-profit business and the financial needs of not-for-profit charitable organizations” (p. 69). Though, Furick promoted the social entrepreneur model in the form of L3C corporations to help the NPOs succeed with their revenue plans.

Ford and Mottner (2003) studied another model that some churches applied. Ford and Mottner proposed two approaches as business ventures for the churches to increase their financial revenues, the first was the shops that sell used clothing, and the second was the shops that sell new merchandise such as souvenir and gift items. The focus of the study was the shops that sell souvenir and gift items. Ford and Mottner (2003) stated that “American churches, like other nonprofits, are faced with diminishing financial support and have turned to alternative marketing strategies to raise needed funds. Retail stores form one of these alternative marketing strategies” (p. 337). Thus, Ford and Mottner (2003) limited the model of retailing into one particular idea that might not be the favorable approach by other organizations, “the non-charity shops, those that sell new items including mementos or souvenir items, are the focus of this research” (p. 338).

Further, from the description of the retailing stores that Ford and Mottner (2003) presented, it was clear that the stores were either adjacent to the churches, inside the churches, or within the same geographic location of the sponsoring church. Ford and Mottner did not present a business-like retailing. The idea did not sound that the proposal

of the retail shops followed any specific business plan or business intellectual ability to ultimately make the profit that any business should focus its goals into.

Consequently, Barad, Maw, and Stone (2005) encouraged the NPOs to adopt the revenue-generating business approach as a means for economic benefits that would result in sustaining the NPOs and stated that “earned income ventures hold the promise of diminishing a non-profit organization’s reliance on contributions. Moreover, these ventures appeal to a growing number of foundations and individual donors who believe that running a revenue-earning business has cultural benefits for nonprofits as well as economic ones” (p. 17). This was a positive move by the volunteermatch.org leadership that Barad et al. discussed, while the actual implementation of the idea was limited to the development of a fee-based customized version of the volunteermatch.org that had some financial benefits. Barad et al. (2005) added that “senior managers developed VolunteerMatch Corporate, a fee-based customized version of the VolunteerMatch web site that companies could host on their intranets to encourage employees to volunteer in their communities” (p. 18), which is how the mechanism of this business model was hosted and how the leadership of the Volunteermatch.org made revenues through the participated for-profit corporations.

A practical example of the business activities by NPOs was the resale shop model that some NPOs decided to adopt for their resource development. Gresock, Michael, Echols, and Smith (2006) studied the example of Habitat for Humanity organization that pursued the idea of re-selling building materials and making profitable revenues. This example was one of the successful approaches to achieve sustainability through the

practices of a profitable business model. Gresock et al. (2006) indicated that “ReStores are examples of how an organization can attempt to achieve a “triple bottom line” (Willard 2002) result by seeking not just economic success, but also social/ethical, and environmental results” (p. 41). This model showed success, and the Habitat for Humanity still practicing the same model to date; hence, this approach was not a separate entity from the organization to generate steady financial revenues, rather it was within the NPO itself and part of its own daily practices, in which this practice helped Habitat for Humanity towards its aim for sustainability in its operations and revenues. Further, the Habitat for Humanity business model could be similar to other social entrepreneurs rather than the stand-alone business entity that is exclusively separate from the NPO operations.

Business practices were not limited to resale ventures or internal business operations within the NPOs, Foster and Bradach (2005) presented a study on business ventures and other revenue-generating activities that NPOs established to boost their revenues, and offered several examples in this regard, especially from NPOs that established hospitals and commercial kitchens to make revenues, and stated that “it is clear that there has been a significant increase in the number of nonprofits considering, investing in, and launching ventures, and the press has helped create the impression that these enterprises are contributing substantial profits” (p. 94). Further, Foster and Bradach raised concerns about NPOs’ mission and how it may contradict with business practices. Although the study presented discussions about business ventures, yet the discussions were limited and not detailed especially that the impression was to expect detailed model and blueprint to other NPOs in regard to pursuing business ventures for sustaining the

NPOs “many foundations have been zealously urging nonprofits to become financially self-sufficient and have promoted earned income as a means to "sustainability"” (Foster & Bradach, p. 94).

Additionally, while the discussions in the study took part in sustaining the NPOs through pursuing business ventures, yet there was not much elaborating on this point, and the readers may not comprehend the mechanism on applying the idea into a practical approach. There was no specific mentioning to statistical data to support Foster and Bradach (2005) justification for the idea of business ventures for boosting NPOs revenues and applying long-term sustainability strategy.

With this presentation of various business practices that were conducted by or on behalf of the NPOs, it appeared that the idea is still in the developing stage and the NPOs over the past twenty years were creative and tried different possible business models. Ford and Mottner (2003) presented a model that sells new merchandise by churches and within the church premises, which is a very similar model to Di Zhang and Swanson (2013) model that constituted of a “Synergy” area where the NPOs operate a mission-focused side-by-side viable business, and Furick (2013) opposed the idea of a separate business by NPOs and presented a for-profit business activities model as part of the NPOs operations. Also, the model of Gresock et al. (2006) on the Habitat for Humanity was not a separate entity from the hosting NPO. Though, the other type of business activities was the establishment of business ventures, such as the study that Foster and Bradach (2005) and Barad et al. (2005) presented and consisted of establishing business ventures to generate revenues for the hosting organization. Another model by Goerke

(2003) was to have the NPOs operate a businesslike through partnering with for-profit businesses and providing revenue-generating services and products within the NPOs. Additionally, Goldkind et al. (2013) and Dillingham et al. (2012) presented the stand-alone philanthropy to practice the fundraising activities on behalf of the partnering organizations. Finally, the model that Clark (2012) proposed that consisted of the establishment of a for-profit business while there was no specific business model that Clark suggested.

With a clear picture of all business-related activities that were available in the literature of public policy, there was no agreement on which business model or activity that may satisfy the revenue goals of the NPOs, besides, the idea was relatively new since what the literature presented were arguments and discussions that were dated to the past twenty years, with most studies were conducted in the past few years only. The question that exists is that where the new research could be placed within the context of business activities of the philanthropy sector?

It was also clear that the NPOs practices of business activities were not among the newly established NPOs that have long-lasting and needed missions, instead, the examples that were presented throughout the literature were about established NPOs with a decent amount of years in existence. Therefore, the new research focused on examining the separate business entity, which is the stand-alone business entity and is owned by the hosting newly established NPO. Specifically, the literature as presented in this chapter had no contribution of the newly established NPOs' business practices as stand-alone business entities, which this study would be the first of its kind to promote this model and

add to the literature a potentially successful business model that other newly established NPOs may adopt once they decide to explore the diverse revenue-generating model through the practices of stand-alone businesses.

### **Literature on Methodology and Instrumentation**

The literature of the public policy revealed that the researchers pursued different methodologies in dealing with similar issues. Although the literature review process should focus on the most recent contributions of scholars and researchers in the various themes that were included in this chapter, yet it was more beneficial to include contributions that were dated back to the last decade or more to learn how the process started in regard to business practices and how the NPOs' leadership developed their methods over the years, and which research designs and instrumentation have been used in these studies.

For the research theory, resource dependence theory, most of the researches that utilized the RDT were in the past ten years. Da Silva Themudo (2004) applied qualitative and comparative case study research design to evaluate the NPOs autonomy and self-control of their decisions, while Warm (2004) applied quantitative method with survey instrument to collect data about NPOs in the Kansas City metropolitan area and stressed the importance of understanding how the RDT constructs were being applied to achieve more understanding on the internal and external environments that affected the organizations' decisions. Further, Seo (2011) applied a quantitative approach with multiple data analytic techniques to evaluate several elements of the RDT and stressed the concept of diversity to reach strong resource dependency status. Allen (2013) applied

quantitative method with cross-sectional five-point Likert scale survey instrument in an attempt to determine how multiple constructs of the RDT correlated to vulnerability of the NPOs, while in the same year Burger and Owens (2013) applied a quantitative methodology with a two-module survey design to investigate the survival of the NPOs as the RDT aims to rely on outside environments. Thus, the most recent study that utilized the RDT in connection to the NPOs was Akins (2015) that applied the quantitative method with multiple regression analysis to investigate the impact of the RDT on NPOs sustainability.

On the sustainability of NPOs, the studies that were presented were mainly within the last five years range with the exception of Seel (2007) who utilized a qualitative grounded theory method with focused interviews with senior representatives of NPOs, also more recent study that Shrivastava and Berger (2010) pursued exploratory qualitative approach to present a descriptive presentation about the principles of sustainability. Hume et al. (2013) also utilized the qualitative method with interviews and observational data to explore the principles of garden sustainability. Finally, Reese (2016) conducted a qualitative multiple case study and interviewed managers of the NPOs to determine the feasibility of achieving sustainability through new business ideas.

The studies that were conducted on the explanations for demise, closure, or disappearance of the NPOs, researchers presented variety of contributions since more than two decades, such as Hager et al. (1996) study that utilized qualitative methodology and conducted interviews to understand the perspectives of the interviewees on the reasons that led the NPOs to disappear or demise. Also, Hager (1999) conducted another

qualitative study with survey instrument to explain the failure or demise of the NPOs, while Hager et al. (2004) executed quantitative face to face interviews with executive directors or operating officers of the NPOs to determine the effect of the organization's age on its disappearance or demise. Finally, Bennett (2016) utilized the quantitative multiple regression and surveyed heads and ex-heads of small NPOs.

The literature that contained studies about the strategic resource development planning also included various methods and instruments. Besel (2000) conducted a qualitative multiple case study and utilized the survey and interview tools to study seventeen youth service bureaus to learn the potential factors impacting the survival of the youth bureaus. Similarly, Murphy (2000) conducted a qualitative case study to determine how start-up NPOs would be able to execute a successful strategic plan and focused the study on the local organizations in Napa, California. Nodoro (2007) utilized the mixed method approach to gain more insights for the study that employed survey, Likert scale measurement, Pearson's correlation, and multiple regression analysis to examine the revenue diversification as a factor for sustaining intermediary NPOs. Kielbasa et al. (2010) conducted the study based on qualitative case study approach to learn the impact of the great recession on the NPOs operations and capacity to survive and relied on secondary data from multiple qualified resources. On the other hand, Franklin (2011) utilized the quantitative approach with surveys and Balanced Scorecard and Likert scale instruments to measure the relationship between strategic planning and organizational performance of the NPOs. In a more recent study, Horton (2013) utilized the qualitative methodology and collected data through interviews, discussions,

observations, and survey submissions to report on strategic planning and its relationship with the cause of NPOs failure. Arcuri (2014) favored the qualitative grounded theory method and applied theoretical sampling with a multiphase design that involved sequential and concurrent stands in studying the sustainable revenue generation system for the institutions of higher education. While McDonald et al. (2015) conducted qualitative typologies to improve understanding and clarity of the sustainability-based strategies to sustain the financial goals of the NPOs, and Rojas (2016) utilized the qualitative case study and semi-structured interviews with seven leaders and managers of four small and medium NPOs to study the diversity of resources and the role of this strategy in demise or failure of NPOs. Finally, in this theme, Myser (2016) conducted a quantitative study and reported descriptive statistics and ordinary least squares regression as an instrument to test three different studies that were integrated into one study to evaluate the financial health of selected NPOs.

On the stand-alone business entity, the literature presented fewer studies than other themes. Ford and Mottner (2003) conducted a qualitative exploratory research and used the survey to report on ninety-eight churches with business operations, while Gresock et al. (2006) favored the quantitative method and applied multiple surveys to collect data from Habitat for Humanity and followed up with postcards and phone calls to study the model of re-selling materials and to make profits for the benefit of the NPO. Goldkind et al. (2013) conducted a qualitative exploratory study to learn the key constituents' perspectives on creating and operating a stand-alone joint organization to carry out fundraising activities to benefit the partner NPOs. Finally, Di Zhang and

Swanson (2013) conducted a quantitative study and utilized telephone interviews to examine the possible establishment of viable business and probable benefits to NPOs.

Accordingly, review of the literature did not show a particular methodology that was utilized in studying different phenomenon in the public policy and particularly the NPOs, rather, there were multiple methods, even the instruments that were used were not the same in all studies, which made the possibility to use any instrument viable as long as it suffices the needs to test the research questions. Further, the quantitative methodologies were more precise in presenting certain arguments since the numbers' language would give firm and direct answers to research questions, which would be my choice of design for the study.

### **Summary and Conclusions**

The public policy literature maintained a broad range of studies that contributed to several themes that were included in this chapter such as sustainability, organizations' demise or disappearance and the circumstances that led them to demise, resource development strategies, persistence of NPOs, stand-alone business entities and other business practices of NPOs, and the resource dependence theory.

Throughout the literature, the study of stand-alone business entities as a potential contributor to the NPOs strives for sustainability was very limited. In some instances, the targeted studies were very recent, which supported the move to conclude that the study of the role of businesses in sustaining the NPOs, in general, is relatively a new area of interest. Nevertheless, some organizations have been less than five years in existence that

did not get the proper attention concerning the role of business practices for the aim of sustaining their operations and revenues.

Consequently, while exploring the literature on different themes, specific approaches had more trends, and on the top of these trends came the concept of diversity, or diversification of revenues. This concept was apparent in the exploration of sustainability of NPOs. Although the literature discussed the diversity concerning organizations and NPOs in general, the newly established NPOs that have long-lasting and needed missions may be of connection with diversity once the leadership of the NPOs decided to build the structure of their sustainability plans. Also, it might be concluded that it is not possible to conduct a study on the sustainability of newly established NPOs without considering the role or place of diversity in the development of plans to achieve this goal.

Further, the literature on strategic resource development included discussions on the diversity as a core concept to build a strategic resource development plans for the NPOs; hence, researchers over decades maintained several deliberations on the values that diversity concept brought to the success of almost every strategic resource development plan. Similarly, the resource dependence theory, which was the framework for this study, insisted on diversity to resist dependency effects and to help the NPOs succeed with their business practices as the approach for achieving sustainability.

Therefore, it is more likely that this study has a place that was not explored in the literature, which is the study of the separate business entities for sustaining the newly established NPOs that have long-lasting and needed missions. The literature did not have

this particular phenomenon although, as stated in reviewing the literature in this chapter, there were business practices of various forms in connection with the NPOs regardless of their age or size, nonetheless there were no studies that touched the newly established NPOs with the role of separate business entities for sustaining the organizations' operations and services. This is the place of this study in the public policy literature.

### Chapter 3: Research Method

The sustainability of nonprofit organizations has been a matter of concern because the establishment of new organizations is meant to meet increasing community needs and demands to resolve various issues that the societies may have. The sustainability of newly established NPOs is critical to achieve the long-term purpose of creating more organizations. Data that was obtained from the IRS (2016) showed an increasing number of newly established NPOs close or discontinue during the first 5 years of their existence. The purpose of this quantitative study was to explore whether the presence of a strategic resource development plan and/or the establishment of stand-alone business entities influences the persistence of newly established NPOs that have long-lasting and needed missions.

The research questions of the study were formulated to address the desire of newly established NPOs to achieve sustainability through the adoption of resource development plan and the establishment of the stand-alone business entities. The research questions addressed the possibility or capability of newly established NPOs to formulate a strategic approach and a new business model that may sustain this category of NPOs.

This chapter includes a discussion of the research methodology for the study. The research approach that was used was a survey method with the causal-comparative design. I examined the influence of strategic resource development planning and stand-alone business entities on the sustainability and persistence of newly established NPOs. To achieve statistical outcomes, I compared the responses of two groups of NPOs. The first was NPOs that disappeared or closed within the first 5 years of their existence, and

the second group was NPOs that were still active and survived the challenges that come with the startup circumstances of NPOs. The comparison was conducted determine whether strategic resource development planning influenced the organizations' sustainability, and whether the implementation of stand-alone business entities influenced the sustainability of newly established NPOs.

This chapter include a discussion of the participants along with the sampling strategy used to determine the units of analysis, the setting of data collection, and how the communications with the participants took place. I also discuss the instrumentation or measures that were used and the rationale for using or not using a validated instrument based on the structure of the research questions. I explain how data were collected and the detailed procedures that were employed to reach an acceptable sample size of responses from participants. Finally, I describe the statistical analysis procedure, inherent limitations of the research design, and ethical considerations of the study.

### **Research Design and Rationale**

I used the causal-comparative design because it involves the use of preexisting groups. In this study, preexisting groups included sustained NPOs that had been in existence for more than 5 years and were still active as of the date of the study, and NPOs that did not survive beyond 5 years of existence. The assigned groups enabled me to explore the differences between the groups regarding factors related to sustainability. According to Brewer and Kuhn (2010), "the researcher's goal is to determine whether the independent variable affected the outcome, or dependent variable, by comparing two or more groups of individuals" (p. 124).

I used the resource dependence theory (RDT) as the theoretical framework for measuring NPOs' sustainability. The application of the diversity approach, which is one of the primary constructs of the RDT, may be used when building a strategic resource development plan for the organizations and measuring the establishment of stand-alone business entities as part of the diversity approach of the resource development plan, through which the NPOs are expected to resist dependency on external resources to achieve sustainability. Therefore, sustainability, strategic resource development planning, and the stand-alone business entities were examined. The goal of the study design would be examining the role of stand-alone business entities in sustaining the newly established NPOs through the application of a strategy that would utilize the diversity construct of the RDT as the main pillar of the strategy.

### **Methodology**

This research has been built on the philosophy that focused on tackling the problems that affected the newly established NPOs' capabilities to remain sustained and meet their designated missions throughout promoting new and diversified resource development approach. The NPOs' capabilities to continue their existence is associated primarily with their abilities to acquire financial resources and maintain or keep those resources through a successful strategic resource development planning to keep the flow of funds uninterrupted for the long run. Therefore, the research methodology was enlightened by the constructs of the resource dependence theory, mainly, the diversification of resources that the RDT promoted for building anti external dependent organizations.

Primarily, the NPOs are entitled to solicit for grants and donations from a wide range of prospects and grantmakers, nonetheless when it comes to the newly established NPOs, the eligibility requirements could be ruled with more strict and lengthy procedures that may disqualify the newly established NPOs that have long-lasting and needed missions from being successful in their desire for resources. Therefore, the short timing in the newly established NPOs' existence forms a critical obstacle in the NPOs' desire for resources, and as a result, it creates a strong influence in building their planning structure that relies mainly on identifying new approaches of resources through diversifying their resource development strategy.

Employing the diversification construct of the resource dependence theory for this research meant that the approach for the newly established NPOs that have long-lasting and needed missions might open plentiful opportunities and ideas that aimed to help the newly established NPOs to achieve sustainability, nonetheless for this research, there was one approach to help newly established NPOs that have long-lasting and needed missions achieve their resource goals, and as a result, become sustainable organizations, which was the establishment of stand-alone business entities that was not applied before, or was not practical as it was discovered in this study. Therefore, applying the diversification construct of the RDT focused on this new approach that previous research was limited in this direction although the business method of resources in the NPOs was previously adopted by various NPOs, such as the studies that Clark (2012), Goerke (2003), Di Zhang and Swanson (2013), Ford and Mottner (2003), Barad et al. (2005), and other researchers.

It is this model, the stand-alone business entities, that was not explored before and was the focus of diversifying the resources of the newly established NPOs.

### **Population**

The participants in the study consisted of representatives of two different populations of the 501(c)(3) charitable NPOs in the United States, and both subpopulations formed the overall population that was utilized to generate the sample as for the unit of analysis. The first group consisted of the 501(c)(3) NPOs with long-lasting and needed missions that have disappeared or discontinued operations within the first five years of their initiation, and the second group consisted of the 501(c)(3) NPOs that have been more than five years of existence and still active in the societies that they serve in order to establish association/correlation among the variables used in the study. The two groups for comparison in the Causal-Comparison design were the NPOs that were sustained for more than five years and are still active as of the date of this study, and the second group contained the NPOs that have long-lasting and needed missions and disappeared within the first five years of their existence. By comparing the responses from both groups, the significant difference would indicate that the independent variables, which are the strategic resource development plan and the stand-alone business entity, may significantly relate to the dependent variable, the sustainability of the NPOs.

### **Sampling and Sampling Procedures**

For the sampling purposes, the study utilized a systematic sampling design which “consists of selecting every  $K$ th sampling unit of population after the first sampling unit is selected at random from the total of sampling units” (Frankfort-Nachmias et al., 2015,

p. 151). The first selection would be generated based on any random process that is expected to give a number to rely on for the systematic sampling of the rest of the population, and warrants “the probability of each sampling unit’s inclusion in the sample in a single draw from the population” (Frankfort-Nachmias et al., 2015, p. 150). Also, in order to define the sample size, I used three factors to help specify the most appropriate sample size for this quantitative study, which were the statistical power .80 in order to detect a real relationship between the variables, alpha .05 which was the more substantial value that produced more power, and the estimated effect size that indicated how strong the relationship between the variables, and here, Burkholder (n.d.) suggested a medium effect size of .50, since it would generate a reasonable number of participants, therefore, using this effect size to compute the correlation between the variables of the study sufficed the need to decide the suitable sample size.

Accordingly, for the first subpopulation, the discontinued or closed NPOs that have long-lasting and needed missions within the first five years of their existence, the population in the United States is estimated 12,155 NPOs based on information obtained from the IRS (2018) and NCCS (2018), nonetheless, for the purpose of generating reasonable number of discontinued or closed NPOs that have long-lasting and needed missions to represent the national population, I limited the study to the NPOs that were located within the major three southeast Michigan counties; which are Wayne, Oakland, and Macomb, therefore, the sample size was 28 for a total population of 189 discontinued or closed NPOs that are located within the three counties in the state of Michigan. Thus, since the response rate is expected to be around 24% (Allen, 2013), the total number of

the sample size to contact would be at least four times the required minimum units of analysis for this subpopulation, which is 112 discontinued or closed NPOs. Therefore, the probability that each sampling unit in the population included in the sample was  $112/189$  or 0.592 (59%) of the total population in the three southeast Michigan counties. For this subpopulation, I ran a randomizer to select which record to start off in order to generate 112 NPOs out of 189 of the total population.

Similarly, for the second subpopulation, the NPOs that have been more than five years in existence and are still active serving their communities as of the date of this study, the population is estimated 48,415 NPOs nationwide based on information obtained from the IRS (2018) and the NCCS (2018), nonetheless, for the purpose of generating reasonable number of sustained NPOs to represent the national population, I limited the study to the NPOs that are located within the major three southeast Michigan counties; which are Wayne, Oakland, and Macomb, therefore, the sample size was 28 based on correlation table (Burkholder, n.d.) for a total population of 514 sustained NPOs that are located within the three counties in the state of Michigan. Thus, since the response rate is expected to be around 24% (Allen, 2013), the total number of the sample size to contact would be at least four times the required minimum units of analysis for this subpopulation, which was 112 sustained NPOs. Therefore, the probability that each sampling unit in the population included in the sample was  $112/514$  or 0.217 (22%) of the total population. Accordingly, for this subpopulation, I ran a randomizer to determine the start number in the list of records, and it came up with the number 3. Therefore, the first

record was number 3, the second record was 6, and so on until I reached 112 potential participants from the sustained NPOs.

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

The study utilized the survey method to collect data since this is an original topic that focuses on the newly established NPOs that have long-lasting and needed missions. Hence, there was no secondary data from any source, except the listing of 501(c)(3) NPOs that were available from the IRS (2018) and the NCCS (2018) as sources to determine which NPOs that met the criteria for research and contact the sample listing to generate the data for testing. The IRS (2018) provided several updated files about the discontinued or closed NPOs and the current active NPOs as well.

The files from the IRS (2018) included valuable fields such as the address of each organization, country since there were other NPOs located outside of the United States, the exemption type since there were other organizations have different exemption classifications than the 501(c)(3) charities, the revocation date for the discontinued or closed NPOs that provided the date when the NPOs have been automatically revoked by the Internal Revenue Service, the level of NPOs which provided a classification as public charity (PC), and the rule date that provided when any NPO was officially recognized as a 501(c)(3) public charity organization. All those fields were essential to run a few queries to extract all the records from the IRS (2018) discontinued or closed NPOs' and active NPOs' files that met the criteria for the study.

The initial step was to determine which NPOs met the criteria as the potential population for the study. For this purpose, the focus of the query was on the country to

ensure that the NPOs were within the United States, the exemption type 3 and level (PC) which reflected the 501(c)(3) public charity NPOs, and the exemption and rule dates to ensure the NPOs were incorporated and discontinued or closed within the last five years. Further, for the sustained NPOs, the focus was on running the query to select the NPOs that have been more than five years since their incorporation, nonetheless not more than ten years, and were still active as of the date of the study.

Consequently, I mailed an invitation letter, which is included as Appendix D in the study, to 112 discontinued or closed NPOs and 112 sustained organizations to explain the scope of the study and respectfully requested from the representatives of the selected NPOs to voluntarily participate in the questionnaire. The contact information that was available from the IRS (2018) about each NPO did not include electronic methods, except the physical and/or mailing address of the NPOs, therefore, the initial letter of invitation asked the interested participants to send the researcher an e-mail, and I responded by sending an actual link to complete the online survey along with the informed consent form. Once the potential participant sent back an e-mail to participate, I responded with a unique link to the survey and informed consent form. After approximately ten days, there was a follow-up e-mail to remind the participants with the survey; then after another ten days, there was another follow-up e-mail if no response or if any portions of the survey determined to be incomplete. Further, if any other means of communications became handy, such as phone numbers, I followed-up through the phone numbers available as a final attempt to reach out to the participants and follow-up on the progress of the survey. Thus, there were various procedures to protect the collected data and ensure that there

was a back up to all responses and limited the access to the data to the researcher only. Additionally, it was anticipated that the duration of time that all steps to collect data was approximately 30-45 days.

Finally, as a kind appreciation and to convince the participants to make the efforts, come forward and engage in completing the online survey, I offered an electronic copy of the dissertation once completed, and provided a gift card that is valued \$25 to each participant.

### **Instrumentation and Operationalization of Constructs**

The five constructs of the data collection form, which is a researcher-developed survey, which is included as Appendix C in the study, addressed the variables that the study use to answer the research questions, and those variables were the strategic resource development plan, the stand-alone business entity, and the sustainability of the NPOs. Therefore, the researcher-developed survey included a section of background questions that consisted of a list of selections to the participants to choose from to identify the capabilities and representation of the participants besides gaining some knowledge of their respected organizations, and a second section to determine which current or past fundraising approaches that the organization practiced to assess which fundraising approaches were in place and to learn if any commercial activities were among the resource development strategy of the organization, and there were other three sections that I designed based on Likert scale to address the three variables of the study. It is essential to realize that the Likert scale “is a method designed to measure attitudes.” (Frankfort-Nachmias & Nachmias, 2008, p. 422). Accordingly, the Likert scale was more

suitable for this research since the focus was on an issue that required measuring attitudes of stakeholders.

Accordingly, the following tables linked the research questions of the study to the specific scales that were included in the survey instrument and the rationale for using those scales to measure the attitudes of the NPOs representatives:

For the first research question, which focused on the presence of strategic resource development planning, the following scales were incorporated in the survey:

Table 1

*Scales in the Survey to Measure Attitudes on the Presence of Strategic Resource Development Planning*

Scale Sequence	Scale
Section III, A	This sub-section included fifteen questions of dichotomous scale (with possible answers YES or NO) to assess the organizations strategic resource development background practices.
Section III, A, 1	This question focused on the development of a resource development plan.
Section III, A, 2 & 3	The consultants and fundraisers role in the resource development process.
Section III, A, 4, 5, 6, 7, & 10	The actual hands-on application of strategic planning techniques.
Section III, A, 8,	The internal organizational environment applications that showed the NPOs' capabilities to steward the fundraising processes.
Section III, A, 11, 12, & 13	The NPOs' capabilities to apply cultivation processes.
Section III, A, 9, 14, & 15	The ongoing evaluations of any internal strategic processes and fundraising vehicles to show the leadership awareness and strategic thinking capabilities.
Section III, B	This scale determined the timing of the existence of strategic resource development plan, if any, which would point out whether the existence of strategic resource development plan played a role in sustaining the NPOs and in which period of the NPOs' lifetime.

*(table continues)*

Scale Sequence	Scale
Section III, C	This scale measured the quality of the existed resource development plan with a corresponding scale value 1-5 to measure the participants' attitudes towards the resource development planning of their respected organizations.
Section III, D	This is a dichotomous scale (Agree, Disagree) that measured six different possible reasons for the absence of strategic resource development planning at the subjects' respected NPOs.
Section III, E, 1	This scale measured the level of agreement on the presence of a strategic resource development plan as a factor that supports the organizations' long-term sustainability, with options listed as: Strongly Disagree, Disagree, Undecided, Agree, and Strongly Agree, and associated with a corresponding scale value 1-5.
Section III, E, 2	This scale measured the level of agreement on the absence of a strategic resource development plan as a main reason for NPOs discontinuity, with options listed as: Strongly Disagree, Disagree, Undecided, Agree, and Strongly Agree, and associated with a corresponding scale value 1-5.
Section III, E, 3	This scale measured the level of agreement on the nonprofits' survival as it is contingent upon the ability to acquire and maintain new resources, with options listed as: Strongly Disagree, Disagree, Undecided, Agree, and Strongly Agree, and associated with a corresponding scale value 1-5.

For the second research question, which focused on the practices of commercial activities and the stand-alone business model, if it existed with the sample organizations, the following scales were incorporated in the survey:

Table 2

*Scales in the Survey to Measure Attitudes on the Commercial Activities and Stand-Alone Business Entities*

Scale Sequence	Scale
Section IV, A	This sub-section included nine questions of dichotomous scale (with possible answers YES or NO) to assess the organizations' commercial/business background practices.
Section IV, A, 1, 2, & 4	These three scales assessed if the organization ever considered the commercial activities model for fundraising purposes.

*(table continues)*

Scale Sequence	Scale
Section IV, A, 3, 5, & 6	These three scales assessed three different business activities models that the organization may or may not applied for raising funds.
Section IV, A, 7	This scale measured whether the organization ever founded a separate commercial for-profit entity.
Section IV, A, 8	This scale measured whether the organization ever collaborated with for-profit businesses to generate revenues for the organization.
Section IV, A, 9	This scale measured whether the organization ever formed joined entity with other NPOs to practice commercial activities to raise revenues.
Section IV, B	This sub-section contained ten scales that measured the level of agreement of the participants on specific commercial practices with options listed as: Strongly Disagree, Disagree, Undecided, Agree, and Strongly Agree, and associated with a corresponding scale value 1-5.
Section IV, B, 1	This scale measured the level of agreement on the increasing importance of commercial activities for NPOs as a source of revenue.
Section IV, B, 2	This scale measured the level of agreement on the role of commercial activities on advancing the resource development goals of the NPOs.
Section IV, B, 3	This scale measured the level of agreement on the role of commercial activities on supporting the NPOs' desire for long-term sustainability.
Section IV, B, 4	This scale measured the level of agreement on the level of importance of the commercial activities as other sources of revenues for the NPO.
Section IV, B, 5	This scale measured the level of agreement on the role of commercial activities in helping the NPOs become less dependent on external resources.
Section IV, B, 6	This scale measured the level of agreement on the role of commercial activities on decreasing the possible risk of discontinuity.
Section IV, B, 7	This scale measured the level of agreement on the role of stand-alone business entities in increasing the NPOs' financial stability.
Section IV, B, 8	This scale measured the level of agreement on the role of stand-alone business entities in increasing the NPOs autonomy, which reflected the level of organizations' strength and self-reliance as a result of applying the stand-alone business entities model.
Section IV, B, 9	This scale measured the level of agreement on the role of stand-alone business entities in increasing the NPOs unrestricted funds, which reflected more freedom for NPOs' allocation of revenues.
Section IV, B, 10	This scale measured the level of agreement on the role of commercial activities on the NPOs as to become more self-regulated entities.

For the dependent variable, sustainability, the survey instrument included a section with the following eleven scales, with options listed as: Strongly Disagree,

Disagree, Undecided, Agree, and Strongly Agree, and associated with a corresponding scale value 1-5:

Table 3

*Scales in the Survey to Measure Attitudes on the Sustainability*

Scale Sequence	Scale
Section V, 1 & 2	These two scales measured the level of agreement on whether the organization achieved sustainability either within the first five years of existence or was able to become financially sustained during the life of the organization. This was more likely self-evaluation to the organizations' overall sustainability.
Section V, 3	This scale measured whether the presence of a strategic resource development plan played a significant role in sustaining the organization.
Section V, 4, 5, 6, & 7	These four scales measured whether the revenue diversification, as one of the constructs of the resource dependence theory, helped the organization to become more financially stable, and organizational longevity would be more viable.
Section V, 8	This scale measured whether the reliance on external resources affected the organizations' long-term sustainability during the economic uncertainty.
Section V, 9	This scale measured whether the commercial activities may significantly increase the organizations' chances to become financially sustained.
Section V, 10	This scale measured whether the stand-alone business entities, as an approach of revenue diversification, may help the NPOs to become financially sustainable.
Section V, 11	This scale measured whether the absence of a strategic resource development plan played a significant role in discontinuing the organization.

For the association between variables, the study utilized the chi-square test of independence to measure if there was a reliable difference between the observed and expected frequencies for the two groups of NPOs, and the responses of the participants were quantitatively analyzed. According to Frankfort-Nachmias et al. (2015) "chi-square is a general test designed to evaluate whether the difference between observed

frequencies and expected frequencies under a set of theoretical assumptions is statistically significant” (p. 417). Hence, I benefited from this method to determine whether the stated null hypotheses would be accepted or rejected based on the outcome of the chi-square test measure.

Further, the instrument used in this study was considered a researcher-developed instrument, which consisted of the development of the survey questions and determined the options that the participants will choose from. In this regard, the question of validity for this researcher-developed instrument existed; therefore, the instrument has been validated by Expert Panel or Subject Matter Experts (SMEs) in the nonprofit academic field, and their responses and reviews on the researcher-developed survey were attached as Appendix I.

### **Data Analysis**

Consequently, the data was originated through the survey questionnaire and coded initially in an excel spreadsheet. Then, it was converted to the Statistical Package for the Social Sciences – IBM SPSS Version 25 data file. The specific testing procedure in IBM SPSS Version 25 was the chi-square test to analyze the data from the survey questionnaire. The study contained two groups for comparison, which made the chi-square test suitable for this kind of research. According to Frankfort-Nachmias et al. (2015), “researchers most often apply the chi-square test to problems in which two nominal variables are cross-classified in a bivariate table” (p. 417). Accordingly, the study aimed to determine whether there was a significant relationship existed between the

independent variables, resource development planning and stand-alone business entities, and the dependent variable, sustainability of the NPOs.

The benefits of using the chi-square test procedure in the IBM SPSS Version 25 for this study was that it expected to provide statistical figures to show whether there was a relationship between two categorical variables (Field, 2013) for each scale in the survey for the two groups. Therefore, the chi-square test procedure showed whether a statistically significant difference between the two groups, which were the sustained NPOs and the discontinued NPOs within the first five years of their existence, existed and helped to consider or reject the null hypotheses. Further, the IBM SPSS Version 25 provided capabilities such as graphs and figures for this procedure, which helped to give a visual presentation of the statistical analysis of the data that is relative to the two research questions.

Another procedure that I expected to run was the descriptive statistics to help obtain some figures that “enables us to present the data in a more meaningful way, which allows simpler interpretation of the data” (Laerd Statistics, 2018).

### **Threats to Validity**

This study employed a researcher-developed instrument to help answer the research questions and to test the hypotheses. With this being stated, the wording of the survey questionnaire was carefully positioned to help generate reliable data from the potential participants who were the official representatives of the NPOs. Since the reliability of the data relies mainly on the participants’ adherence to the ethical practices of honesty and understanding to the aim of the study, I had no control of the other side of

the process which consisted of the setting and actual hands-on while answering the survey questions. This process relied mainly on electronic and distance communications that had potential violations to the self-discipline and commitment to the instructions while answering the survey questions.

Although the potential participants were the senior representatives of the selected NPOs, and the initial assumption was that they have a solid knowledge of their respected organizations, yet the responses were limited to the participants' interpretation and understanding to the constructs of the survey questions.

One of the main threats to the validity of the causal-comparative design is that it lacks randomization and inability to manipulate independent variables. According to Schenker and Rumrill (2004) "without the ability to manipulate the independent variable or randomly assign participants to groups, the causal-comparative research cannot conclude with certainty what effect the independent variable had on the dependent variable" (p. 118). Therefore, the conclusion of this design may lead to determining the difference between the groups in the study concerning that variable, rather than causation. Accordingly, the internal validity of the causal-comparative design cannot be guaranteed because "participants' group membership and levels on other variables exist prior to the study" (Schenker & Rumrill, 2004, p. 119), and by close look at the two groups for comparison in the study, both groups had their members and their current status, sustained and discontinued, prior to the start of the study. Therefore, I could not be certain that the independent variables, which are the resource development planning and

the stand-alone business entity, and the dependent variable, sustainability, were significantly related.

Consequently, since the internal validity of the causal-comparative design was difficult to guarantee, the external validity became more critical and I became more responsible for increasing efforts towards establishing a more solid external validity to weigh back the concerns that came from the internal validity. According to Schenker and Rumrill (2004) “external validity is best established by randomly selecting participants for the research sample from the larger population and by securing the largest sample possible” (p. 119). Hence, the sampling strategy that was employed for this study followed a systematic random selection of participants and maximized the most possible representatives for the two groups in comparison.

### **Ethical Procedures**

The most highlighted ethical issue that any study may have is the possible conflict of interest that may cause alteration to the facts that the participants are expected to present. In this regard, the way that the survey questionnaire was designed did not appear to lay grounds for potential conflict of interest by all parties involved in the data collecting process. Therefore, the study had no potential conflict of interest, nor the setting may cause harm to any party. Thus, collecting data and all other steps taken in this study did not involve any monetary transactions which also prevented any suspicious conflict of interest.

Further, I intended to follow an ethical code of conduct to guide the overall research, whereas, participated representatives of the NPOs received an official letter that

included assurance of anonymity and confidentiality of the data collected for each individual and their respected organizations. Further, there was no potential risk to the participants since the NPOs that responded to the survey was the only nonprofit organizational data that was used and analyzed in the study. Additionally, when reporting any information that came out of the data analysis and presented the findings of the study at any specialized conference or via any means of prints there was no direct reference to any individual or organization that participated in the study, and the protection of anonymity and respect of privacy was always a priority.

For further protecting the identities of the participated representatives of the NPOs, each valid response was assigned a sequential identification that was coded in the excel spreadsheet and the IBM SPSS Version 25, and I had custody of all records in a home-based office.

### **Summary**

This chapter included detailed steps of the research design that was taken while executing the formal work of collecting data and analyzing it. It is essential to realize the need of the newly established NPOs that have long-lasting and needed missions to sustain their resources, especially this is a great challenge that comes as a liability with start-up NPOs, knowing that there is more than twenty percent of the newly established NPOs that have long-lasting and needed missions to disappear within the first five years of their initiation. When translating this percentage of disappeared or closed NPOs during this period, the actual number of the affected NPOs mounted to several thousands of newly established NPOs, which reflects the serious issue that this research is tackling.

With this understanding to the issue in this research, this chapter described the research design and methodology, the participants and sampling strategy, the setting that took place to collect data from potential participants, the instrumentation and measures that I employed to collect data, the detailed steps to collect data and analyze it through the utilization of SPSS capabilities, and the limitation threat to internal and external validity of the research design along with ethical considerations that I put in place to warrant reliable process.

## Chapter 4: Results

The purpose of this quantitative study was to explore the influence that the presence of a strategic resource development plan and the establishment of a stand-alone business entity have on the persistence of newly established NPOs that have long-lasting and needed missions in the United States within the context of resource dependence theory. The association between the variables may provide clarification of how the strategic resource development plan and the establishment of a stand-alone business entity stimulate sustainability of newly established NPOs. There were two research questions that guided the study. I used a researcher-developed survey instrument and chi-square analysis to assess the association between the variables of each research question.

RQ1: Is the presence of a strategic resource development plan a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability?

*H<sub>0</sub>1*: The presence of a strategic resource development plan is not a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability.

*H<sub>a</sub>1*: The presence of a strategic resource development plan is a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability.

RQ2: What influence does a stand-alone business entity have on the persistence of the newly established NPOs that have long-lasting and needed missions in the United States?

*H<sub>0</sub>2*: The embracing of a stand-alone business entity is not a good measuring instrument for the persistence of the newly established NPOs in the United States.

*H<sub>a2</sub>*: The embracing of a stand-alone business entity is a good measuring instrument for the persistence of the newly established NPOs in the United States.

This chapter contains a description of the data collection process, including descriptive statistics and demographic frequencies of the sample respondents to the survey questionnaire, along with a description of how the sample population was representative of the larger population. Also, this chapter includes the findings and detailed analysis of the results of hypotheses testing, the frequencies of all the variables that were coded in the IBM SPSS Version 25 application, the characteristics of the participants, descriptive statistics, and the chi-square test that was used to assess the association between the main variables. The chapter concludes with answers to the research questions and a discussion of how the resource dependence theory explained the associations between strategic resource development plan, stand-alone business entities, and sustainability of the sample NPOs.

### **Data Collection**

Data collection started in January 2019 and concluded in March 2019. Invitation letters (Appendix D) and informed consent forms to participate in the researcher-developed survey (Appendix C) were sent to 112 active NPOs and 112 nonactive or discontinued NPOs. The total number of responses was 35 representatives of active organizations, of which 2 responses were not completed. The 33 completed responses constituted a reasonable number of participants that exceeded the 28 responses required for the sample. The overall response rate from the active NPOs was 30%. Among nonactive or discontinued NPOs, there were 29 completed responses, and the overall

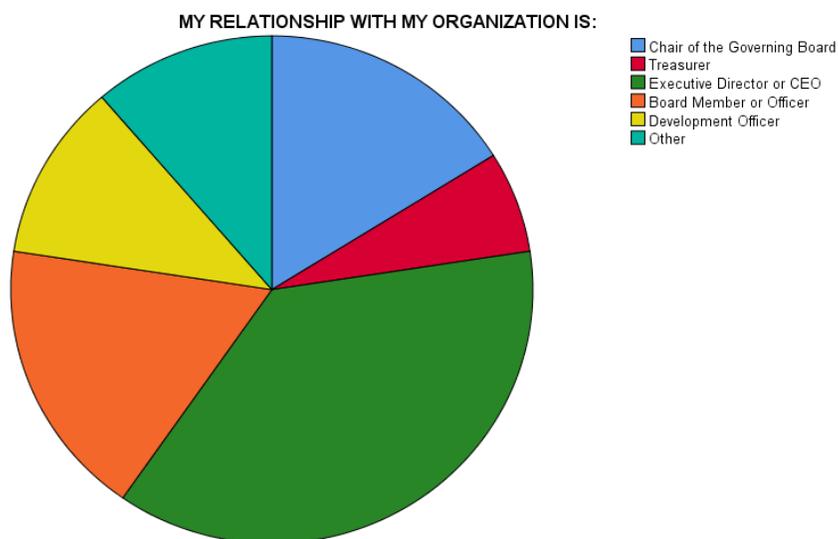
response rate was 26%, which also indicated a decent response rate that met the minimum required responses to conduct the analysis.

Table 4

*Frequencies of the Two Groups of the Study*

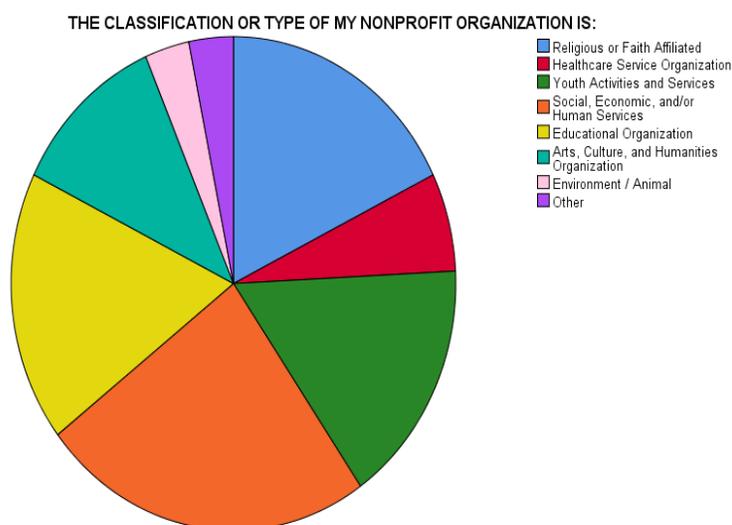
	Frequency	Percentage	Cumulative percentage
Not active NPOs	29	46.8	46.8
Active NPOs	33	53.2	100
Total	62	100	

The first section of the researcher-developed survey focused on background demographic characteristics of the participants, which showed that most respondents were Executive Directors or CEOs of the NPOs: 23 out of 62 (37%) respondents were executive directors or CEOs. Then 11 out of 62 (18%) were board members. The representation of high-profile organizations' leadership gives more confidence in the quality and accuracy of the provided data.



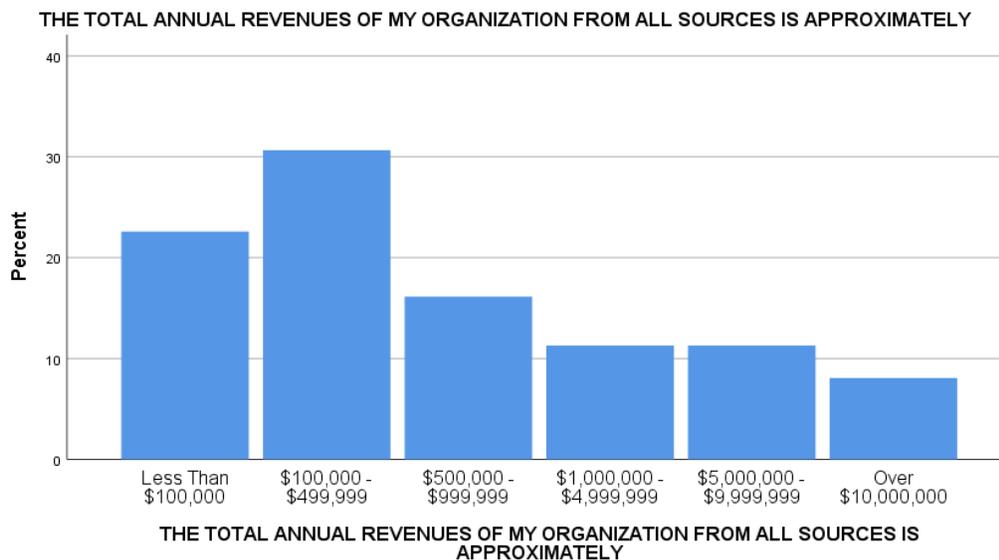
*Figure 1.* Respondent's relationship or position with their respected NPOs.

Also, 15 out of 62 (24%) NPOs were classified as Social, Economic, and/or Human Services which counted the top frequency, then came the religious or faith affiliated organizations with 11 frequencies along with Educational organizations that counted 11 frequencies as well. The type or classification of the sample NPOs has nothing to do with the research questions or hypotheses; it just gave a general descriptive of the organizations that the respondents represented.



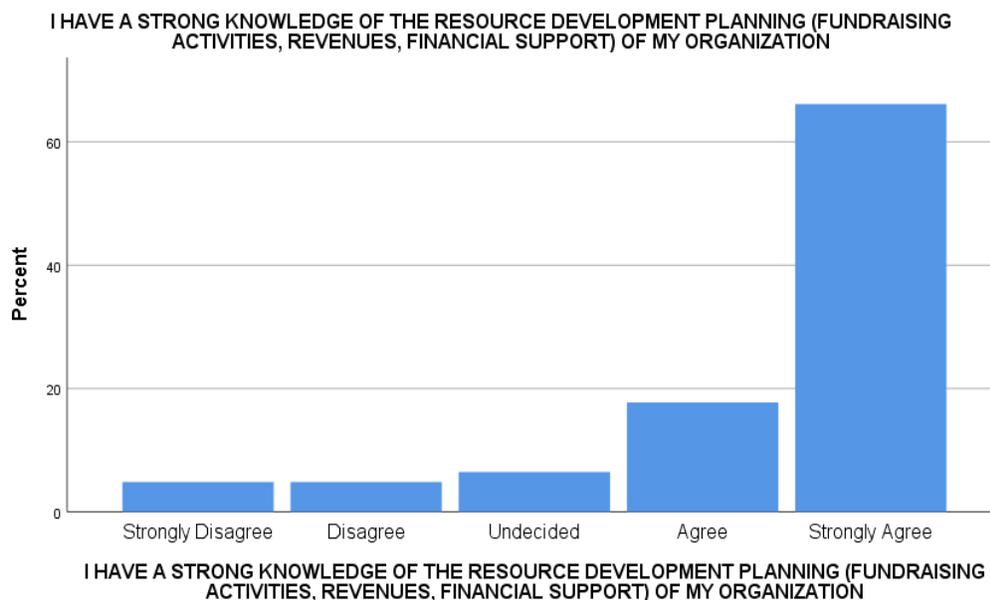
*Figure 2.* Classification of the NPOs in the sample respondents.

Further, 19 out of 62 organizations (31%) responded with the total annual revenues ranges \$100,000 - \$499,999 and came next 14 out of 62 organizations (23%) with less than \$100,000, which indicated that most respondents represented small organizations.



*Figure 3.* Total annual revenues of sample NPOs.

As far as the respondents self-assessment of their knowledge and familiarity of their organizations, 41 out of 62 respondents (66%) strongly agreed that they have a strong knowledge of the resource development planning of their organizations, and 11 out of 62 respondents (18%) agreed to the same statement, which meant that the study would have high confidence of the quality of responses and the collected data through the survey instrument.



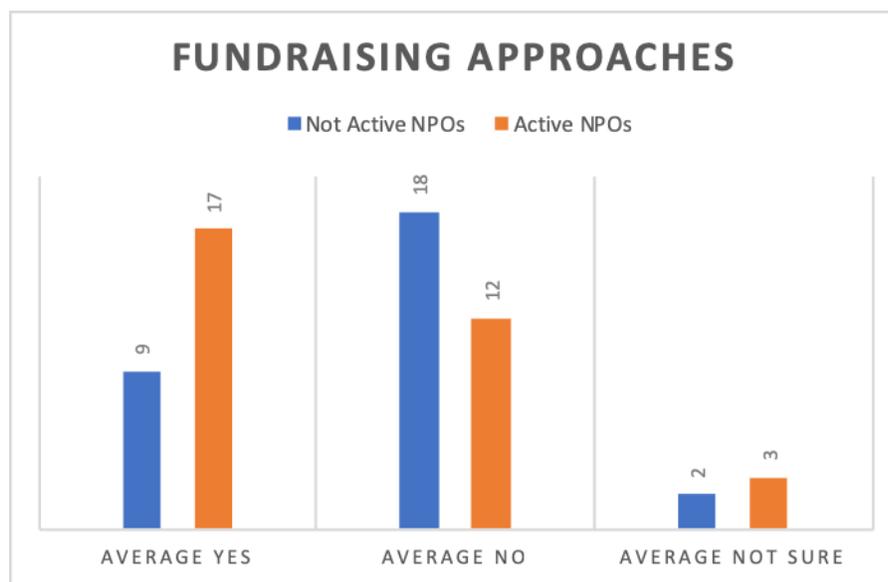
*Figure 4.* Respondents' level of knowledge of their NPOs' resource development planning.

Thus, 38 out of 62 respondents (61%) strongly agreed that they are familiar with the organization's strategic planning activities, and 16 out of 62 (26%) agreed to the same statement, which also gave an indication of the quality of the collected data. The high rate of respondents' familiarity with their own organizations was yet another sign of confidence in the data that was provided for the study.



*Figure 5.* Respondents' familiarity of their NPOs' strategic planning activities.

Part of learning more in-depth about the sample NPOs, the respondents showed that 51.5% of the Active NPOs diversified their fundraising approaches by implementing various fundraising approaches, while only 31% of the Not Active NPOs diversified their fundraising approaches. The diversity of fundraising approaches was not part of the variables of the study, instead it was one of the core constructs of the resource dependence theory that formed the theoretical framework of the study, thus, it was part of the survey questions that laid grounds for learning background status of the sample NPOs and showed level of planning and adapting to strategic thinking within the organizations.



*Figure 6.* Various fundraising approaches of NPOs.

The sampling strategy that I applied for the study was the systematic random selection of representatives of both groups of the NPOs population for the study, which consisted of 189 Not Active NPOs, discontinued or closed NPOs, and 514 Active NPOs, sustained NPOs, located in the three Southeastern Michigan counties, Macomb, Oakland, and Wayne. Based on the minimum number of responses that were assigned in the previous chapter, the minimum responses required were 28 from each group of the population. The actual number of collected responses through the data collection process was 29 completed responses from the discontinued NPOs, and 33 completed responses from the active or sustained NPOs, which met the minimum number of responses for the study and brought the N to 62. Therefore, the outcome of the statistical analysis would be generalized to the larger population of the targeted NPOs within the three counties, Wayne, Macomb, and Oakland, which are located in southeast Michigan for both the discontinued and sustained NPOs and would further achieve the external validity of the

sample responses since the representation of the sample NPOs would reflect the circumstances of the bigger population of NPOs that would have interest in the study.

## **Results**

### **Descriptive Statistics**

The first variable that included in the testing process was the strategic resource development planning. The descriptive statistics of the data that characterized the responses showed that 22 out of 33 Active NPOs (66.66%) developed a strategic resource development plan, while only 4 out of 29 Not Active NPOs (13.79%) that did so. The principal notice that the frequencies reflected was that although one-third of the sustained NPOs did not develop a strategic resource development plan, they managed to stay active and their existence may not rely on this factor. While on the other hand, the Not Active, discontinued, NPOs have only a few NPOs that did develop their own strategic resource development plan, and yet they could not manage to stay in existence which points out to possible other reasons for their discontinuation. According to Goggins (2016), “nonprofit organizations do indeed engage in the act of strategic planning” (p. 169). Knowing whether the NPOs ever had a strategic resource development plan may help explain the association of this factor with the organizations’ current existence. The frequencies confirmed, in this question, by knowing that two-thirds of the sustained NPOs developed strategic resource development plans may lead to understanding the connection between their existence and this factor. Thus, the findings of this question aligned with the literature that confirmed the engagement of active NPOs with developing resource development planning, at least with the confirmation that Goggins (2016) provided.

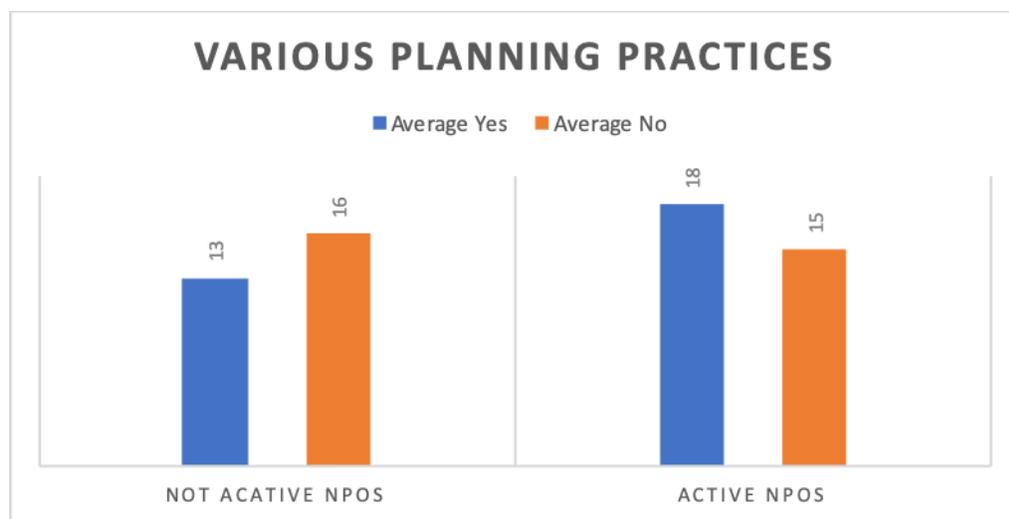
Table 5

*Frequencies of the NPOs Development of Strategic Resource Development Plan*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
Has your organization ever developed a strategic resource development plan?	Yes	Count	4	22	26
	No	Count	25	11	36
Total		Count	29	33	62

The respondents were asked if their respected NPOs ever applied planning practices, which may include any planning techniques or strategies. The results showed that 18 out of 33 Active NPOs (55%) applied various planning practices, while 13 out of 29 Not Active NPOs (45%) did so. The survey included several measurements that aimed to find out whether the leadership of the sample NPOs has had knowledge or expertise that may lead to concluding that they think and practice strategically while leading their respected NPOs. The frequencies on various planning practices showed no firm or extreme results since the responses were centered around half of the NPOs that applied various planning practices. Greenwell (2017) presented several planning strategies that the NPOs, especially in higher education, may apply to support the financial stability of the organizations and help NPOs to survive in the competitive market. Thus, the frequencies reflected examples of various strategic planning strategies that the NPOs applied; hence, they were not limited to specific resource development strategies such as the suggested planning strategies by Greenwell (2017). With such results in place, the comparison between the active NPOs and the discontinued NPOs may lead to

determining, at least initially, why the discontinued NPOs that have long-lasting and needed missions could not be able to stay active to meet their missions. Part of the planning practices of an NPO is to have a strategic resource development plan, though comparing the sustained NPOs with the discontinued ones in terms of applying various planning practices may trigger the point towards the association between the strategic resource development plan and the sustainability status of the organization, thus, encouraging the newly established NPOs to work towards developing various planning practices in the initial stages of the NPOs' establishment may lead to more chances of sustaining this category of NPOs, which aligns with examples that the literature provided.



*Figure 7.* Various planning practices by NPOs.

For those NPOs that had a strategic resource development plan, 10 out of 26 Active NPOs (38.46%) believed that the plan was average, and 9 out of 26 Active NPOs (34.61%) thought that the plan was above average. On the other hand, 16 out of 27 Not Active NPOs (59.25%) thought that the plan was very poor, and 7 out of 27 Not Active NPOs (25.92%) believed that the plan was below average. By focusing on the sample

NPOs that had a strategic resource development plan, the responses showed that the Active NPOs were more successful in the development of their plans since approximately three quarters of the NPOs had an average or above average assessment to their strategic resource development plans, which may explain the influence towards their continued existence and sustained activities for longer time than the discontinued NPOs. Also, it might not be surprising to learn that more than 85% of the Not Active NPOs had failed to develop successful strategic resource development plans, which may help narrow the explanation for their discontinuation without giving a definite explanation to the reason(s) of their discontinuation. The outcome in this context may lead to further recognize a factor behind NPOs' success in their missions, specifically when the majority of discontinued NPOs had failed to develop successful strategic resource development plans, compared to almost three quarters of the sustained NPOs, this would point out to the role and association of strategic resource development plans in the existing status of the NPOs, especially during the early stages of the organizations' existence.

Table 6

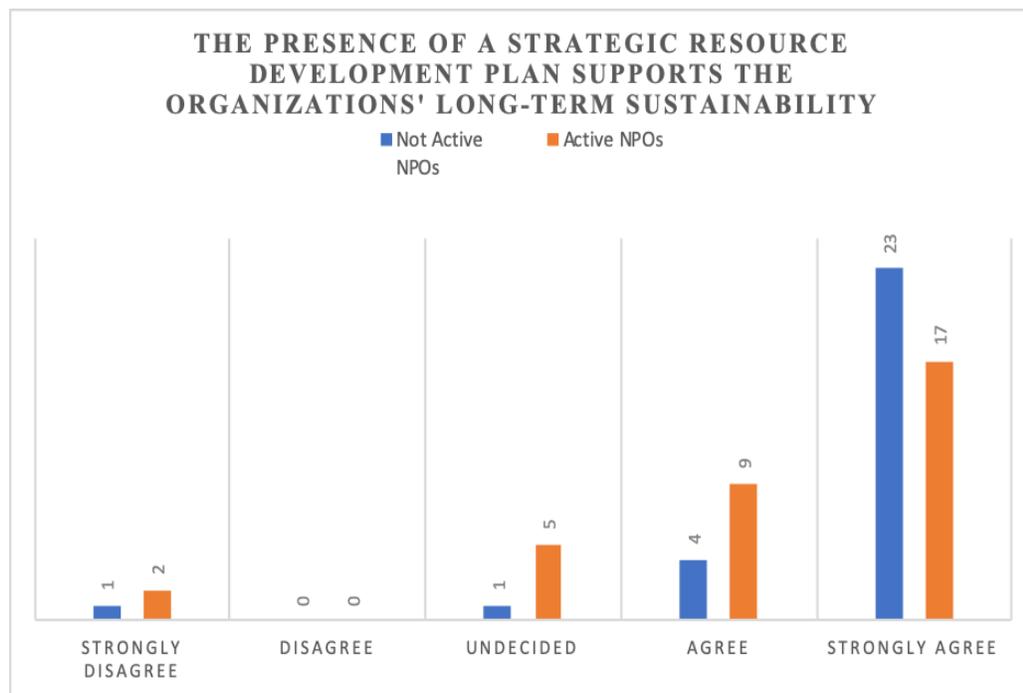
*Frequencies of the NPOs' Assessment of Their Strategic Resource Development Plan, If the Plan Ever Existed*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
If the organization had a strategic resource development plan, the plan was:	Very Poor	Count	16	3	19
	Below Average	Count	7	3	10
	Average	Count	3	10	13
	Above Average	Count	1	9	10
	Excellent	Count	0	1	1
Total		Count	27	26	53

Further, the respondents also showed a firm agreement on the importance of having a strategic resource development plan in place and how the existence of such a plan positively impacts the sustainability of the NPOs. 17 out of 33 Active NPOs (51.51%) strongly agreed that the presence of a strategic resource development plan supports the organization's long-term sustainability, and 9 out of 33 Active NPOs (27.27%) agreed on the same point. On the other hand, 23 out of 29 Not Active NPOs (79.31%) strongly agreed on this question. Thus, the frequencies on this question provided similar, with little variance, on the role of having a strategic resource development plan in place for the organization from a different perspective, which is the long-term sustainability. Although the Not Active NPOs scored the majority of the NPOs that had a strategic resource development plan and strongly agreed on the impact of this factor on the NPOs' long-term sustainability, yet they ended up with losing their sustainability and their existence discontinued which raised the questions on the actual

role and effect that the presence of a strategic resource development plan had on the discontinued NPOs and how likely this factor played in their existence. The impact of strategic resource development planning on the long-term sustainability of NPOs was part of the literature discussions such as the study that Rojas (2016) conducted and discussed strategic planning and its relation to sustaining small NPOs at the times of financial uncertainty and concluded some approaches and management tools that NPOs applied to sustain their existence. Hence, understanding the frequency outcome of this measure may reveal an existing experience of NPOs that the previous studies included and confirmed the association between strategic resource development planning and long-term sustainability of NPOs.

Further, since almost three quarters of respondents from the active NPOs provided strong agreement and agreement to the effect of the presence of strategic resource development plans in the long-term sustainability of the NPOs, this outcome supports the first research question's stated hypothesis which declaimed that the presence of a strategic resource development plan is a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability. Hence, this outcome would also support the argument that is surrounding the purpose of this study that aimed to explore the influence of a strategic resource development plan on the long-term sustainability of NPOs.



*Figure 8.* Level of respondents' agreement on strategic resource development plan and its association to NPOs' long-term sustainability.

Contrary to this situation when there was no presence of a strategic resource development plan within the strategic planning of the NPOs and how this scenario may be related to the discontinuity of the NPOs, the descriptive statistics showed that 12 out of 32 Active NPOs (37.50%) agreed that the absence of a strategic resource development planning was the main factor for organizations' discontinuity, and 9 out of 32 Active NPOs (28.12%) undecided on this point. On the other hand, 17 out of 29 Not Active NPOs (58.62%) strongly agreed, and 7 out of 29 Not Active NPOs (24.13%) agreed that the absence of a strategic resource development plan was the main factor for organizations' discontinuity. It is more likely that there was no close agreement between the Not Active and the Active NPOs on the absence of this factor and its consequence on the NPOs' sustainability status. Thus, there could be other reasons, other than the lack of

strategic planning, based on the Active NPOs responses, that affected the NPOs discontinuity. Some researchers discussed the discontinuity of NPOs, and their findings did not comprise a solid reason for this phenomenon. An example of this debate came from Hager et al. (1996). While other studies, such as Hager et al. (2004) concluded a couple of factors that the researchers believed that might cause the NPOs to survive, which were the age of the organization and the role of institutional and network embeddedness. Further, Bennett (2016) conducted a study about the NPOs' discontinuation and concluded four reasons for the NPOs to close or discontinue and determined that the lack of the development of plans was one of those reasons, which formed a base to list the absence of development planning for NPOs, especially the newly established NPOs, as the main factor for NPOs discontinuity.

Although the outcome of this measure as a result of respondents' replies on an opposite scenario of NPOs' sustainability, it presented a debated reason for NPOs' discontinuity. Thus, Horton (2013) stressed that lack of strategic planning is a major cause for organizations' failures, which is not completely similar to the overall status of NPOs' in this question that deals with the *discontinuity* of NPOs rather than *failures*.

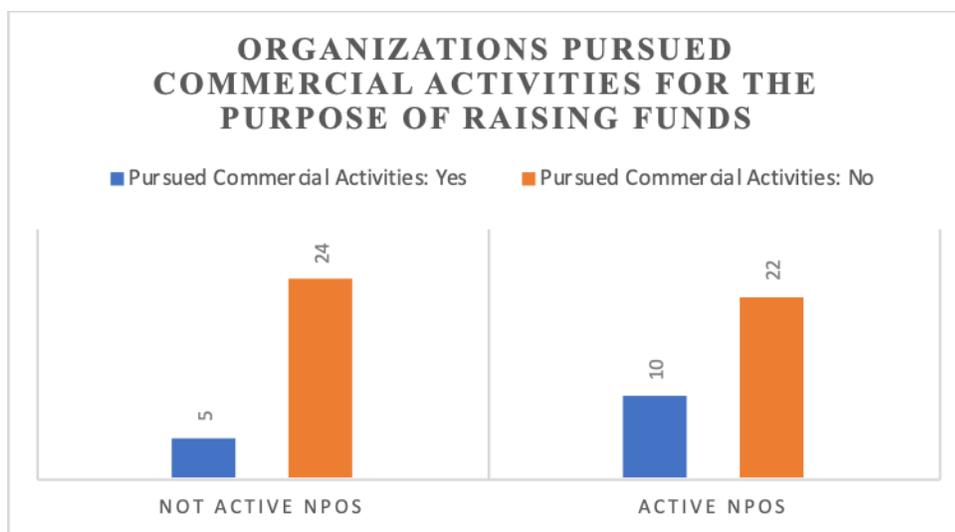
Table 7

*Frequencies of Absence of Strategic Resource Development Plan and Its Relation to NPOs' Discontinuity*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
The absence of strategic planning for organizations is a main factor for organizations' discontinuity	Strongly Disagree	Count	1	3	4
	Disagree	Count	1	6	7
	Undecided	Count	3	9	12
	Agree	Count	7	12	19
	Strongly Agree	Count	17	2	19
Total		Count	29	32	61

The second variable, stand-alone business entities / commercial activities of the NPOs showed that 22 out of 32 Active NPOs (68.75%) did not pursue commercial activities for the purpose of raising funds, and 24 out of 29 Not Active NPOs (82.75%) did not pursue commercial activities for raising funds. The responses from both groups of NPOs clearly indicated that commercial activities for the purpose of raising funds were not common activities or approaches that the NPOs applied. Thus, commercial activities in this measure did not specify certain activities; instead, the question was general to include any possible practices by NPOs that have a commercial form with the goal of raising funds, and yet this was less likely an approach by the majority of NPOs. Nevertheless, Clark (2012) discussed several forms of commercial practices by the NPOs and how the NPOs applied business activities for the purpose of raising funds. Other forms took place within the internal environment of the NPOs and were considered as

part of the daily activities of the organizations such as the practices that Di Zhang and Swanson (2013) presented, while another form of business practices was through cooperation or partnership with for-profit establishments (Goerke, 2003). These examples reflected how the NPOs tried to determine or apply business practices to raise funds besides showing that the NPOs did apply business practices since the early stages of the philanthropy sector. It probably was not as popular as other resource development approaches; nonetheless, commercial activities existed with the rare practice among the philanthropy sector, which supports the need to explore this venture as a potential approach to support the organizations' need for new revenues.



*Figure 9.* Whether the NPOs ever pursued commercial activities to raise funds.

The descriptive data also showed that 28 out of 32 Active NPOs (87.50%) did not establish a separate commercial for-profit entity, and 27 out of 29 Not Active NPOs (93.10%) did not establish a separate commercial for-profit entity. The first impression that this frequency showed was that the idea of a separate commercial for-profit entity is not so common amongst the philanthropy sector, even though with existing business

practices within the philanthropy sector, since a high percentage of both groups of NPOs in the study never established a separate commercial for-profit entities. Yet, with the extremely high percentage of NPOs that never established a separate commercial for-profit entity, the NPOs either never thought of or considered this approach or determined that this was not so compatible with the NPOs' mission. In either scenario, testing the concept of separate commercial for-profit entities for raising funds and whether the idea worth the time and investment is what helps the NPOs' leadership to determine the worthiness of adopting this approach. Di Zhang and Swanson (2013) suggested the idea of establishing a viable business side-by-side to the NPO for the purpose of raising funds and become less dependent on government and foundation grants.

Further, the findings of this question supported what the literature revealed that there was a gap concerning the role of separate stand-alone business entities in sustaining the resources of NPOs, though the respondents' answers were not out the context, and came as an endorsement to previously stated unadopted approach for raising funds.

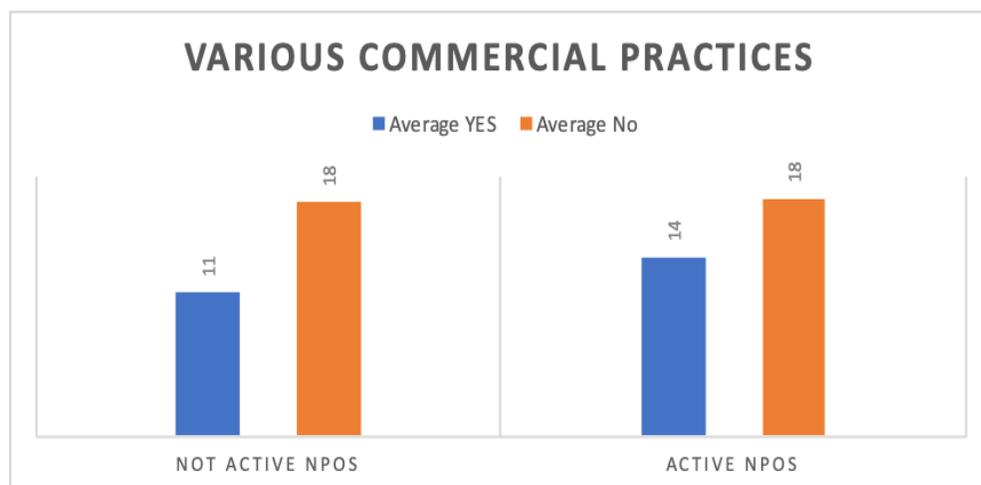
Table 8

*Frequencies of Commercial For-Profit Entity*

				My Organization is Currently:		Total
				Not Active NPOs	Active NPOs	
Has your organization ever founded a separate commercial for-profit entity?	Yes	Count	2	4	6	
	No	Count	27	28	55	
Total		Count	29	32	61	

As far as any commercial practices by the NPOs, 18 out of 32 Active NPOs (56.25%) did not apply commercial practices among their activities, and 18 out of 29 Not Active NPOs (62.06%) did not apply commercial practices among their activities. The frequencies of data did not include the separate commercial for-profit entities; rather, the data represented most of the other commercial practices, and it was clear that more than half of both groups of the sample NPOs did not consider commercial practices as part of their financial resources. This outcome aligned with how literature presented the commercial practices by NPOs, which started to take place two decades ago. The commercial practices by NPOs for the purpose of raising funds started to take part of the NPOs resource developments with business-like retailing that was presented by Ford and Mottner (2003), and more studies started to tackle this new venture with more suggested models of business practices for NPOs. Thus, it was not surprising to receive this frequency that showed more than half of NPOs did not include commercial practices among their resource development approaches.

Regardless of the reason(s) the NPOs did not apply commercial practices for their fundraising goals, the value of commercial models is part of concluding this study, and any potential worthiness of this approach would be connected to the stand-alone business entity model that the study is trying to propose as a likely model for the newly established NPOs that have long-lasting and needed missions in particular.

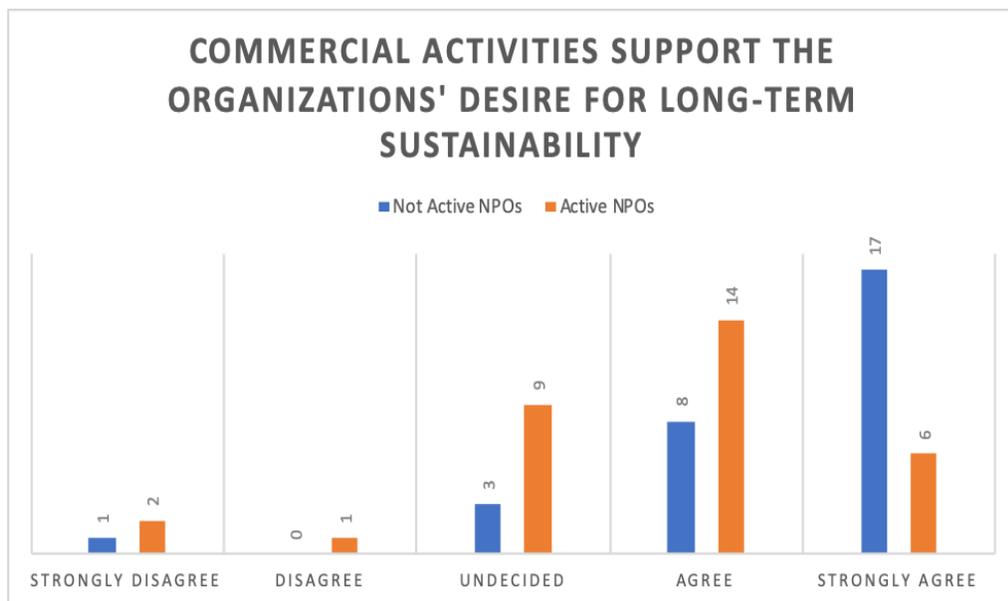


*Figure 10.* NPOs practices of various commercial activities.

The respondents' answers also showed that 14 out of 32 Active NPOs (43.75%) agreed that commercial activities support the organizations' desire for long-term sustainability, while 17 out of 29 Not Active NPOs (58.62%) strongly agreed to the same point. These figures did not support the direction towards applying commercial practices as part of the NPOs' resource development strategies. Thus, since the simple majority of the NPOs did not apply commercial practices, then it is understandable that the level of agreement on this measure was not extremely positive. According to Goggins (2016) "the act of strategic planning and other businesslike procedures acceptable and important to the overall success of their organizations" (p. 170), which supported the believe that when organizations apply business activities for the purpose of increasing revenues, it all supports the stability and long-term sustainability of the NPOs.

Yet, although less than half of the active NPOs agreed on this factor, it was the highest frequency of respondents, which meant that it is more likely that the alternate hypothesis be accepted, which stated that commercial activities are a good measuring

instrument on the sustainability of the newly established NPOs that have long-lasting and needed missions.



*Figure 11.* Respondents' level of agreement on the association between commercial activities and long-term sustainability.

The descriptive statistics also revealed that 13 out of 32 Active NPOs (40.62%) agreed that commercial activities for raising funds decrease the potential risk of discontinuity, while 16 out of 29 Not Active NPOs (55.17%) strongly agreed on this point. The outcome of this measure could be moderately acceptable since the reasons for organizations to discontinue or cease operation are not limited to a standard set of explanations. Therefore, the level of agreement on the role of commercial activities in this regard reflected a reluctant position that the respondents had, and as a result, the role of commercial activities in reducing the potential risk of discontinuity was not definite. However, Clark (2012) took a step further to warn that the NPOs that do not adopt this approach for resources would endanger their future by not having a sturdy income of

their own and would experience struggle from being or continue relying on external sources such as grants. Yet, while the percentage of this measure was not too high, it supported the alternate hypothesis that stated that commercial activities are good measuring instrument to assess the sustainability of the newly established NPOs.

Table 9

*Frequencies of Commercial Activities and Their Role in Decreasing Potential NPOs' Discontinuity*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
Commercial activities for raising funds decrease the potential risk of discontinuity:	Strongly Disagree	Count	2	2	4
	Disagree	Count	1	5	6
	Undecided	Count	2	7	9
	Agree	Count	8	13	21
	Strongly Agree	Count	16	5	21
Total		Count	29	32	61

Lastly, 11 out of 32 Active NPOs (34.43%) agreed, and 11 out of 32 Active NPOs (34.43%) undecided that the establishment of stand-alone business entities will increase the organizations' financial stability. On the other hand, 15 out of 29 Not Active NPOs (51.72%) strongly agreed on this point. The low level of agreement on the role of stand-alone business entities in increasing the financial stability of organizations referred to the circumstance that this is a new model, which is a model that did not prove its efficacy in real-life practices. Therefore, the respondents' level of agreement was possibly based on their practices of approaches other than stand-alone business entities which made them

uncertain to give a higher level of agreement to this approach. Further, the outcome of this measure approved what the literature presented about the business activities that clearly did not present any study that specifically deals with a separate stand-alone business entity by NPOs for the purpose of raising funds and secure stability of organizations. Thus, the literature did present several examples of business practices by NPOs, but none of the researches discussed the stand-alone as a new model for NPOs to raise funds, which made the outcome of this measure not surprising.

Nevertheless, even with the unpredicted approach for raising funds, this outcome supported the association between stand-alone business entities and the sustainability of the NPOs, because the frequencies that agreed with the stated statement were higher than other frequencies in this scale. Mainly, it supported the new model that never been explored in the literature of public policy and confirmed the stated hypothesis, which is the embracing of a stand-alone business entity is a good measuring instrument on the persistence of the newly established NPOs that have long-lasting and needed missions.

Table 10

*Frequencies of Establishment of Stand-Alone Business Entities and Its Association to Increase Financial Stability of NPOs*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
The establishment of stand-alone business entities will increase the organizations' financial stability.	Strongly Disagree	Count	2	2	4
	Disagree	Count	1	6	7
	Undecided	Count	3	11	14
	Agree	Count	8	11	19
	Strongly Agree	Count	15	2	17
Total		Count	29	32	61

The third variable of the study was sustainability, and the sample responses offered that 13 out of 32 Active NPOs (40.62%) agreed that the presence of a strategic resource development plan played a significant role in sustaining their organizations, while 15 out of 29 Not Active NPOs (51.72%) undecided on this point. Although less than half of the Active NPOs agreed on the positive role of the strategic resource development plan in sustaining their respected NPOs, this percentage reflected a strong role of one factor in the organizations' sustainability; thus, it was not the only factor. Therefore, the frequencies that were presented in this measure gave a positive indication on the association between the strategic resource development plan and sustainability of NPOs, which confirmed that the presence of a strategic resource development plan is a good measuring instrument to assess the NPOs' capability to achieve sustainability. Champion (2015) concluded similar thoughts on the association between sustainability of

NPOs and the development of a resource development strategy and stated that “a sustainable resource development meets the needs of the present and future through the integration of a long-term strategy for financial growth that expands the capacity of the organization to continuously advance its mission” (p. n/a).



*Figure 12.* The role of strategic resource development plan in sustaining the respondents’ NPOs.

Also, 18 out of 33 Active NPOs (54.54%) strongly agreed that for the organization to reach sustainability, there should be a diverse approach in place for generating revenues, while 17 out of 29 Not Active NPOs (58.62%) agreed on this point. Diversity is one of the main constructs of the theoretical framework, resource dependence theory, of this study; hence, it did not refer to a specific technique of strategy for raising funds; rather, when the organization adopt a diverse approach this would refer to the general direction towards employing a suitable method that may support the NPO in

achieving its financial goals and increase its chances to become sustained organization. According to Coy (2018), “the lack of available resources coupled with diminishing funding opportunities has forced NPOs to pursue other avenues of income generation to remain sustainable” (p. 129). Which further supported the direction towards the search for alternate resources and reduced dependency on limited or traditional resources by exploring a wider range of methods for raising funds.

Even with more than half respondents strongly agreed/agreed on this statement, it did not reflect an outcome of a test yet; therefore, this frequency cannot be generalized to the larger population.

Table 11

*Frequencies of Diverse Approach to Increase Chances of NPOs' Sustainability*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
For the organization to reach sustainability status, there should be a diverse approach in place for generating revenues.	Disagree	Count	1	0	1
	Undecided	Count	3	1	4
	Agree	Count	17	14	31
	Strongly Agree	Count	8	18	26
Total		Count	29	33	62

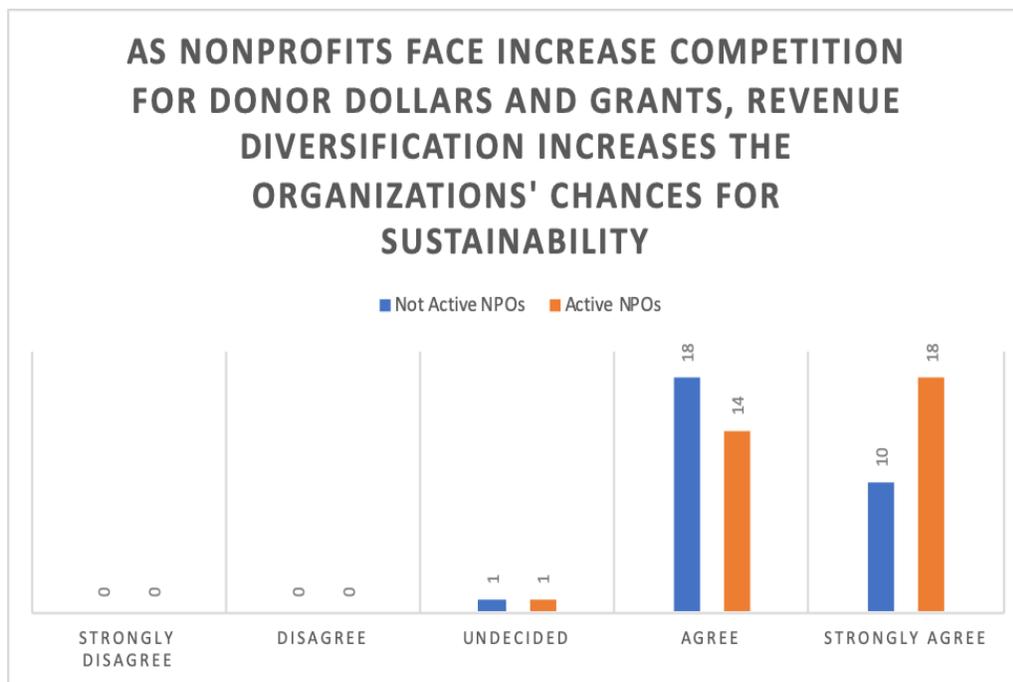
The data also revealed that 18 out of 33 Active NPOs (54.54%) strongly agreed and 14 out of 33 Active NPOs (42.42%) agreed that revenue diversification increases the organizations' chances for sustainability, while 18 out of 29 Not Active NPOs (62.06%) agreed and 10 out of 29 Not Active NPOs (34.48%) strongly agreed on this point. This

frequency supported the previous measure that reflected more than half of the participants agreed on placing a diverse approach for generating revenues. Hence, this measure gained extreme agreement by respondents to show that diversity is a reliable strategy towards achieving NPOs' sustainability, especially at the time when there was more competition on donor dollars and grants.

Lu (2016) stressed on the NPOs to diversify their revenues to become ready for unpredicted market conditions and not to solely depend on limited resources that may be affected by economic changes while Rottkamp and Bahazhevskaya (2016) concluded multiple constructive outcomes for diversifying resource streams and mentioned the decrease in negative cash flow and increase of new resources and diverse revenues among other outcomes, which supported the direction towards applying new revenue approaches to increase the organizations' chances to become sustainable establishments. Further, Pembleton (2018) discussed the effects of applying successful revenue diversification on the long-term sustainability of different organizational aspects and stated that "successful financial diversification provides long-term employment, sustained positive community impacts, and hedges the market during economic downturns" (p. 113).

The way that this measure was constructed laid the grounds for respondents to consider while making their choices, the surrounding circumstance for the NPOs to try diversifying their resources, which is the increasing competition for donor dollars and grants. Thus, diversifying resources was backed by the RDT theory; thus, by obtaining an outcome that highly agreed on diversity as a strategic approach by organizations to

overcome their potential financial problems would further associate the use of diversity with the theoretical framework in the study.



*Figure 13.* Respondents' level of agreement on revenue diversification positive impact on NPOs' sustainability.

Also, 15 out of 32 Active NPOs (46.87%) agreed that commercial activities might significantly increase the organizations' chances to become financially sustained, while 17 out of 29 Not Active NPOs (58.62%) strongly agreed on this point. Although this measure presented frequencies for commercial activities that may include various possible options of business practices, the measure scored almost half of the respondents towards agreement on the role of commercial activities in increasing the NPOs chances to become financially sustained. With a strong association between commercial activities and financial sustainability of NPOs, the outcome in this measure laid grounds for

accepting the alternate hypothesis that indicated the business activities is a good measuring instrument for NPOs sustainability.

Thus, this outcome added new findings to the public policy literature that would highlight the role of commercial activities in sustaining the NPOs. Di Zhang and Swanson (2013) concluded that by establishing a viable business side-by-side to the NPO would be mutually beneficial for long-term sustainability and encouraged the NPOs to reduce their reliance on government assistance. Furick (2013) promoted the L3C corporations as a business model to help the NPOs succeed with their revenue streams, while Ford and Mottner (2003) proposed two approaches as business ventures to increase their financial revenues, the first was the shops that sell used clothing, and the second was the shops that sell new merchandise such as souvenir and gift items. Thus, Clark (2012) business proposal consisted of the establishment of a for-profit business; thus, there was no specific business model that Clark designed. Regardless of the specific details of all the proposed commercial and business models, the main goal was to provide new revenues for the organizations and offer a potentially successful approach for the organization to become financially sustained.

Table 12

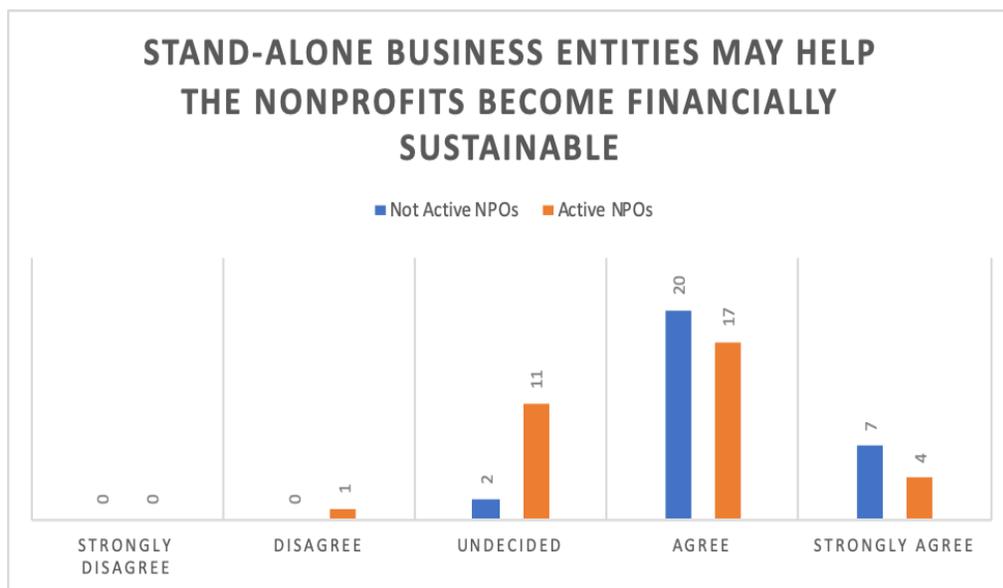
*Frequencies of Commercial Activities and Its Relation to NPOs' Financial Sustainability*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
Commercial activities may significantly increase the organizations' chances to become financially sustained.	Disagree	Count	0	1	1
	Undecided	Count	2	9	11
	Agree	Count	10	15	25
	Strongly Agree	Count	17	7	24
Total		Count	29	32	61

The descriptive statistics also showed that 17 out of 33 Active NPOs (51.51%) agreed that stand-alone business entities might help the nonprofits to become financially sustainable, while 20 out of 29 Not Active NPOs (68.96%) agreed on the same point. It is uncommon to see a high percentage of respondents agree on a new model of business practices for the purpose of achieving financial sustainability. The concept of stand-alone business entities is a new business practice that have not been implemented or tested by NPOs for the purpose of raising funds, which also lays the grounds for potential adaptation to this new business model within the philanthropy sector, and would increase the chances to accept the alternate hypothesis, which is the embracing of a stand-alone business entity is a good measuring instrument on the persistence of the newly established NPOs in the United States. Further, the outcome would also indicate that the newly established NPOs that have long-lasting and needed missions might consider the

new model of stand-alone business entities to diversify their resources and succeed with their stated missions.

Whereas viewing other studies on the concept of stand-alone business entity and its effect on the NPOs' sustainability concerns, there were fewer discussions than other themes. Gresock et al. (2006) discussed the Habitat for Humanity model of re-selling building materials and make profits for the benefit of the NPO. Goldkind et al. (2013) discussed key constituents' perspectives on creating and operating a stand-alone joint organization to carry out fundraising activities to benefit the partner NPOs, while Di Zhang and Swanson (2013) examined the possible establishment of viable business and probable benefits to NPOs. The notice throughout the literature was that the study of stand-alone business entities as a potential contributor to the NPOs strive for sustainability was very limited.



*Figure 14.* Respondents' evaluation of the positive impact of stand-alone business entities on NPOs' financial sustainability.

### **Statistical Analysis**

As for evaluating statistical assumptions to the study, the chi-square tests that have been conducted through SPSS application showed that the three statistical assumptions had been met at each test. According to Field (2013) “for the chi-square test to be meaningful, it is imperative that each person, item or entity contributes to only one cell of the contingency table” (p. 735). The assumption of independence which contends that all the observations of the chi-square must be independent, which makes this kind of test ideal for the causal-comparative design that this study applied. Secondly, the sample size in each test was large enough to make it ideal to meet the assumption of the sample size since there were 61 or 62 observations in each contingency table provided by SPSS, which exceeded the total number of cells multiplied by 5 for each test. Thirdly, the data in each test must be expressed in frequencies as an assumption for the chi-square statistical test, which is the case in each test included in the study.

The chi-square statistical test of independence is expected to measure whether there is a relationship between two categorical variables. Hence, the first research question is meant to focus on the existence of a strategic resource development plan and whether this presence constitutes a good measuring instrument to assess the newly established NPOs’ capability to achieve sustainability. Therefore, the study’s null hypothesis for the first research question stated that the presence of a strategic resource development plan is not a good measuring instrument to assess the newly established NPOs’ capability to achieve sustainability. Accordingly, the following chi-square tests

have been conducted in SPSS Version 25 to assess the relationship between the two variables (Variable: Strategic Resource Development Plan, and variable: Sustainability):

**Chi-Square Test 1.** The presence of a strategic resource development plan supports the organizations' long-term sustainability:

- Independent Variable: Strategic resource development plan: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 23 out of 29 Not Active NPOs (79.31%) “Strongly Agree” that the presence of a strategic resource development plan supports the organizations' long-term sustainability.
- Test Results 2: 17 out of 33 Active NPOs (51.51%) “Strongly Agree” that the presence of a strategic resource development plan supports the organizations' long-term sustainability.
- Test Results 3: The chi-square test table showed that the chi-square value = 5.588, the degrees of freedom  $df = 3$ , and  $p$  value = .133 which means that the results are not statistically significant, and we would accept the null hypothesis.
- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .300, which is medium in this test.

The presence of a strategic resource development plan and whether this variable has an association with the NPOs long-term sustainability was not statistically significant,  $\chi^2(3, N = 62) = 5.588, p = .133$ . Therefore, the presence of a strategic resource development plan is not a good measuring instrument to assess the NPOs' long-term sustainability. In this context, the respondents believed that although the strategic resource development plan plays an important role in the organizations' success, yet this may not be the main factor in determining the long-term existence of the NPOs. There could be other reasons that played more effective roles towards the long-term sustainability of the NPOs such as the suggested factors that Bowman (2011) presented, which were the organization's mission, values, opportunities, and threats that come into play when determining the NPOs' preferred level of capacity in the long term. With these key indicators that the Bowman (2011) suggested as significant for sustaining the long-term capacity of the NPOs, the strategic resource development plan might not be considered as a concrete step to help the financial side of the organization to succeed and eventually reach the sustainability level. Yet, the outcome of this test and the thoughts that were presented by Bowman (2011) may not be generalized at this point due to more different scenarios that will come ahead to determine the role of the strategic resource development planning in sustaining the NPOs.

Accordingly, the stated null hypothesis for the first research question will be accepted and the study, based only on this test, would determine that there would be no need to insist for the newly established NPOs that have long-lasting and needed missions to develop strategic resource development plans. Further, based on the outcome of this

test, there could be other factors that help the NPOs in their desire for long-term sustainability.

Table 13

*Test 1 Outcome*

				My Organization is Currently:		Total
				Not Active NPOs	Active NPOs	
The presence of a strategic resource development plan supports the organization's long-term sustainability	Strongly Disagree	Count	1	2	3	
		Expected	1.4	1.6	3.0	
	Undecided	Count	1	5	6	
		Expected	2.8	3.2	6.0	
	Agree	Count	4	9	13	
		Expected	6.1	6.9	13.0	
	Strongly Agree	Count	23	17	40	
		Expected	18.7	21.3	40.0	
Total	Count	29	33	62		
	Expected	29.0	33.0	62.0		

Table 14

*Chi-Square for Test 1*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.588 <sup>a</sup>	3	.133
Likelihood Ratio	5.870	3	.118
Linear-by-Linear Association	3.353	1	.067
N of Valid Cases	62		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.40.

Table 15

*Symmetric Measures for Test 1*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.300	.133
	Cramer's V	.300	.133
N of Valid Cases		62	

**Chi-Square Test 2.** The absence of a strategic resource development planning for organizations is a main factor for organizations' discontinuity:

- Independent Variable: Strategic planning for organizations: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 17 out of 29 Not Active NPOs (58.62%) "Strongly Agree" that the absence of a strategic planning for organizations is a main factor for organizations' discontinuity.
- Test Results 2: 12 out of 32 Active NPOs (37.50%) "Agree" that the absence of a strategic planning for organizations is a main factor for organizations' discontinuity.
- Test Results 3: The chi-square test table showed that the chi-square value = 20.632, the  $df = 4$ , and  $p$  value = .000 which means that the results are statistically significant, and we would accept the alternate hypothesis.

- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .582, which is large in the study.

There was a significant association between the absence of strategic planning for organizations and discontinuity of NPOs,  $\chi^2(4, N = 61) = 20.632, p = .000$ , which means that the absence of strategic planning for organizations is a good measuring instrument to assess the NPOs' discontinuity. The results showed a big variance between the two groups of the study in terms of their level of agreement on this variable, even with the noticeable difference between the two groups, the effect size between the absence of a strategic resource development plan and the discontinuity of the NPOs was large and contested a strong link between the two variables. Hence, the study focused on the strategic resource development planning as a factor for NPOs long-term sustainability, the outcome of this test strongly supports the alternate hypothesis and would lay grounds for adopting strategic resource development plan to succeed with the organizations' mission for long-term basis. With this outcome and the large effect size between the two variables, the first research question that focused on the strategic resource development plan would gain strong support to advance the alternate hypothesis that insisted on the strategic resource development plan as a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability. Likewise, the literature did not mention the association of the strategic resource development plan with the newly established NPOs sustainability, in this regard, the outcome will be of value to add new findings to the literature of public policy.

Consequently, Clark (2012) promoted the notion of Strategic Thinking as the key for successful strategic planning and practices within the NPOs and assumed that the results would lead to more productive efforts towards sustaining the organization, and by following such an approach the leadership of the NPOs should focus their efforts towards a productive strategy that strategic thinking forms the core base for long-term strategic planning. Hence, other scholars discussed the discontinuity of NPOs and did not provide a solid reason for NPOs' discontinuity (Hager et al., 1996). While Bennett (2016) determined four reasons for the NPOs to close or discontinue and one of those reasons was the lack of the development of plans, which formed the only study that listed the absence of development planning for NPOs, especially the newly established NPOs, as the main factor for NPOs discontinuity, which aligned with the outcome that this measure presented in this test.

Table 16

*Test 2 Outcome*

		My Organization is Currently:			
		Not Active NPOs	Active NPOs	Total	
The absence of strategic planning for organizations is a main factor for organizations' discontinuity	Strongly Disagree	Count	1	3	4
		Expected	1.9	2.1	4.0
	Disagree	Count	1	6	7
		Expected	3.3	3.7	7.0
	Undecided	Count	3	9	12
		Expected	5.7	6.3	12.0
	Agree	Count	7	12	19
		Expected	9.0	10.0	19.0
	Strongly Agree	Count	17	2	19
		Expected	9.0	10.0	19.0
	Total	Count	29	32	61
		Expected	29.0	32.0	61.0

Table 17

*Chi-Square for Test 2*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	20.632 <sup>a</sup>	4	.000
Likelihood Ratio	22.885	4	.000
Linear-by-Linear Association	14.397	1	.000
N of Valid Cases	61		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.90.

Table 18

*Symmetric Measures for Test 2*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.582	.000
	Cramer's V	.582	.000
N of Valid Cases		61	

**Chi-Square Test 3.** The presence of a strategic resource development plan played a significant role in sustaining your organization:

- Independent Variable: Strategic resource development plan: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 15 out of 29 Not Active NPOs (51.72%) “Undecided” that the presence of a strategic resource development plan played a significant role in sustaining your organization.
- Test Results 2: 13 out of 32 Active NPOs (40.62%) “Agree” that the presence of a strategic resource development plan played a significant role in sustaining your organization.
- Test Results 3: The chi-square test table showed that the chi-square value = 14.987, the  $df = 4$ , and  $p$  value = .005 which means that the results are statistically significant, and we would accept the alternate hypothesis.

- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .496, which is large in the study.

There was a significant association between the presence of a strategic resource development plan and sustainability of the respondents' NPOs,  $\chi^2(4, N = 61) = 14.987, p = .005$ . Therefore, the presence of a strategic resource development plan is a good measuring instrument to assess the NPOs' sustainability. This test may sound similar to the first chi-square test; nevertheless, it is not because the measure targeted the respondents' respective NPOs, which means the respondents provided their views based on their understanding and evaluation to the role of strategic resource development planning in sustaining the NPOs that they represent, which is another good step towards laying the grounds to support the study's alternate hypothesis. Furthermore, since the answers to this question were based on actual experiences and reflected evaluation to implemented strategic resource development plans, the outcome would be considered much stronger in its effect than the flat opinion that relied on theoretical belief. Accordingly, the level of support that the outcome of this question provides to the study's first research question is precious and confirms the stated alternate hypothesis. Likewise, McDonald et al. (2015) highlighted several strategies to achieve organizational sustainability of the NPOs and discussed general thoughts that the leadership of NPOs might adopt to enhance the organization's revenues and, as a result, achieve organizational and financial sustainability. Hence, Reese (2016) suggested that the NPOs leadership should consider certain factors that would help the creation of sustainable resource development plan, such as new business models.

Table 19

*Test 3 Outcome*

		My Organization is Currently:			
		Not Active NPOs	Active NPOs	Total	
The presence of a strategic resource development plan played a significant role in sustaining your organization.	Strongly Disagree	Count	3	2	5
		Expected	2.4	2.6	5.0
	Disagree	Count	7	6	13
		Expected	6.2	6.8	13.0
	Undecided	Count	15	5	20
		Expected	9.5	10.5	20.0
	Agree	Count	3	13	16
		Expected	7.6	8.4	16.0
	Strongly Agree	Count	1	6	7
		Expected	3.3	3.7	7.0
	Total	Count	29	32	61
		Expected	29.0	32.0	61.0

Table 20

*Chi-Square for Test 3*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.987 <sup>a</sup>	4	.005
Likelihood Ratio	16.064	4	.003
Linear-by-Linear Association	6.642	1	.010
N of Valid Cases	61		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 2.38.

Table 21

*Symmetric Measures for Test 3*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.496	.005
	Cramer's V	.496	.005
N of Valid Cases		61	

Continuing the presentation of the chi-square test results, the second research question focused on the association of stand-alone business entities with the persistence of newly established NPOs that have long-lasting and needed missions, and the testing results would show whether the stand-alone business entities and/or commercial practices of the NPOs constitute a good measuring instrument to assess the persistence of the newly established NPOs. Therefore, the study's null hypothesis for the second research question stated that the embracing of a stand-alone business entity is not a good measuring instrument on the persistence of the newly established NPOs in the United States. Accordingly, I conducted the following chi-square tests in SPSS Version 25 to assess the relationship between the two variables (Variable: Stand-alone business entities/commercial activities, and Variable: Sustainability):

**Chi-Square Test 4.** The establishment of stand-alone business entities and its relationship with increasing the organizations' financial stability:

- Independent Variable: Stand-alone business entities: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).

- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 15 out of 29 Not Active NPOs (51.72%) “Strongly Agree” that the establishment of stand-alone business entities will increase the organizations’ financial stability.
- Test Results 2: 11 out of 32 Active NPOs (34.37%) “Agree”, and 11 out of 32 (34.37%) of the same group “Undecided” that the establishment of stand-alone business entities will increase the organizations’ financial stability.
- Test Results 3: The chi-square test table showed that the chi-square value = 18.455, the  $df = 4$ , and  $p$  value = .001 which means that the results are statistically significant, and we would accept the alternate hypothesis.
- Test Results 4: The Symmetric Measures table showed that the Cramer’s  $V$  value (Effect Size) is .550, which is large in the study.

There was a statistically significant difference between the two groups of the study on the likely impact of the establishment of stand-alone business entities on the organizations’ financial stability,  $\chi^2(4, N = 61) = 18.455, p = .001$ . Therefore, based on the statistical outcome of the chi-square test, it was evident that the not active NPOs were more strongly agreed with the impact of the stand-alone business entities than the active NPOs, which suggests that the stand-alone business entities may not necessarily be related to NPOs financial stability. Thus, it was clear in the results that the respondents of the not active NPOs believed that the stand-alone business entity, as a new model that was not implemented before, may positively affect the financial stability of the NPOs, unlike the

active NPOs. The stand-alone business entity is a new model of commercial activities for the NPOs that aims to generate revenues and support the NPOs' desire towards sustainability. Nevertheless, this test means in the context of the stated alternate hypothesis is that although the statistical outcome may clearly supports the embracing of stand-alone business entities as a good measuring instrument on the persistence of the newly established NPOs, yet the respondents' belief may contradicts with the actual status of their respected NPOs that resulted in becoming not active NPOs during the first five years of their existence; accordingly, the stand-alone business entities may not necessarily be related to NPOs success. Thus, the statistical strength of the relationship between the stand-alone business entities and sustainability of NPOs was large enough to suggest possible future effect of this finding on the NPOs in general, and the newly established NPOs that have long-lasting and needed missions in particular. Nevertheless, the impact of this outcome was not limited to the newly tested approach; rather, it would fill the gap in the literature of public policy that is related to the business practices of NPOs.

Additionally, looking at the outcome of this measure from the literature lens shows that the stand-alone business entity as a suggested new model for generating revenues to possibly sustain the NPOs was not clearly present, although there were a few studies that discussed the business activities in general, such as Goerke (2003) who suggested that the NPOs need to take further step to operate "businesslike", while Clark (2012) indicated that "non-profit organizations do not have to experience the stress of fighting for a scintilla of awarded funds if they develop businesses that can earn them

income” (p. 32). Also, Di Zhang and Swanson (2013) advocated for the establishment of a viable business by NPOs and stressed that the organizations need to balance between social and business objectives through the establishment of a viable business side-by-side to the NPO, while Furick (2013) promoted for-profit business activities within the functions of the not-for-profit organization. Thus, although the statistical outcome of this measure would provide an indication of possible role of this new model towards helping the NPOs in their desire for long-term sustainability which will be considered a new addition to the sustainability strategies of NPOs, the actual end status of the not active NPOs would suggest an opposite direction that undermines the role of stand-alone business entities in increasing the organizations’ financial stability.

Table 22

*Test 4 Outcome*

		My Organization is Currently:		Total	
		Not Active NPOs	Active NPOs		
The establishment of stand-alone business entities will increase the organizations' financial stability.	Strongly Disagree	Count	2	2	4
		Expected	1.9	2.1	4.0
	Disagree	Count	1	6	7
		Expected	3.3	3.7	7.0
	Undecided	Count	3	11	14
		Expected	6.7	7.3	14.0
	Agree	Count	8	11	19
		Expected	9.0	10.0	19.0
	Strongly Agree	Count	15	2	17
		Expected	8.1	8.9	17.0
	Total	Count	29	32	61
		Expected	29.0	32.0	61.0

Table 23

*Chi-Square for Test 4*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.455 <sup>a</sup>	4	.001
Likelihood Ratio	20.402	4	.000
Linear-by-Linear Association	10.190	1	.001
N of Valid Cases	61		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.90.

Table 24

*Symmetric Measures for Test 4*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.550	.001
	Cramer's V	.550	.001
N of Valid Cases		61	

**Chi-Square Test 5.** Commercial activities support the organizations' desire for long-term sustainability:

- Independent Variable: Commercial activities: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 17 out of 29 Not Active NPOs (53.12%) "Strongly Agree" that Commercial activities support the organizations' desire for long-term sustainability.
- Test Results 2: 14 out of 32 Active NPOs (43.75%) "Agree" that Commercial activities support the organizations' desire for long-term sustainability.
- Test Results 3: The chi-square test table showed that the chi-square value = 11.110, the  $df = 4$ , and  $p$  value = .025 which means that the results are statistically significant, and we would accept the alternate hypothesis.
- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .427, which is large in the study.

There was a statistically significant difference between the two groups of the study on the likely impact of the establishment of commercial activities on the NPOs' long-term sustainability,  $\chi^2(4, N = 61) = 11.110, p = .025$ . Therefore, based on the statistical outcome of the chi-square test, it is evident that the not active NPOs were more strongly agreed with the impact of the commercial activities than the active NPOs on the organizations' desire for long-term sustainability, which suggests that the commercial activities that are conducted by NPOs may not necessarily be related to NPOs long-term sustainability when taking into account the current status of each group of the targeted NPOs. By testing the respondents' replies on commercial activities in general, the statistical outcome would suggest that, while there is a statistically significant difference in respondents' opinion among the two groups of the study, the fact that the active NPOs did not see the commercial activities as much value since their responses were less favorable with commercial activities suggests that this approach may not be strongly correlated with the NPOs' desire for long-term sustainability. On the other hand, scholars, such as Goggins (2016) supported the commercial activities approach by suggesting that the act of businesslike procedures by NPOs would increase revenues and promote the stability and long-term sustainability of the NPOs.

Table 25

*Test 5 Outcome*

				My Organization is Currently:		Total
				Not Active NPOs	Active NPOs	
Commercial activities support the organizations' desire for long-term sustainability:	Strongly Disagree	Count	1	2	3	
		Expected	1.4	1.6	3.0	
	Disagree	Count	0	1	1	
		Expected	.5	.5	1.0	
	Undecided	Count	3	9	12	
		Expected	5.7	6.3	12.0	
	Agree	Count	8	14	22	
		Expected	10.5	11.5	22.0	
	Strongly Agree	Count	17	6	23	
		Expected	10.9	12.1	23.0	
	Total	Count	29	32	61	
		Expected	29.0	32.0	61.0	

Table 26

*Chi-Square for Test 5*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.110 <sup>a</sup>	4	.025
Likelihood Ratio	11.858	4	.018
Linear-by-Linear Association	7.231	1	.007
N of Valid Cases	61		

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .48.

Table 27

*Symmetric Measures for Test 5*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.427	.025
	Cramer's V	.427	.025
N of Valid Cases		61	

**Chi-Square Test 6.** Commercial activities for raising funds decrease the potential risk of discontinuity:

- Independent Variable: Commercial activities for raising funds: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 16 out of 29 Not Active NPOs (55.17%) “Strongly Agree” that commercial activities for raising funds decrease the potential risk of discontinuity.
- Test Results 2: 13 out of 32 Active NPOs (40.62%) “Agree” that commercial activities for raising funds decrease the potential risk of discontinuity.
- Test Results 3: The chi-square test table showed that the chi-square value = 12.279, the  $df = 4$ , and  $p$  value = .015 which means that the results are statistically significant, and we would accept the alternate hypothesis.

- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .449, which is large in the study.

There was a statistically significant difference between the two groups of the study on their response on the impact of commercial activities that are created for raising funds on reducing the possible risk of NPOs' discontinuity,  $\chi^2(4, N = 61) = 12.279, p = .015$ . Thus, statistical outcome shows that the not active NPOs were more strongly agreed with the impact of the commercial activities in reducing the likely discontinuation of NPOs than the active NPOs, which suggests that the commercial activities that are conducted by NPOs may not necessarily be related to reducing the NPOs' discontinuity when considering the current status of each group of the targeted NPOs. Thus, this test measured the role of commercial activities in sustaining the NPOs from a different perspective. It measured the views of the respondents with an opposite scenario where commercial activities may stand in case of potential NPOs' discontinuity. Consequently, while the statistical outcome would influence the newly established NPOs that have long-lasting and needed missions to consider commercial activities as a possible factor to likely reduce the NPOs' discontinuity, the actual status of the respondents' NPOs suggests that the commercial activities may not be a factor towards reducing the possible risk of NPOs' discontinuity. Data from the IRS (2016) showed that 21% from the newly established NPOs discontinue within the first five years of their existence every year, which triggers the importance to minimize this large volume of newly established NPOs that discontinue existence every year.

Table 28

*Test 6 Outcome*

		My Organization is Currently:			
		Not Active NPOs	Active NPOs	Total	
Commercial activities for raising funds decrease the potential risk of discontinuity:	Strongly Disagree	Count	2	2	4
		Expected	1.9	2.1	4.0
	Disagree	Count	1	5	6
		Expected	2.9	3.1	6.0
	Undecided	Count	2	7	9
		Expected	4.3	4.7	9.0
	Agree	Count	8	13	21
		Expected	10.0	11.0	21.0
	Strongly Agree	Count	16	5	21
		Expected	10.0	11.0	21.0
	Total	Count	29	32	61
		Expected	29.0	32.0	61.0

Table 29

*Chi-Square for Test 6*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.279 <sup>a</sup>	4	.015
Likelihood Ratio	12.967	4	.011
Linear-by-Linear Association	6.166	1	.013
N of Valid Cases	61		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.90.

Table 30

*Symmetric Measures for Test 6*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.449	.015
	Cramer's V	.449	.015
N of Valid Cases		61	

**Chi-Square Test 7.** Commercial activities may significantly increase the organizations' chances to become financially sustained:

- Independent Variable: Commercial activities: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 17 out of 29 Not Active NPOs (58.62%) "Strongly Agree" that commercial activities may significantly increase the organizations' chances to become financially sustained.
- Test Results 2: 15 out of 32 Active NPOs (46.87%) "Agree" that commercial activities may significantly increase the organizations' chances to become financially sustained.
- Test Results 3: The chi-square test table showed that the chi-square value = 10.499, the  $df = 3$ , and  $p$  value = .015 which means that the results are statistically significant, and we would accept the alternate hypothesis.

- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .415, which is large in the study.

There was a statistically significant difference between the not active NPOs and the sustained organizations on their responses on whether the commercial activities may significantly increase the chances of the NPOs to become financially sustained,  $\chi^2(3, N = 61) = 10.499, p = .015$ . Despite the statistical outcome that shows the not active NPOs were more strongly agreed with the impact of the commercial activities in significantly increasing the organizations' chances to become financially sustained, the active NPOs were less in viewing this factor as significant; nevertheless, the active NPOs continued to operate despite not viewing it as favorable, which suggests that the commercial activities are not likely a factor for determining the NPOs financial sustainability. The testing outcome of this factor further confirms the previous results that showed a statistically significant difference between the two groups of the study. Further, since the outcome showed more important the commercial activities to the not active NPOs, this may supplement the belief to undermine the possible role of this factor in determining the NPOs financial sustainability.

Subsequently, this means within the context of this study is that the second research question that focuses on stand-alone business entities; thus, it is part of various commercial activities, is further confirms a significant difference between the two groups of the study in viewing the role of the stand-alone business entities in sustaining the NPOs, which in practice the sustained NPOs were less likely in favor of this factor for financial sustainability, and fills in the gap in the public policy literature that previously

did not include studies that discussed this approach. Di Zhang and Swanson (2013) suggested to balance between social and business objectives through the establishment of viable business side-by-side to the NPO and settled that this strategy could be worthwhile for the long-term sustainability of the NPOs. Furick (2013) promoted a different commercial approach, while Ford and Mottner (2003) proposed two methods as business ventures to increase the organizations' financial revenues. The main goal of all these proposals was to increase the long-term sustainability of the NPOs, in which the outcome of this study contradicts with these findings and further undermines the role of commercial activities in sustaining the NPOs when considering the current status of the respondents' NPOs.

Table 31

*Test 7 Outcome*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
Commercial activities may significantly increase the organizations' chances to become financially sustained.	Disagree	Count	0	1	1
		Expected	.5	.5	1.0
	Undecided	Count	2	9	11
		Expected	5.2	5.8	11.0
	Agree	Count	10	15	25
		Expected	11.9	13.1	25.0
	Strongly Agree	Count	17	7	24
		Expected	11.4	12.6	24.0
Total	Count	29	32	61	
	Expected	29.0	32.0	61.0	

Table 32

*Chi-Square for Test 7*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.499 <sup>a</sup>	3	.015
Likelihood Ratio	11.360	3	.010
Linear-by-Linear Association	10.171	1	.001
N of Valid Cases	61		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .48.

Table 33

*Symmetric Measures for Test 7*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.415	.015
	Cramer's V	.415	.015
N of Valid Cases		61	

**Chi-Square Test 8.** Stand-alone business entities, as an approach of revenue diversification, may help the nonprofits become financially sustained:

- Independent Variable: Stand-Alone business entities: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).

- Test Results 1: 20 out of 29 Not Active NPOs (68.96%) “Agree” that stand-alone business entities, as an approach of revenue diversification, may help the nonprofits become financially sustainable.
- Test Results 2: 17 out of 33 Active NPOs (51.51%) “Agree” that stand-alone business entities, as an approach of revenue diversification, may help the nonprofits become financially sustainable.
- Test Results 3: The chi-square test table showed that the chi-square value = 8.068, the  $df = 3$ , and  $p$  value = .045 which means that the results are statistically significant, and we would accept the alternate hypothesis.
- Test Results 4: The Symmetric Measures table showed that the Cramer’s  $V$  value (Effect Size) is .361, which is medium in the study.

There was a statistically significant difference in opinion between the two groups of the study on their perspective in regard to the impact of the stand-alone business entities, as an approach for revenue diversification, on the financial sustainability of the NPOs,  $\chi^2(3, N = 62) = 8.068, p = .045$ . Since the active NPOs were less likely to consider the stand-alone business entities to help the NPOs become financially sustained, the stand-alone business entities, as an approach for revenue diversification, may not necessarily be a good factor to determine the NPOs’ financial sustainability although stand-alone business entities variable has been tested in previous scenarios in the study. The treatment of this factor came as an approach of revenue diversification strategy, which did not make much difference because this test and previous tests showed statistically significant difference in opinion between the two groups of the study on the stand-alone business entities and

its relation to financial sustainability of NPOs. The value of testing the stand-alone business entities with the diversification strategy of the NPOs comes as part of employing the diversity construct of the theoretical framework of the study. Applying diverse revenue approach within the organization may open the doors for adapting to new concepts of resource developments; nevertheless, the new business model of stand-alone business entities may not be of help for the NPOs in their desire towards financial sustainability since the not active NPOs were more likely to agree on the importance of including the stand-alone business entities as part of revenue diversification strategy than the already sustained NPOs.

On the stand-alone business entities, the literature was very limited and did not present a clear model that may be linked to the model that was tested in this study. Other suggestions on business practices were presented by Ford and Mottner (2003), Gresock et al. (2006), Goldkind et al. (2013), and Di Zhang and Swanson (2013). Every model listed within these studies did provide a business concept and suggested specific approaches to encourage the NPOs' leadership to diversify their resource developments through commercial practices. Thus, the discussions within the literature came as approaches that were developed and tested for a potential increase of NPOs' revenues. Therefore, this test of the stand-alone business entity came as a new finding to the various business proposals of NPOs.

Table 34

*Test 8 Outcome*

			My Organization is Currently:		Total
			Not Active NPOs	Active NPOs	
Stand-alone business entities, as an approach of revenue diversification, may help the nonprofits become financially sustained.	Disagree	Count	0	1	1
		Expected	.5	.5	1.0
	Undecided	Count	2	11	13
		Expected	6.1	6.9	13.0
	Agree	Count	20	17	37
		Expected	17.3	19.7	37.0
	Strongly Agree	Count	7	4	11
		Expected	5.1	5.9	11.0
	Total	Count	29	33	62
		Expected	29.0	33.0	62.0

Table 35

*Chi-Square for Test 8*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.068 <sup>a</sup>	3	.045
Likelihood Ratio	9.060	3	.029
Linear-by-Linear Association	6.725	1	.010
N of Valid Cases	62		

a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .47.

Table 36

*Symmetric Measures for Test 8*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.361	.045
	Cramer's V	.361	.045
N of Valid Cases		62	

Besides testing the variables of the research questions and determining whether to accept or reject the stated null hypothesis, I conducted chi-square test for diversification of revenues, as one of the main constructs of the resource dependence theory, in relation to the sustainability of NPOs. The testing outcome is as follows:

**Chi-Square Test 9.** As nonprofits face increase competition for donor dollars and grants, revenue diversification increases the organizations' chances for sustainability:

- Independent Variable: Revenue diversification: (possible answers: 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree).
- Dependent Variable: Sustainability status: (Possible answers: .00 = Not Active (Discontinued), 1.00 = Active (Sustained)).
- Test Results 1: 18 out of 29 Not Active NPOs (62.06%) "Agree" that revenue diversification increases the organizations' chances for sustainability.
- Test Results 2: 18 out of 33 Active NPOs (54.54%) "Strongly Agree" that revenue diversification increases the organizations' chances for sustainability.

- Test Results 3: The chi-square test table showed that the chi-square value = 2.538, the  $df = 2$ , and  $p$  value = .281 which means that the results are not statistically significant, and we would accept the null hypothesis.
- Test Results 4: The Symmetric Measures table showed that the Cramer's V value (Effect Size) is .202, which is small in the study.

The association between revenue diversification and sustainability of NPOs is not statistically significant,  $\chi^2(2, N = 62) = 2.538, p = .281$ . Therefore, revenue diversification is not a good measuring instrument to assess the NPOs' sustainability. There are possible reasons for reaching this result which may be related to respondents' own experiences with their organizations. The question that comes up is that why should an organization diverse its revenue approaches if one or a couple of resource development approaches may suffice the financial goals of the organization? The main point is that although the study employed the resource dependence theory as the theoretical framework, the respondents' interpretation of revenue diversification could be based on their practices that are custom to their NPOs' financial needs. Thus, since the test showed no association between revenue diversification and sustainability of NPOs, it will not affect the overall determination on the stated hypotheses of the study.

Further, the outcome of this test revealed a small effect size of the relationship between the tested variables, which may not propose strong inconsistency to some conclusions of studies that suggested the revenue diversification provide stability and long-term sustainability especially during economic downturns such as the studies that Pembleton (2018), Lu (2016), and Rottkamp and Bahazhevska (2016) conducted.

Table 37

*Test 9 Outcome*

		My Organization is Currently:			Total
		Not Active NPOs	Active NPOs		
As nonprofits face increase competition for donor dollars and grants, revenue diversification increases the organizations' chances for sustainability.	Undecided	Count	1	1	2
		Expected	.9	1.1	2.0
	Agree	Count	18	14	32
		Expected	15.0	17.0	32.0
	Strongly Agree	Count	10	18	28
		Expected	13.1	14.9	28.0
Total	Count	29	33	62	
	Expected	29.0	33.0	62.0	

Table 38

*Chi-Square for Test 9*

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.538 <sup>a</sup>	2	.281
Likelihood Ratio	2.561	2	.278
Linear-by-Linear Association	2.068	1	.150
N of Valid Cases	62		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is .94.

Table 39

*Symmetric Measures for Test 9*

Symmetric Measures			
		Value	Approximate Significance
Nominal by Nominal	Phi	.202	.281
	Cramer's V	.202	.281
N of Valid Cases		62	

**Summary**

The study relied on data that was obtained through the researcher-developed survey from representatives of the sample discontinued NPOs and the sustained ones. The testing procedure was the chi-square which formed the most suitable test for categorical data of the causal-comparative design study. Thus, the research questions contained three variables that were the focus of the testing process, which were the strategic resource development plan from the first research question, the stand-alone business entities/commercial practices of the NPOs from the second research question, and the sustainability variable of the NPOs.

For the first variable, the strategic resource development plan, which was the core focus of testing the first research question, was tested in three different survey measures. The following table summarizes the statistical outcome for this variable:

Table 40

*Summary of Testing Results for Strategic Resource Development Planning*

Test #	Variable	Variable	Result	Hypothesis	Strength of Effect Size
Chi-Square Test 1	The presence of Strategic Resource Development Plan	Sustainability	Not statistically significant	Accept Null Hypothesis	Medium
Chi-Square Test 2	Absence of strategic resource development planning	Discontinuity	Statistically significant	Reject Null Hypothesis	Large
Chi-Square Test 3	Presence of strategic resource development plan	Sustaining	Statistically significant	Reject Null Hypothesis	Large

The first survey question focused on assessing the respondents' opinion on whether the presence of a strategic resource development plan supports the organization's long-term sustainability. The chi-square testing revealed that  $\chi^2(3, N = 62) = 5.588, p = .133$ . The association between the presence of a strategic resource development plan and long-term sustainability of NPOs was not significant, and therefore, the main null hypothesis for the first research question, which stated that the presence of a strategic resource development plan is not a good measuring instrument to assess the newly established NPOs' capability to achieve sustainability, would be accepted although the descriptive statistics showed that 79.31% of the not active NPOs strongly agreed and 51.51% of active NPOs strongly agreed that the presence of a strategic resource development plan supports the organizations' long-term sustainability. Hence, the strength of association between the strategic resource development plan and the long-term sustainability of the NPOs was medium, which made the results less credible to make a solid conclusion about the association between the two variables; therefore, the

following two questions presented more credible results since the effect size for both tests echoed a large effect of the association between the variables.

The second chi-square test that addressed the first research question focused on the opposite scenario that stated the absence of strategic planning for organizations is the main factor for organizations' discontinuity. The testing outcome showed that there was a significant association between the absence of strategic planning for organizations and discontinuity of NPOs,  $\chi^2(4, N = 61) = 20.632, p = .000$ , which means that the absence of strategic planning for organizations is a good measuring instrument to assess the NPOs' discontinuity.

The third chi-square testing for the first research question assessed whether the presence of a strategic resource development plan played a significant role in sustaining the respondents' respective organizations. The testing outcome showed that there was a statistically significant association between the presence of a strategic resource development plan and sustainability of the respondents' NPOs,  $\chi^2(4, N = 61) = 14.987, p = .005$ . Therefore, the presence of a strategic resource development plan is a good measuring instrument to assess the NPOs' sustainability.

Consequently, the main testing outcome of the first research question and its associated hypotheses revealed that there was a statistically significant association between the strategic resource development plan and the sustainability of the newly established NPOs that have long-lasting and needed missions, and the effect size of this association was large. This means in the context of the greater problem and purpose of the study is that when the newly established organizations develop strategic resource

development plan during the initiation stage of the NPOs, among other initiation steps, the potential to get those NPOs to succeed with their missions and avoid possible discontinuation is further likely to prevail.

The findings of this research in terms of the role of the strategic resource development planning for NPOs would highlight a valuable contribution that will be added to the literature of public policy since there were lack of studies that tackled such a problem, and would consist with the findings of previous studies that contributed conclusions of the association between the strategic resource development with the continuous existence of NPOs. Nonetheless, this research problem has not been researched thoroughly to decrease discontinuity of newly established NPOs that have long-lasting and needed missions. Bennett (2016) concluded that one of the main reasons for NPOs disappearance was the absence of existing development plans during the initiation period of the affected NPOs, Goggins (2016) confirmed that the NPOs engage in the act of strategic planning, Greenwell (2017) suggested several planning strategies that may help the NPOs survive in the competitive market, while Rojas (2016) concluded some strategic planning approaches and management tools that the NPOs applied to sustain their existence. Further, Hager et al. (1996) discussed the discontinuity of NPOs, and their findings did not comprise a solid reason for explaining this phenomenon, Hager et al. (2004) concluded a couple of factors that the researchers believed that might cause the NPOs to survive, which were the age of the organization and the role of institutional and network embeddedness, while Horton (2013) stressed that lack of strategic planning was a major cause for organizations' failures.

Hence, the findings of this study would increase the potential sustainability of NPOs while developing strategic resource development plan for the NPOs in general, and the newly established NPOs that have long-lasting and needed missions. Additionally, the findings of the testing process regarding the strategic resource development plan would suffice the purpose that the study was conducted for. Mainly, the outcome of chi-square testing procedures for the strategic resource development plan, collectively, concluded that there was an association between this variable and sustainability of the newly established NPOs, which came in parallel with the findings of previous studies that also concluded a significant relationship between the strategic planning and the long-term sustainability of the NPOs. The significance of the association may impact the decisions that the founders and/or leaders of the NPOs to incorporate strategic resource development planning during the initial stages of the NPOs, among other possible initiation procedures, to further increase likely sustainability of their respected NPOs.

The second research question focused on the stand-alone business entities and whether the establishment of stand-alone business entities influences the persistence of the newly established NPOs in the United States. There were five different chi-square tests that presented different statistics. The following table summarizes the statistical outcome of all chi-square testing procedures that targeted this variable:

Table 41

*Summary of Testing Results for Stand-Alone Business Entities/Commercial Activities*

Test #	Variable	Variable	Result	Hypothesis	Strength of Effect Size
Chi-Square Test 4	Stand-alone business entities	Sustainability	Statistically significant	Reject Null Hypothesis	Large
Chi-Square Test 5	Commercial activities	Sustainability	Statistically significant	Reject Null Hypothesis	Large
Chi-Square Test 6	Commercial activities	Discontinuity	Statistically significant	Reject Null Hypothesis	Large
Chi-Square Test 7	Commercial activities	Sustainability	Statistically significant	Reject Null Hypothesis	Large
Chi-Square Test 8	Stand-alone business entities	Sustainability	Statistically significant	Reject Null Hypothesis	Medium

The first chi-square test assessed whether the establishment of stand-alone business entities increases the organizations' financial stability. While the chi-square tests revealed that there was a statistically significant difference between the two groups of the study on the possible impact of the establishment of stand-alone business entities on the organizations' financial stability,  $\chi^2(4, N = 61) = 18.455, p = .001$ , the not active NPOs were more strongly agreed with the impact of the stand-alone business entities than the active NPOs, which suggested that the stand-alone business entities may not necessarily be related to NPOs financial stability when taking into account the current sustainability status of the respondents' NPOs. Therefore, the embracing of a stand-alone business entity is not necessarily a good measuring instrument on the persistence of the newly established NPOs.

The second chi-square test tackled a wider area than the stand-alone business entities, which was the commercial activities in general, and tested whether the commercial activities support the organizations' desire for long-term sustainability. Although the testing procedure revealed that there was a statistically significant difference between the two groups of the study on the likely impact of the establishment of commercial activities on the NPOs' long-term sustainability,  $\chi^2(4, N = 61) = 11.110, p = .025.$ , it was clear that the not active NPOs were more strongly agreed with the impact of the commercial activities than the active NPOs on the organizations' desire for long-term sustainability, which suggested that the commercial activities that are conducted by NPOs may not necessarily be related to NPOs long-term sustainability. Accordingly, the NPOs' establishment of commercial activities may not necessarily support their desire for long-term sustainability.

The third chi-square test on the second research question assessed an opposite view of the impact that the commercial activities may cause to prevent discontinuity of NPOs. The test outcome revealed that there was a statistically significant difference between the two groups of the study on their response on the impact of commercial activities that are created for raising funds on reducing the possible risk of NPOs' discontinuity,  $\chi^2(4, N = 61) = 12.279, p = .015.$  Thus, statistical outcome showed that the not active NPOs were more strongly agreed with the impact of the commercial activities in reducing the likely discontinuation of NPOs than the active NPOs, which suggested that the commercial activities that are conducted by NPOs may not necessarily relate to

reducing the NPOs' discontinuity when considering the current status of each group of the targeted NPOs.

The fourth chi-square test assessed the role of commercial activities in increasing the organizations' chances to become financially sustained. The testing results revealed that there was a statistically significant difference between the not active NPOs and the sustained organizations on whether the commercial activities may significantly increase the chances of the NPOs to become financially sustained,  $\chi^2(3, N = 61) = 10.499, p = .015$ . Despite the statistical outcome that showed the not active NPOs were more strongly agreed with the impact of the commercial activities in significantly increasing the organizations' chances to become financially sustained, the active NPOs were less in viewing this factor as significant, nevertheless, the active NPOs continued to operate despite not viewing it as favorable, which suggests that the commercial activities are not likely a factor for determining the NPOs financial sustainability.

Lastly, on the second research question, the chi-square test assessed whether the stand-alone business entities, as an approach of the revenue diversification construct of resource dependence theory, may help the nonprofits become financially sustained. The testing outcome revealed that there was a statistically significant difference in opinion between the two groups of the study on their perspective in regard to the impact of the stand-alone business entities, as an approach for revenue diversification, on the financial sustainability of the NPOs,  $\chi^2(3, N = 62) = 8.068, p = .045$ . Since the active NPOs were less likely to consider the stand-alone business entities to help the NPOs become financially sustained, the stand-alone business entities, as an approach for revenue

diversification, may not necessarily a good factor to determine the NPOs' financial sustainability.

All the five chi-square tests of independence for the stand-alone business entities/commercial activities and its association with the NPOs sustainability exposed that there was a strong association between the two variables. Thus, the effect size of this association was large in four out of the five tests, which indicated that there was a significant difference between the two groups in the study in viewing the influence of stand-alone business entities on the persistence of the newly established NPOs that have long-lasting and needed missions. Nonetheless, the sustained group of NPOs was less likely to agree with the impact of the stand-alone business entities/commercial activities than the not active NPOs on the NPOs sustainability, which suggested that the commercial activities that are conducted by NPOs may not be necessarily a factor to determine the NPOs long-term sustainability. Consequently, when taking into consideration the actual status of the two groups in the study, the study failed to advance the stand-alone business entities/commercial activities as a good measure to assess the NPOs sustainability, although the chi-square testing outcome revealed otherwise.

The literature of the public policy did not present studies that addressed the role of stand-alone business entities in sustaining the newly established NPOs with long-lasting and needed missions. Nevertheless, there were a few studies that elaborated on the commercial/business practices of the NPOs. Clark (2012) discussed several forms of commercial practices by the NPOs and how the NPOs applied business activities for raising funds, Di Zhang and Swanson (2013) proposed business practices by NPOs

within the internal environment of the NPOs, while another form of business practices was through cooperation or partnership with for-profit establishments (Goerke, 2003). More researchers presented various forms of business practices such as Ford and Mottner (2003), Goggins (2016), Furick (2013), Gresock et al. (2006), and Goldkind et al. (2013). These examples reflected how the NPOs tried to apply business practices since the early stages of the philanthropy sector. It probably was not as popular as other resource development approaches; however, these studies further confirm that commercial activities existed with the rare practice among the philanthropy sector.

Thus, the main value of the findings of this study came as a new knowledge that was not associated with the literature of public policy before; thus, the guidance that would these findings provide to the leadership of the NPOs towards further sustaining their organizations. Although all findings of chi-square tests concerning commercial activities and/or the stand-alone business entities as a proposed new model of business practices within the philanthropy sector statistically supported this model as a good measure towards achieving sustainability goals of the NPOs, yet the sustained NPOs did not find this approach of value towards sustaining the NPOs since their organizations proved to be sustained with less likely agreement than the not active NPOs on the relationship of the commercial activities towards NPOs' sustainability.

Consequently, the findings would not confirm the influence of the establishment of stand-alone business entities on the persistence of the newly established NPOs within the context of resource dependence theory, which also contradicted with the findings of

Lu (2016), Rottkamp and Bahazhevskaja (2016), Pembleton (2018), Gunnerson (2019), and Rojas (2016).

With the emerged data findings, seven out of eight chi-square tests determined the testing outcome as statistically significant and rejected the null hypotheses. Thus, since the sustained NPOs were less likely to agree on the commercial activities for sustaining NPOs than the discontinued organizations, the stand-alone business entities may not be considered as a good measuring instrument to assess the NPOs sustainability. Further, the findings of chi-square tests aligned with the theoretical framework that highlighted the diversity of resources as a possible strategy to support the organizations' desire to become less dependent on external resources and to develop their financial streams.

With a more focus on the research findings, Chapter five continues the argument on the data to include research findings that were used to provide an overview of the study. Also, it provides an interpretation of the findings in the context of the theoretical framework of the study, description of any limitations to generalizability, validity, and reliability, as well as recommendations and implications to positive social change.

## Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this quantitative study was to examine the possible influence that the presence of a strategic resource development plan and the establishment of a stand-alone business entity have on the persistence of newly established NPOs that have long-lasting and needed missions in the United States within the context of the theoretical framework resource dependence theory. The examination of this relationship informed an understanding of how the strategic resource development plan and the establishment of a stand-alone business entity influence strategic approach towards sustaining the newly established NPOs. This research addressed the critical need of newly established NPOs to sustain their existence through the development of a strategic resource development plan and the establishment of stand-alone business entities in parallel with other initiation steps to become sustainable institutions. By setting up a strategic resource development plan in parallel with the initial stages of establishing the NPOs and/or establishing stand-alone business entities, the newly established NPOs would become more sustainable and more financially secure.

The study provided new findings to the public policy literature concerning the development of a strategic resource development plan and the role of stand-alone business entities. I used validated and reliable measures that assessed the variables' association with the sustainability of the newly established NPOs that have long-lasting and needed missions. I employed the causal-comparative design to examine the relationships between groups, which included NPOs that had disappeared or discontinued operations within the first 5 years of existence, and NPOs that had survived more than 5

years and were still active in the societies they serve. Comparison of responses from both groups would indicate whether the strategic resource development plan and the stand-alone business entity affected the sustainability of the NPOs.

I used the survey method to gather data from official representatives of the sustained NPOs and those that had disappeared during the first 5 years of existence. The questionnaire included information about the organizations' development of resource development plans and establishment of stand-alone business entities that helped me to assess the role and impact of the stand-alone business entities in sustaining the organizations' financial flow. The population of the study included two subpopulations of the NPOs: those that were closed during the first 5 years of existence and those that had been more than 5 years in existence and were still actively providing services to their clients. The first group was located within three counties in Michigan. The second group included NPOs from the same three counties in Michigan.

### **Key Findings**

Results revealed a statistically significant association between the strategic resource development plan and the sustainability of the newly established NPOs, and the effect size of this association was large. This indicated that when the newly established NPOs developed a strategic resource development plan during the initiation stage of existence, the NPOs succeeded with their missions and avoided discontinuation. The first finding of this study may be used to increase sustainability of NPOs through development of a strategic resource development plan.

The second finding of the study revealed that while there was a statistically significant association between the establishment of stand-alone business entities/commercial activities and NPOs sustainability, the not active NPOs' belief did not lead them to succeed with their NPOs, and the active organizations, on the other hand, remained sustained although their responses were less favored the commercial activities for long-term sustainability. Thus, while all the findings of testing procedure concerning commercial activities and/or the stand-alone business entities as a proposed new model of business practices within the philanthropy sector supported the direction towards adopting this new model as it would be a good measure towards sustainability goals of the newly established NPOs that have long-lasting and needed missions, yet since the not active NPOs were more strongly agreed on the commercial activities than the sustained organizations, this would suggest that the stand-alone business entities/commercial activities are not necessarily related to NPOs sustainability.

### **Interpretation of the Findings**

The findings of the testing procedure concerning the strategic resource development plan sufficed the purpose that the study was conducted for, which came in parallel with the findings of previous studies that also concluded a significant relationship between strategic planning and the long-term sustainability of the NPOs. The significance of the association may impact the decisions that the founders or leaders of the NPOs to incorporate strategic resource development planning during the initial phase of the NPOs, among other possible initiation procedures, to further increase likely sustainability of their newly established NPOs that were initiated to meet long-term and needed missions.

Besides, the findings also highlighted a valuable contribution that will be added to the literature of public policy since there was lack of studies that tackled such a problem and would entail with the findings of previous studies that contributed inferences of the association between the strategic resource development with the constant existence of NPOs. Nonetheless, the public policy literature maintained a broad range of researches that contributed to the possible association between the strategic resource development planning and sustainability of NPOs. The study that Bennett (2016) conducted determined that the absence of existing development plans during the initiation period of NPOs was one of the main reasons for NPOs' disappearance, Hager et al. (1996) also discussed the discontinuity of NPOs and the findings did not contain a firm reason to determine the discontinuity of NPOs, while Horton (2013) stressed that the absence of strategic planning was a significant cause for organizations' failures. On the other hand, Greenwell (2017) suggested several planning strategies that may help the NPOs survive in the competitive market, Hager et al. (2004) concluded a couple of factors that may cause the NPOs to survive, Rojas (2016) determined a few strategic planning approaches that NPOs applied for sustainability purposes, while Goggins (2016) confirmed that the NPOs engage in the act of strategic planning.

Further, another value of the findings of this study in regards to the proposed stand-alone business entities and the significant variance between the two groups of the study that undermined the contributions of this factor towards sustaining the newly established NPOs came as a new knowledge that was not associated with the literature of

public policy before, and the guidance that would this finding provide to the leadership of the NPOs towards further sustaining their organizations.

Throughout the literature, the study of stand-alone business entities as a potential contributor to the NPOs' strive for sustainability was very limited. In some instances, the targeted studies were very recent, which supported the move to conclude that the study of the role of businesses in sustaining the NPOs, in general, is a relatively new area of interest. Nonetheless, there are organizations that have been less than five years in existence that have long-lasting and needed missions which did not get the proper attention concerning the association of business practices with sustaining the operations and revenues of the targeted NPOs.

Consequently, it is more likely that this study has a place that was not explored in the literature of public policy. The literature did not have this particular phenomenon although the literature presented numerous business practices in connection with the NPOs regardless of their age or size; thus, there were no studies that tackled the newly established NPOs that have long-lasting and needed missions with the role of separate business entities for sustaining the organizations' operations and services.

Nevertheless, some examples of the very few studies that elaborated on various forms of commercial/business practices that were applied by NPOs such as Ford and Mottner (2003), Goggins (2016), Furick (2013), Gresock et al. (2006), Goldkind et al. (2013), Clark (2012), Di Zhang and Swanson (2013), and Goerke (2003). These examples reflected how the NPOs tried to apply business practices since the early stages of the philanthropy sector. Commercial methods were not as popular as other resource

development approaches; however, these studies further confirmed that commercial/business activities existed with a rare practice among the philanthropy sector.

Likewise, the resource dependence theory contended on diversity concept to resist dependency effects and to help the NPOs succeed with their resource development practices for achieving sustainability. Diversification of revenues was apparent in the exploration of sustainability of NPOs; especially it was clear that the newly established NPOs that have long-lasting and needed missions have a connection with diversity once the leadership of the NPOs decided to build the structure of their sustainability plans. Also, when it comes to the strategic resource development planning, diversity of resources forms a core pillar to develop a strategic resource development plans for the NPOs; hence, researchers over decades maintained several deliberations on the values that diversity concept brought to the success of almost every strategic resource development plan.

Consequently, the findings of testing procedure confirmed the diversity construct of the resource dependence theory as a possible strategy to support the organizations' desire to become less dependent on external resources and develop their financial streams. Thus, the findings of the study further explain the use of diversity construct of the RDT and make a new road map for the newly established NPOs to follow for their desire to sustain their resources and warrant more extended existence to meet their missions.

Nevertheless, the RDT did not entail the stand-alone business entity as a probable survival resource for NPOs; it generalized the idea of maintaining resources to support

the organizations' survival and focused on diversification of resources to creating organizational assets. Thus, Akins (2015) considered the RDT as one of the theoretical frameworks for the study to support the diversification of resources approach as a successful strategy for NPO's survival. Accordingly, when newly established NPOs develop strategic resource development plans, they become more independent and capable of achieving their desire for financial sustainability.

### **Limitations of the Study**

Chapter one included several limitations that may be experienced during the different courses of executing the research. Those possible limitations included the geographic factor that played a burden for any direct physical contact with participants, the source of data that was collected, and the utilization of only one core construct of the resource dependence theory, which was the diversification of resources.

Throughout the study, although the geographic factor and interacting with potential participants were limited to the virtual contact, yet the procedures that were set in the methodology chapter to communicate with the participants took into consideration this point and I determined a multiple steps process to ensure a utilization of virtual communications without causing any effect on the participants' responses. Mainly, this factor expected to cause threats to the validity of the answers that the participants provided. Thus, with the absence of direct contact with participants, it was only in the hands of the participants' integrity and honesty to abide by guidelines and provide honest answers.

The source of data was one of the limitations of the study. The data was collected through a researcher-developed survey from participants who consisted of official representatives of the discontinued or disappeared NPOs and the sustained ones; nonetheless, since the survey focused on collecting data about the strategic resource development planning, the business activities/stand-alone business entities, and the sustainability matters of the sample NPOs, the responses were limited to the participants' interpretation and understanding of the stated variables.

Further, the diversity construct of the resource dependence theory was the only concept that was utilized from this theory. Pfeffer and Salancik (1978) theory of RDT suggested that organizations are encouraged to build a resource development strategy that is based on diversity. Accordingly, the employment of the RDT theory in this study focused on diversity of resources through the development of resource development strategy that utilizes the stand-alone business entities as a diversity approach for sustaining the newly established NPOs that have long-lasting and needed missions, which was not explored before and made the study further limited to exploring this new approach.

Despite all these limitations in place, the study would be generalized to a broader range of NPOs, mainly the newly established NPOs that have long-lasting and needed missions in the United States. I collected data and analyzed it from the sample of the current sustained NPOs, and another sample of discontinued ones, yet the representation of the sample NPOs would reflect the surroundings of the broader population of NPOs that may have interest in the study.

Further, this study employed a researcher-developed instrument to collect data from the targeted sample population; thus, the construct of the survey instrument was carefully positioned to help produce reliable data from the official representatives of the NPOs. In this regard, the reliability of data relied solely on the participants' adherence to the ethical practices of honesty and understanding of the purpose of the study. Hence, the researcher had no control of how the process was applied at the participants' end, although there were instructions and encouragement through the consent forms that were signed by the participants to adhere to the ethical compliance of honesty while answering the questions.

Additionally, the study process relied on electronic and distance communications that had potential violations to the self-discipline and commitment to the ethical practice of honesty while answering the survey questions; nonetheless, the initial assumption was that the participants have solid knowledge of their respected organizations, which was confirmed through the responses of the participants since there were two-thirds of the responses strongly agreed that they had a strong knowledge of their NPOs' resource development planning which meant that the study scored high confidence of the quality of responses and the collected data.

As far as threats to validity of the study, the study design lacks the ability to randomly assign participants to the two groups of the study, because prior to conducting the study, the participants were either belonged to the sustained NPOs or the discontinued ones. Schenker and Rumrill (2004) elaborated on this factor and insisted that the absence of the ability to assign participants to the two groups of the study would result in the

inability to certainly conclude the effect of the independent variables on the dependent variable. With this being stated, I might not be certain that the independent variables, which are the strategic resource development planning and the stand-alone business entity, had a firm effect on the dependent variable, which is the sustainability of NPOs. Therefore, the conclusion of the study had led me to determine that there was a strong association between the strategic resource development planning and the sustainability of the sample NPOs; nonetheless, for the stand-alone business entities/commercial activities, the overall conclusion of the study would suggest that the stand-alone business entities/commercial activities of the NPOs, while viewed significantly different for the two groups, is not necessarily related to NPOs sustainability.

Accordingly, the internal validity of the study design could not be definite because each group of participants has already existed before conducting the study since both groups in the study have their members and their current status, sustained and discontinued, prior to the start of the study. Therefore, considering this circumstance, external validity became more important to weigh back the concerns that were caused by internal validity. Hence, to achieve a reliable external validity, the sampling strategy that I employed in the study followed a systematic random selection of participants and maximized most possible representatives for the two groups in comparison.

### **Recommendations**

The proceedings of this study and the outcome of the chi-square testing scenarios revealed that there was a significant association between the development of strategic resource development planning and sustainability of the NPOs. Although there was a

significant difference in opinion between the two groups of the study in connection to the business activities of NPOs and the long-term sustainability of the organizations, that would suggest this factor is not necessarily related to NPOs success.

The stated findings of the study came with large effect size on each testing scenario, which leads to believe that the outcomes of the testing procedure gave the researcher high confidence on making specific recommendations that would be presented for further future research and practice or policy change. The following are some recommendations emerged and worth including in this stage based on the actual findings of this study:

The first recommendation is that for the NPOs to likely warrant sustainable operations, it is advised that the leadership of the NPOs decide on developing strategic resource development planning since the outcome of the study found a strong association between the strategic resource development planning and the sustainability of the NPOs. This recommendation is further prescribed for the newly established NPOs that have long-lasting and needed missions to warrant longer existence to meet their designated missions. Additionally, several researches that were included in the literature section of this study provided similar recommendation and suggested that the NPOs to contemplate certain aspects to help creating sustainable resource development plans (Reese, 2016), while others concluded that strategic planning might reduce the NPOs' possible discontinuation (Bennett, 2016).

The second recommendation is to alert NPOs on the actual role of business practices, in general, and the stand-alone business entities as it may not necessarily be

related to advance NPOs sustainability. Business practices by NPOs is not a new venture; rather, the actual status of the sample NPOs may supplement the belief to undermine the possible role of this factor in determining the NPOs' sustainability, which contradicted with several studies in the literature section of this study that showed business activities by NPOs would increase organizations' revenues and support the NPOs' desire for long-term sustainability; thus, since the sustained group of NPOs was less likely to believe in the role of business activities in sustaining NPOs, it is recommended that the decision-makers of NPOs be cautious when it comes to business activities for sustainability of NPOs.

The third recommendation to the NPOs is to develop a strategic resource development planning that is based on diversity, rather than limited streams of revenues. The NPOs with various resource development approaches have more chances to achieve steady revenues and likely to be sustained throughout their existence. Also, the recommendation on diverse approach is further confirmed through several studies that recommended diverse revenue generation approach to increase the organizations' chances for sustainable existence, examples of similar recommendations such as the studies of Lu (2016) and Rottkamp and Bahazhevska (2016). Hence, the diversity approach is strongly recommended for NPOs that rely solely on government grants since government procedures and policies may change based on economic conditions and any political factor that may arise. The literature presented multiple studies that discussed the risk that the NPOs might face as a result of relying exclusively on government grants and presented several factors that supported the fear of facing discontinuation or interruptions

to the delivery of NPOs' services; therefore, when NPOs develop their strategic resource development planning that is based on diversity, possible long-term sustainability of the NPOs becomes more achievable and would help the NPOs meet their goals through achieving their designated missions. Though, diversity, in this regard, becomes the core motivator for decision-makers or strategic planners of the NPOs towards emerging sustainable establishments.

Lastly, it is highly recommended that more researchers conduct studies on the business practices of NPOs and the stand-alone business entities. Since the past two decades, the reviews on the NPOs business practices started to see the light and more presence in the literature of public policy; hence, with this study in place, it provided a new knowledge and significantly confirmed findings that would convince other researchers to conduct more studies to enhance the likely sustainability of NPOs through various forms of business practices and/or more evaluation to the business practices and the role of stand-alone business entities in the context of NPOs resource development activities.

## **Implications**

### **Positive Social Change**

The effects of the problem that arose from the disappearance of almost one-fifth of the newly established NPOs that have long-lasting and needed missions made a strong case for searching the problem and making the efforts to test potential factors that may have positive implications towards sustaining this category of the NPOs. According to Levine and Zahradnik (2010), the capability of NPOs to continue serving communities

for the long-term is being called into question, which shifted the attention towards more focus on such a phenomenon. Also, Epstein and Yuthas (2014) stressed that the organizations needed to define the base on how they understand success and the methodology to achieve it in order to record an impact in an expressive way. Hence, the intent of this study was to make a remarkable difference in the sustainability goal of the newly established NPOs through “new and expanded findings” (Hume et al., 2013, p. 434). Though, the impact of the study could result in providing a meaningful method through the identification of clear path towards succeeding with the organizations’ missions, which in this case is to provide directions for keeping the newly established NPOs in existence, achieve their missions, and likely become sustained establishments. An example from the literature is Pojasek (2013) who suggested possible ideas to implement sustainability strategy that can be customized to meet each organization’s own circumstances and should be aligned with the strategic direction of the NPO in order to achieve sustainability.

Consequently, the implications of this study for positive social change in alignment with the constructs of the resource dependence theory is expected to help the leadership of the newly established NPOs that have long-lasting and needed missions to identify resource development strategies that aim to improve the sustainability goals of their respected NPOs. Parra (2013) inspired throughout the research that the organizations should continuously be creative in their search for solutions and alternative approaches, while Clark (2012) confirmed that NPOs should be strategic and careful in their aim to identify new streams of income. Thus, by setting the proper strategies that

help sustaining the newly established NPOs, possible loss of these organizations is expected to be minimized, especially that Hager et al. (2004) presented a possible reason for organizations' demise that is related to the age factor, besides Bennet (2016) concluded eventual disappearance of NPOs within the first two years of their existence, and the contributions and support to societies will continue and achieve their missions towards positive social change.

It is also expected to provide valuable information that came as a result of conducting various testing scenarios to the literature of the public policy field, which is new findings that would be available to help other researchers and possibly build upon the stated results. Previous researchers provided valuable findings that were related to strategic resource development planning and business practices of NPOs, Arcuri (2014) elaborated on the critical role of establishing businesses to sustain the revenue generation system of NPOs, in which this study provided a different perspective in this regard, while Young et al. (2012) confirmed the involvement of NPOs in commercial transactions from the sector's earliest days, which also aligns with the background information that the participants provided about their respected NPOs. Further, Salamon (2012) highlighted the business entities as a possibly sustainable source of revenues for NPOs, while Goerke (2003) stressed that NPOs need to operate "businesslike." Besides, researchers concluded several patterns of the strategic practices of NPOs that were related to resource development and sustainability of NPOs, examples were clear through Froelich (1999) and Allen (2013) who focused on strategic planning through diversifying the NPOs resources.

On the other hand, which also aligned with the findings of this study, Horton (2013) warned from the absence of strategic planning and concluded that it might be the main reason for NPOs failure, while Clark (2012) advised that NPOs are encouraged to be careful and strategic when creating additional income streams.

Mainly, this research included an assessment of the presence of resource development strategies that the targeted sample NPOs may apply, besides assessment of the business practices that the sample NPOs may apply in their aim for resources to maintain their organizations, which laid grounds for the newly established NPOs to build upon for potential efforts to identify resource development strategies that are expected to sustain their NPOs.

Further, the study is expected to support the newly established NPOs that have long-lasting and needed missions in their aim to serve societies and meet their purposes through remarkable achievements within the communities through long-term sustainable services and programs that each newly established NPO that have long-lasting and needed mission will provide, and each saved NPO will continue to make a difference within its respective community, and in the world around, which is the fundamental concept of positive social change.

### **Methodological and Theoretical Implications**

This study was a quantitative and utilized the causal-comparative design to compare the two groups that formed the overall population. Thus, the involvement of two groups for this study design is meant to examine whether the independent variables have affected the dependent variable (Brewer & Kuhn, 2010). Accordingly, the study

contained nine chi-square tests that measured the effect of the strategic resource development planning and business practices of the NPOs on the sustainability status of the sample NPOs from both groups of the study.

On the other hand, the theoretical framework used in this study was the resource dependence theory that was developed by Pfeffer and Salancik (1978), and the study made use of the diversity construct of the theory. Pfeffer and Salancik suggested that organizations are encouraged to build a resource development strategy that is based on diversity to avoid dependency on external resources. Throughout the study, it was evident that utilizing the diversity construct of this theory was the most appropriate since the development of strategic resource development planning by the newly established NPOs would not be legitimate without building a solid argument that the NPOs need to diversify their resource development approaches. Similar to the findings of this study concerning the diversity construct of the RDT, Nodoro (2007) suggested the revenue diversification as a possible strategic approach to sustain the NPOs, while Seel (2007) cautioned about reliance on a single source of revenue and warned that this kind of strategy might put the organization at jeopardy for closure.

Based on the resource dependence theory, the perception of this theory is that the organizations should be able to acquire new resources and maintain the resources received through the development of strategies that would apply the diversity construct of the RDT. Allen (2013) confirmed this approach especially for vulnerable organizations, while Akins (2015) declared that the organizations' survival is contingent upon the NPOs' ability to acquire and maintain resources since the NPOs are dependent on

external resources for funding. Also, da Silva Themudo (2004) highlighted another purpose of the RDT that the NPOs aim to pursue strategies to protect their independence and resist external control. Thus, the findings of the study aligned with the theory and confirmed, through the outcome of various testing scenarios, that the NPOs are encouraged to develop their resource development strategies that are based on diversity.

Further, there are implications of the study on policy, since the tested model of business practices of NPOs aimed to generate revenues through the practice of stand-alone business entities. Even this model might not be correlated to NPOs sustainability; there will be transactions that are governed by business laws and regulations on the local, state, and federal levels. Therefore, the decision-makers and strategy developers of the NPOs should be aware of all these laws and regulations to abide by the designated requirements. Being a 501(c)(3) tax-exempt organization does not mean that all activities that are related to generating revenues are exempt from government taxes. Thus, it is advised that the NPOs be aware of government regulations and adhere to local, state, and government laws and regulations.

### **Conclusion**

It was evident throughout the study, especially through the course of testing the collected data and applying the measurable analysis of the stated research questions, which handled an important problem that is essential to the public policy in general and philanthropy sector. The investment of time and efforts, besides any other crucial investments, for this study were worth it, especially when taking into considerations the important outcome and testing results, both in literature and practice.

Since the commencement of the study, the purpose of the study was to measure the influence of the strategic resource development planning and the proposed business model, stand-alone business entities, on the long-term sustainability of the newly established NPOs that have long-lasting and needed missions. Throughout several testing scenarios, it was apparent that both groups of the study have variance in opinion on the business activities of the NPOs and its relation to sustainability without affirming that the strategic resource development planning and stand-alone business entities cause the sustainability of the NPOs since the aim of chi-square testing procedure was to measure associations among variables rather than causation.

Going through the literature of public policy, as stated while reviewing the literature, there were limited resources that tackled the business practices of the NPOs, while the literature was relatively in alignment with the findings of strategic resource development planning and diversification of resources on the long-term sustainability of the NPOs. Thus, the findings of the study scored large effect size on both variables, which increased the confidence of the findings and sufficed the stated purpose of the study, while the views of the sustained NPOs lead me to reject the stated alternate hypothesis for the stand-alone business entities variable.

Further, the diversification of resources as a core pillar for developing strategic resource development plans for NPOs influenced the strategic approach of NPOs. Thus, diversification of resources was not considered as part of the variables of the study; rather, it was the main construct of the theoretical framework for this study. The effect of applying this construct in the study is that it would influence the newly established NPOs

that have long-lasting and needed missions to become more independent in all aspects of the organization, and more capable of achieving their yearning of financial sustainability. It is the freedom of determination by decreasing dependency on external resources and increasing the NPOs' capacities to acquire new resources and developing capabilities to maintain the organizations' long-term existence.

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## Appendix A: Site Permission

Subject: Dissertation Research Proposal

To: Sharif Shamroukh { [e-mail](#) }

From:

Dear Sharif,

Thank you for sharing your dissertation proposal with me. As we discussed, you have my approval to conduct the study as noted in your proposal.

If I can be of further assistance, please let me know.

Good luck!

Sincerely,

## Appendix B: Table Supporting Sample Size Analysis

## Correlation

1- $\beta$	<i>r</i>														
	.10	.15	.20	.25	.30	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80
.50	385	172	97	63	44	32	25	20	16	14	12	10	9	8	7
.55	435	194	109	70	49	36	28	22	18	15	12	11	9	8	7
.60	490	218	122	78	54	40	30	24	19	16	13	11	10	8	7
.65	549	244	137	87	60	44	33	26	21	17	14	12	10	9	7
.70	616	273	153	97	67	49	37	29	23	19	15	13	11	9	8
.75	692	306	171	109	75	54	41	32	25	20	17	14	12	10	8
.80	781	345	193	122	84	61	46	35	28	23	18	15	13	10	9
.85	893	395	220	139	95	69	52	40	31	25	20	17	14	11	9
.90	1045	461	257	162	111	80	60	46	36	29	23	19	15	13	10

### Appendix C: Researcher-Developed Survey Instrument

The aim of designing this scale is to measure the sustainability of the discontinued nonprofit organizations and the sustained ones, and to assess the fundraising approaches along with the organizations' commercial or business practices for resource development purposes. Please provide the most accurate answers as you see are related to your respective organization. Also, please be assured that all responses are anonymous and all individual information will not be disclosed.

I.	Background Questions (focusing on <b>demographic background</b> of participants):	
1)	My relationship with my organization is:	
	a. Chair of the governing board	<input type="radio"/>
	b. Treasurer	<input type="radio"/>
	c. Executive Director or CEO	<input type="radio"/>
	d. Board Member or Officer	<input type="radio"/>
	e. Development Officer	<input type="radio"/>
	f. Other	<input type="radio"/>
2)	The classification or type of my nonprofit organization is: (Check all that apply)	
	a. Religious or Faith Affiliated.	<input type="radio"/>
	b. Healthcare Service organization.	<input type="radio"/>
	c. Youth activities and Services.	<input type="radio"/>
	d. Social, Economic, and/or Human Services.	<input type="radio"/>
	e. Educational organization.	<input type="radio"/>
	f. Arts, cultural, and humanities organization.	<input type="radio"/>
	g. Environment / Animal	<input type="radio"/>
	h. Other.	<input type="radio"/>
3)	The Total Annual Revenues from all sources is approximately:	
	a. Less than \$100,000	<input type="radio"/>
	b. \$100,000 - \$499,999	<input type="radio"/>
	c. \$500,000 - \$999,999	<input type="radio"/>

- d. \$1,000,000 - \$4,999,999
- e. \$5,000,000 - \$9,999,999
- f. Over \$10,000,000

- 4) My organization is currently:
- a. Active (Currently operating)
- b. Not Active (Closed, discontinued, or stopped providing services)

Please indicate your level of agreement on the following, where 5 reflects Strongly

Agree and 1 reflects Strongly Disagree:

		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
5)	I have a strong knowledge of the resource development planning (Fundraising activities, revenues, financial support) of my organization:	1	2	3	4	5
6)	I am familiar with my organization's strategic planning activities:	1	2	3	4	5

- II. Fundraising Approaches (focusing on **ALL fundraising approaches** that the organization may have applied):

Throughout the organization's life, which of the following fundraising approaches has your organization applied, and/or were sources funding the organization?

- |     |  |                       |     |                       |    |                       |          |
|-----|--|-----------------------|-----|-----------------------|----|-----------------------|----------|
| 1)  | Annual Giving  | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 2)  | Direct Response  | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 3)  | Telemarketing (Telephone Solicitation)                   | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 4)  | E-mail Solicitation                                      | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 5)  | Personal Solicitation (Face-to-Face Solicitation)        | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 6)  | Grants and/or gifts from Corporations / Businesses       | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 7)  | Grants and/or gifts from Foundations                     | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 8)  | Company-Sponsored Foundations (or Corporate Foundation)  | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 9)  | Family Foundations                                       | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 10) | Operating Foundations                                    | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 11) | Private Foundations                                      | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 12) | Grants from Federal Government                           | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 13) | Grants from State Government                             | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 14) | Grants from Municipalities                               | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 15) | Matching Gifts from Corporations / Businesses            | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 16) | Corporate / Business Sponsorships                        | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 17) | Gifts-in-kind from Corporations / Businesses             | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 18) | Other forms of Corporate / Business Support              | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 19) | Cause Related Marketing                                  | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 20) | Special Events   | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 21) | Third Party Events                                       | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 22) | Capital Campaigns  | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 23) | Planned Giving/Gifts                                     | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 24) | Internet Solicitation through Social Media               | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 25) | Appreciated Real Estate Property and/or Securities Gifts | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 26) | Cash Gifts   | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 27) | Challenge Gift   | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 28) | Wills  | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |
| 29) | Revocable Trusts   | <input type="radio"/> | YES | <input type="radio"/> | NO | <input type="radio"/> | Not Sure |

30)	Irrevocable Trusts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
31)	Charitable Gift Annuities	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
32)	Totten Trusts or Accounts P.O.D. (Payable on Death)	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
33)	Designated Gifts (Restricted or Commemorative Gifts)	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
34)	Endowment	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
35)	Gift-in-Kind from Individuals	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
36)	Lead Gifts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
37)	Big, Leadership, Key, Strategic Gifts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
38)	Major Gift Fundraising	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
39)	General Gifts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
40)	Grassroots Fundraising	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
41)	Real Estates	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
42)	Life Income Gifts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
43)	Life Income Pooled Trusts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
44)	Life Insurance Gifts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
45)	Special Gifts	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
46)	Charitable Trust	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
47)	Membership Subscriptions	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	Not Sure
<p>III. Strategic Resource Development Planning (focusing on the first research question: Concerning the <b>Resource Development Plan</b>):</p> <p>A) Has your organization ever:</p>							
1)	Developed a Strategic Resource Development Plan?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
2)	Worked with consultants for strategic planning?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
3)	Worked with fundraisers for resource development activities?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
4)	Conducted a feasibility study?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
5)	Developed a fundraising plan for any specific resource development activity?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
6)	Applied Gift Range Chart for any fundraising activities?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
7)	Applied Sequential Giving in any fundraising activity?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
8)	Developed policies for Stewardship guiding principles?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	
9)	Conducted a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)?	<input type="radio"/>	YES	<input type="radio"/>	NO	<input type="radio"/>	

10)	Diversified your fundraising efforts by adopting appropriate fundraising methods?	<input type="radio"/> YES	<input type="radio"/> NO
11)	Identified potential donors through prospect research efforts?	<input type="radio"/> YES	<input type="radio"/> NO
12)	Developed custom moves management strategies for each major gift prospect?	<input type="radio"/> YES	<input type="radio"/> NO
13)	Developed a calendar of donor cultivation activities?	<input type="radio"/> YES	<input type="radio"/> NO
14)	Evaluated the organization's development program as a continuous process?	<input type="radio"/> YES	<input type="radio"/> NO
15)	Determined the best fundraising vehicle(s) to maximize the potential for philanthropic support?	<input type="radio"/> YES	<input type="radio"/> NO
<p>B) If the organization <u>had a strategic resource development plan</u>, the plan was developed:</p>			
	a. Within the first year of the organization's startup.	<input type="radio"/>	
	b. After the first year but before the third year.	<input type="radio"/>	
	c. After the third year but before the fifth year.	<input type="radio"/>	
	d. After five years of the startup of the organization.	<input type="radio"/>	
	e. Never had a strategic resource development plan.	<input type="radio"/>	
<p>C) If the organization <u>had a strategic resource development plan</u>, the plan was:</p>			
	a. Very Poor		1
	b. Below Average		2
	c. Average		3
	d. Above Average		4
	e. Excellent		5
<p>D) If the organization <u>never had a strategic resource development plan</u>, the reason(s):</p>			
	a. Lack of knowledge or expertise to develop a strategic resource development planning	<input type="radio"/> Agree	<input type="radio"/> Disagree
	b. Did not have proper budget to conduct a strategic resource development planning	<input type="radio"/> Agree	<input type="radio"/> Disagree
	c. Lack of fundraising expertise	<input type="radio"/> Agree	<input type="radio"/> Disagree

- d. Did not need a resource development plan       Agree     Disagree  
 e. Lack of time for planning                             Agree     Disagree  
 f. Other     Agree     Disagree

E) Please indicate your level of agreement on the following, where 5 reflects

Strongly Agree and 1 reflects Strongly Disagree:

		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1)	The presence of a strategic resource development plan supports the organizations' long-term sustainability.	1	2	3	4	5
2)	The absence of strategic planning for organizations is a main factor for organizations' discontinuity.	1	2	3	4	5
3)	The nonprofits' survival is contingent upon the ability to acquire and maintain new resources.	1	2	3	4	5

IV. Commercial Activities (focusing on the second research question: (Concerning the **Stand-Alone Business Entity** and other business and commercial practices of the organization):

A) Has your organization ever:

- Pursued commercial activities for the purpose of raising funds?  YES  NO
- 1) Considered the idea of adapting certain commercial activities?  YES  NO
- 2) Had a resale shop(s) for raising funds?  YES  NO
- 3) Applied commercial business practices within the organization?  YES  NO
- 4) Sold branded merchandise and other products?  YES  NO
- 5) Embraced the fee-for-service approach to generate revenues?  YES  NO
- 6) Founded a separate commercial for-profit entity?  YES  NO
- 7) Collaborated with for-profit businesses to generate revenues for the organization?  YES  NO
- 8) Formed joint entity with other nonprofits to practice commercial activities for the purpose of raising revenues?  YES  NO
- 9)

B) Please indicate your level of agreement on the following, where 5 reflects

Strongly Agree and 1 reflects Strongly Disagree:

		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1)	Commercial activities for nonprofit organizations are becoming more important as a source of revenue:	1	2	3	4	5

2)	Commercial activities advance the nonprofit organizations' resource development goals:	1	2	3	4	5
3)	Commercial activities support the organizations' desire for long term sustainability:	1	2	3	4	5
4)	Commercial activities are as important as any other source of revenue for the nonprofit organizations:	1	2	3	4	5
5)	Commercial activities help the organization become less dependent on external resources:	1	2	3	4	5
6)	Commercial activities for raising funds decrease the potential risk of discontinuity:	1	2	3	4	5
7)	The establishment of stand- alone business entities will	1	2	3	4	5

	increase the organizations' financial stability.					
8)	The establishment of stand-alone business entities will increase the organizations' autonomy.	1	2	3	4	5
9)	The establishment of stand-alone business entities will increase the organizations' unrestricted revenues.	1	2	3	4	5
10)	Commercial activities reflect a self-regulatory mechanism that enables the nonprofits to meet their missions in uncertain economic conditions.	1	2	3	4	5

V. Sustainability:

Please indicate your level of agreement on the following, where 5 reflects

Strongly Agree and 1 reflects Strongly Disagree:

		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
1)	Your organization achieved sustainability within the first five years of its existence.	1	2	3	4	5
2)	Your organization was able to become financially sustainable during the life time of the organization.	1	2	3	4	5
3)	The presence of a strategic resource development plan played a significant role in sustaining your organization.	1	2	3	4	5
4)	Reliance on a diversified revenue strategy serves to make the organizational longevity more viable.	1	2	3	4	5
5)	Revenue diversification approach helps the organization become more financially stable.	1	2	3	4	5
6)	For the organization to reach sustainability status, there	1	2	3	4	5

	should be a diverse approach in place for generating revenues.					
7)	As nonprofits face increase competition for donor dollars and grants, revenue diversification increases the organizations' chances for sustainability.	1	2	3	4	5
8)	In terms of economic uncertainty, the nonprofits' reliance on external resources may affect the organizations' long-term sustainability.	1	2	3	4	5
9)	Commercial activities may significantly increase the organizations' chances to become financially sustained.	1	2	3	4	5
10)	Stand-alone business entities, as an approach of	1	2	3	4	5

	revenue diversification, may help the nonprofits become financially sustainable.					
11)	The absence of a strategic resource development plan played a significant role in closing/discontinuing your organization.	1	2	3	4	5

## Appendix D: First Invitation Letter

Hello Sir/Madam, Executive Director

You are invited to participate in an academic research study about the role of stand-alone business entities in sustaining the newly established nonprofit organizations. You were invited as a potential participant in this study because you are/were an official representative of [Name of the NPO].

This study is being conducted as part of the Ph.D. dissertation requirements at Walden University, and the purpose of this study is to explore the influence that the presence of a strategic resource development plan and the establishment of a stand-alone business entity have on the persistence of newly established NPOs in the United States within the context of resource dependence theory.

I kindly request from you to voluntarily participate in the online questionnaire. In order to do this, and for the purposes of making the process smoother and easier, please send me an e-mail to { e-mail } so that I can send you a unique link in order for you to access the survey questionnaire and sign the informed consent form. It is estimated that the questionnaire may take 20 minutes to complete.

The records of this study will be kept private. In any sort of report that might be published, I will not include any information that will make it possible to identify a participant. Further, I assure you that there are no physical risks and no benefits to participating in the study. Nevertheless, as a kind appreciation, I will offer an electronic copy of the dissertation once completed and will provide a gift card to each participant that

is valued \$25. Participants are not obligated to complete any parts of the questionnaire with which they are not comfortable.

Thank you so much for your valuable time, and I am looking forward to your e-mail and acceptance to contribute to this study.

If you have any questions or need any clarifications, you may either e-mail me at { e-mail } OR call me at { phone }

Sharif Shamroukh, Doctoral Candidate  
Nonprofit Management and Leadership  
Walden University

## Appendix E: Response by E-mail

Subject line in the e-mail: Online Survey Questionnaire

Hello \_\_\_\_\_ (Actual name will be included here)

I would like to take this opportunity to thank you for showing interest to participate in this study. Your participation is highly valuable and appreciated.

Please click on this link to sign the informed consent form and access the survey questionnaire.

[www.SurveyMonkey.com/ShamroukhS/.....](http://www.SurveyMonkey.com/ShamroukhS/.....) (an actual unique link will be provided to each participant)

Thank you again,

Sharif Shamroukh, Doctoral Candidate  
Nonprofit Management and Leadership  
Walden University

## Appendix F: First Follow-Up E-mail

Subject line in the e-mail: Follow-up for the online survey questionnaire

Hello \_\_\_\_\_ (Actual name will be included here),

I would like to take this opportunity to thank you for your initial e-mail in which you responded to my mail inquiry to participate in the online survey questionnaire. I understand that you might be busy, nevertheless, please consider this follow-up e-mail as a kind reminder to participate in this survey.

Please take a moment to click on this unique link for the survey and informed consent form:

[www.SurveyMonkey.com/ShamroukhS/.....](http://www.SurveyMonkey.com/ShamroukhS/.....) (an actual unique link will be provided to each participant)

Thank you again,

Sharif Shamroukh, Doctoral Candidate  
Nonprofit Management and Leadership  
Walden University

## Appendix G: Second Follow-Up E-mail

Subject line in the e-mail: Second Follow-up for the online survey questionnaire

Hello \_\_\_\_\_ (Actual name will be included here),

I would like to take this opportunity to thank you for your initial e-mail in which you responded to my mail inquiry to participate in the online survey questionnaire. I understand that you might be busy, nevertheless, please consider this follow-up e-mail as a kind reminder to participate in this survey (or to complete some portions of the survey that determined to be incomplete).

Please take a moment to click on this link for the survey and informed consent form:

[www.SurveyMonkey.com/ShamroukhS/.....](http://www.SurveyMonkey.com/ShamroukhS/.....) (an actual unique link will be provided to each participant)

Thank you again,

Sharif Shamroukh, Doctoral Candidate  
Nonprofit Management and Leadership  
Walden University

## Appendix H: NIH Certificate



### Appendix I: Subject Matter Experts

For the researcher-developed survey, it is recommended to have an expert panel of at least three subject matter experts review and provide comprehensive feedback on the researcher-developed survey for the study. The following are the steps that the researcher has taken to form the SMEs' panel and the responses that were received on the survey instrument for the study:

- I. The letter that the researcher sent to request for SMEs through LinkedIn contacts;
- II. First evaluation response from Helen S., CFRE;
- III. Second evaluation response from Helen S., CFRE;
- IV. Evaluation response from Dr. Valerie D.;
- V. Evaluation response from Linda L., ACFRE;
- VI. Evaluation response from James P., ACFRE;
- VII. Evaluation response from Karen K. M., MBA, CFRE;
- VIII. First response from Nina P. B., CFRE;
- IX. Second response from Nina P. B., CFRE
- X. Response from Amy E., ACFRE.

- I. The letter that the researcher sent to request for SMEs through LinkedIn contacts:

Hello everyone,

I am currently conducting a dissertation research for my Ph.D. in Nonprofit Management and Leadership and need assistance from Subject Matter Experts (SMEs) to review my survey constructs before I send it out to collect data. If you have academic and/or extensive professional expertise in the nonprofit management, resource development and fundraising, and would like to help in this task, please contact me directly at { e-mail }

Please note:

- 1) This is voluntary role;
- 2) No monetary compensation;
- 3) I am willing to mention your name and/or organization in the acknowledgment section of the dissertation as a matter of appreciation to your contribution;
- 4) I need 3 - 5 SMEs to participate;
- 5) All what you need to do is to review my survey, write down your feedback or suggestions, e-mail back.
- 6) If you have the SME qualifications in this field AND interested to contribute, please contact me.

Thank you,

Sharif

## II. First evaluation response from Helen S., CFRE:

**From:** Helen S.  
**Sent:** Sunday, July 8, 2018 5:58 PM  
**To:** Sharif Shamroukh  
**Subject:** Re: SME

I practice in the USA. So it is possible that your survey is more international and thus some questions might not make sense to me that would make sense to others.

For instance: what do you mean by asking if the organization is active or inactive? How would an inactive organization even have members to take the survey you are creating?

Annual Giving, Direct Mail, and Direct Response are all similar in my mind when practicing fundraising. "Annual Giving" is a set of programs that works to raise money from the masses and it's title is rooted in the idea of giving every year. It has come to mean systems for procuring gifts from the masses for generalized use (sometimes with some designation of funds, but not establishing new funds with the donor). Annual Giving can include direct mail, direct response (email, phone, etc), crowdfunding, cause related Point of Sale marketing, third party fundraising events, employee giving, memorials, honorariums, the list goes on.

So I would recommend broadening "direct mail" to "direct response" and removing annual giving in favor of one or more of the methods I noted below.

## III. Second evaluation response from Helen S., CFRE:

Mon 7/9/2018 11:23 PM  
To: Sharif Shamroukh

In editing the survey, I recommend that you ask if the organization is currently operating or if it recently closed its doors and stopped providing services. I know inactive and active is more efficient, but it really confused me early on in the survey.

I look forward to learning more about your results and I really appreciate you taking feedback like this, compiling it with others, and putting it to good use. It's a bit of a survey before the survey.

Best of luck to you!

Helen

IV. Evaluation response from Dr. Valerie D.:

The response from Dr. D. was an attachment word document using track changes on the original survey format. The researcher has custody of the document in a home-based office and Walden e-mail account.

Fri 7/13/2018 4:51 PM

To: Sharif Shamroukh

Appendix D\_Survey-Dr. Valerie D. review.docx  
42 KB

Show all 1 attachments (42 KB) [Download](#)

Hi Sharif,

Thank you for the survey and context, and please find my attached feedback using MS track changes. There are a few comments and minor corrections, and I think you did a great job!

Best of luck on your dissertation quest, and have a nice weekend.

Sincerely,

*Valerie*

Valerie A. D., Ed.D.  
Director, Higher Education

V. Evaluation response from Linda L., ACFRE:

The response from Linda L., ACFRE was an attachment word document within text comments on the survey. The detailed response is kept in the researcher's home-based office and Walden student e-mail account.

The second **From:** Linda L.  
**Sent:** Saturday, July 28, 2018 11:10 AM  
**To:** Sharif Shamroukh  
**Subject:** RE: Expert Panel for Survey

I made some suggested edits, nice work, I'd love to see your results when completed.

VI. Evaluation response from James P., ACFRE:

The response from James P., ACFRE was an attachment word document within text comments on the survey. The detailed response is kept in the researcher's home-based office and Walden student e-mail account.

Mon 7/30, 11:00 PM  
To: Sharif Shamroukh

Appendix D\_Survey.docx  
35 KB

Show all 1 attachments (35 KB) Download

Sharif,

Here are my suggestions. I used track changes to make comments directly on the survey. I tried to pick language that is more commonly used in the area. If you have any questions or would like to talk any of this through, you can contact me at the number below.

James K. P., ACFRE (he/him)

VII. Evaluation response from Karen K. M., MBA, CFRE:

**From:** Karen M.

**Sent:** Monday, July 30, 2018 9:49 PM

**To:** Sharif Shamroukh

**Subject:** Re: Expert Panel Survey

My suggested edits. Take'em or leave `em....

1) Will any staff members be in the pool? If so, add. Director & Board Member are the same so Dir could be the "Ex Dir" or Dir of Dev (paid staff) not board.

5) I have a strong knowledge of the resource development **PLAN** of my organization.

II. Throughout the org's life, which of the following fundraising approaches **HAS** your organization applied, and/or **WERE** sources funding the organization?

21 & 22 Special Events and Benefit Events are same. Make the 2nd one "3rd Party Event"

27 & 31 Bequests and Wills are synonymous so one may be removed

39 should be **Lead** not Advance Gifts

44 Legacy is the same as Planned, which 27-49 are examples of. It could be deleted.

III. A) **HAS** your organization ever:

12) Developed custom **MOVES MANAGEMENT** strategies for each major gift prospect?

IV. Commercial Activities A) **HAS** your organization ever:

B)1) Commercial activities for nonprofit organization **ARE** becoming more important...

Sustainability 4) The absence of a strategic resource development plan played a significant role in your organization's **FAILURE**. (move failure to end)

11) Reliance on a diversified revenue strategy serves to make organizational longevity more viable.

**Karen K. M., MBA, CFRE**  
Chief Engagement Officer

VIII. First response from Nina P. B., CFRE:

The response from James P., ACFRE was an attachment word document within text comments on the survey. The detailed response is kept in the researcher's home-based office and Walden student e-mail account.

**From:** <> on behalf of Nina P B., CFRE  
**Sent:** Monday, July 30, 2018 4:46 PM  
**To:** Sharif Shamroukh  
**Subject:** Survey Comments

Sharif,

I took a quick look at your survey draft today and made my comments directly on the questionnaire. That document is attached. I hope you find this helpful!

Good luck on your endeavor!

Warm regards,

***Nina***

Nina P. B., CFRE

***Providing Management Marketing and Fundraising Consulting  
Services to Nonprofit Organizations***

**IX. Second response from Nina P. B., CFRE:**

Tue 7/31, 10:26 AM  
To: Sharif Shamroukh

You are most welcome!

I forgot to add on the survey that you will need to include in your gift categories stock and bonds, real estate, and other assets.

Good luck!

Warmest regards,  
Nina P. B., CFRE  
Your Nonprofit Advisor

**X. Response from Amy E., ACFRE:**

Amy

Tue 7/31, 3:27 PM  
To: Sharif Shamroukh

Hi Sharif –

This looks great. Congratulations. I can't wait to see the results.

My only real concern is with the first question:

- 1) My relationship with my organization is:
  - a. Chair of the governing board
  - b. Treasurer or Chief Financial Officer
  - c. Director
  - d. Secretary
  - e. Board Member
  - f. Other

I would indicate which of these is paid/unpaid, because some of them could go either way. For example, Director could mean Executive Director (paid) or board of directors (volunteer). Secretary also seems to be an odd choice. Do you mean secretary of the board? I can't imagine any of them completing this survey.

You should do a little more research about which options you really want and what each term means.

Hope that helps.

Thank you,  
Amy