

2020

## Financial Sustainability Strategies of Religious Nonprofit Organizations

Erica Illauna Allen  
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# Walden University

College of Management and Technology

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Erica Allen

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Walden University  
2020

Abstract

Financial Sustainability Strategies of Religious Nonprofit Organizations

by

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MBA, Belhaven University, 2004

BS, Tennessee State University, 1996

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

March 2020

## Abstract

The percent of religious nonprofit organizations (RNOs) facing uncertainty in operational capital and resources will rise as government funding diminishes. The RNOs that struggle to maintain a competitive advantage are at high risk of failure. Grounded in the resource-based view theory, the purpose of this qualitative multiple case study was to explore funding strategies leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation. Participants were 3 leaders of RNOs in Middle Tennessee with successful experience in applying funding strategies that increased revenue year-over-year while serving their constituencies. Data sources included face-to-face interviews and organizational documents. Thematic analysis was used to analyze the data. Three themes emerged: prioritizing core donors as primary parts of business strategy, fostering community within the organization, and collaborating with other RNOs to expand services. The implications for positive social change include the potential for leaders of RNOs to cultivate a stable donor base, increase funding capital, and support the economic and social development of the regional communities.

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## Dedication

I dedicate this doctoral study in loving memory of my maternal grandparents, Joe Lee and Mattie Lee Henderson. Your unwavering love, support, and willingness to share your personal journeys have guided, motivated, and propelled me to leap and do the unimaginable. I also dedicate this work to my entire tribe and cloud of witnesses! To my parents, with a special acknowledgment of my mother, Mrs. Aubretta Bean, your prayers and inquiries as to the timeline of my completion have kept me encouraged and motivated. To my siblings; my friends; my ministry colleagues; my coworkers, past and present; and my relatives who are yet sleeping in Heaven, I say thank you! To my loving husband and two beautiful children, Edward, Jerin, and Emani: You never made me feel guilty for pursuing my dreams and always supported me in my academic endeavors. For that I am eternally grateful and ready to show my appreciation! I love you all sincerely!

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“The fear of the LORD is the beginning of wisdom, and the knowledge of the Holy One is understanding” (Proverbs 9:10, New International Version). I bestow thanks and acknowledgment to my Lord for He surely directed my path and kept me in perfect peace, humility, and hunger for growth. Acknowledgments to Dr. Doug Keevers, Dr. Tim Truitt, Dr. Jorge Gaytan, and the faculty at Walden University for supporting, encouraging, and guiding me throughout the doctoral journey.

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## Section 1: Foundation of the Study

In the United States, organizations in the nonprofit business sector have been growing at an accelerated rate since 2004 (Vito, 2017). In 2016, there were 1.58 million nonprofit organizations in the United States, of which more than 1 million were 501(c)(3) public charities (National Center for Charitable Statistics [NCCS], 2016). The NCCS, an organization that serves as the national repository of data on the nonprofit sector in the United States, indicated that of the 1.1 million charities in operation today, 25% of these are nonprofit 501(c)(3) religious nonprofit organizations (RNOs; NCCS, 2016). The report on 501(c)(3) RNOs combined total annual revenues of \$16.5 billion dollars in the United States (NCCS, 2016). RNOs receive one third of their annual revenues from contributions, yet in 2014, these revenues fell by 5% while requests for additional services increased (NCCS, 2016). The increased demand for public goods and services creates challenges for many executives experiencing a deficit in donor and government funds. To address this managerial challenge, Chandler and Kennedy (2015) suggested that executives of RNOs can stimulate economic growth and meet mission goals by examining their leadership styles. The purpose of this study was to explore the leadership strategies that successful executives of RNOs use to achieve financial sustainability.

### **Background of the Problem**

According to Chandler and Kennedy (2015), chief executive officers of RNOs should look to develop strategies to build effective high-performance organizations through improved leadership skills. RNOs are independently run businesses, independent of government control, and operate on a local level serving community interests (Conforti

& Focarelli, 2016). Although the primary business objective of RNOs is to serve the public, doing so in lieu of maintaining profitability is of major concern for those who are responsible for the sustainability of the organization. According to Cho and Auger (2017), the process of achieving financial stability and sustainability for an organization is a core business challenge for most nonprofits. To ensure financial sustainability, Fernandes and da Silva (2015) suggested that the leaders of RNOs should simultaneously use a leadership strategy in the management of their employees and in their fundraising. Many executive managers, to include CEOs of RNOs, do not appear to have a clear strategy to run successful RNOs (Park, Kim, Park, & Lim, 2018). As a result, many RNOs fail to remain in business beyond the first 5 years. The purpose of this qualitative multiple case study was to explore the leadership strategies that successful executives of RNOs use to achieve financial sustainability. The results of this study provide leaders of RNOs with strategies to address the financial sustainability of their organizations and help them to surpass the first 5 years of operations and continue to serve their communities.

### **Problem Statement**

Because of their reliance on contributions and government funding as their primary sources of revenue, the percentage of RNOs facing uncertainty in operational capital and resources will rise as government funding diminishes (Park et al., 2018). Of the 250,000 RNOs in the United States, 16% failed to remain in business beyond their first 5 years in operation (NCCS, 2016). The general business problem was that some RNOs fail to remain in business beyond the first 5 years of operation. The specific

business problem was that some leaders of RNOs lack funding strategies to achieve financial sustainability beyond the first 5 years of operation.

### **Purpose Statement**

The purpose of this qualitative multiple case study was to explore the funding strategies that leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation. The target population consisted of three leaders of RNOs, located in Nashville, Tennessee, with successful experience using strategies to achieve financial sustainability beyond the first 5 years of operation. The results of this study contribute to positive social change by providing leaders of RNOs with financial sustainability strategies, which they then can use in their respective organizations beyond the traditional reliance on contributory and government funding. Helping leaders of RNOs to identify alternative funding options may assist them in achieving financial sustainability beyond the first 5 years of operation, which may affect their ability to continuously serve their Middle Tennessee community.

### **Nature of the Study**

I used the qualitative research method to conduct this study. A qualitative research methodology is useful in exploring the way individuals perceive lived experiences (Parker & Northcott, 2016). According to Johnson and Schoonenboom (2016), qualitative research methodology involves reflexivity and in-depth participant exploration. According to Yin (2018), researchers use the qualitative research method to collect data from various sources, which they then integrate to develop themes. A qualitative research methodology was appropriate to explore funding strategies described

by executives of RNOs that addressed the financial sustainability of RNOs. Conversely, Kruth (2015) recommended the quantitative methodology analysis when the goal of the study is to obtain numbers as data for analysis. This method was not appropriate for this study because the goal of the study was to explore the perceptions of the participants, rather than numbers as data for analysis. Use of a mixed-methods methodology, which consists of both qualitative and quantitative research data, helps researchers seek and identify information needed to solve a problem but does not aid in identifying a problem's cause (Levitt et al., 2018). As stated by Kruth (2015), researchers using the mixed method rely on statistical and survey analysis. I collected participant data through observations, interviews, and document reviews. A mixed method was not appropriate for this study, as the use of participant semistructured interviews required a flexible approach and a different type of analysis than statistical analysis.

I selected a multiple case study research design because, according to Kruth (2015), researchers use case studies to explore a phenomenon from the perspective of a small group for analysis. A case study design was ideal for this study because the goal was to discover the financial sustainability strategies used by multiple individuals. Researchers can also use case study designs to examine programs, events, activities, or processes (Hancock & Algozzine, 2016). Yin (2018) recommended using a case study research design when the goal is to identify common themes or responses from detailed interviews. This recommendation aligned with my goal in this study to identify common themes or responses of the sampled participants of RNOs who have sustained operations beyond 5 years. For this study, I considered several additional research designs.



Researchers use a narrative research design when their purpose is to capture a sound historical account of a participant's experiences (Hamilton, Cruz, & Jack, 2017). A narrative design was not suitable for this study because the purpose of this study was not to take a historical and descriptive account of a phenomenon. An ethnographic research design, according to McNabb (2015), is a qualitative methodology where researchers perceive shared patterns of group culture. The ethnographic research design involves a long-term and detailed study of people and their culture and thus did not address the intent of this research problem. I concluded that a case study research design was the most appropriate research design to explore the financial sustainability strategies of religious nonprofit organizations.

### **Research Question**

The overarching research question was, What funding strategies do leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation?

### **Interview Questions**

1. What strategies do you use to ensure you maintain financial sustainability?
2. What are some of the challenges you have encountered regarding funding options for your organization?
3. What strategies did you incorporate to gain funding to ensure financial sustainability?
4. What type of funding options have you pursued that have failed?
5. How have some of the funding options you have used helped improve your company's financial performance?

6. What else do you think is important for me to know that I have not asked you regarding funding strategies you used to achieve financial sustainability beyond the first 5 years of operation?

### **Conceptual Framework**

The resource-based view (RBV) theory served as the conceptual framework for this study. Wernerfelt (1984) developed the RBV theory, which provides a managerial framework for executives to understand the basis of an organization's competitive advantage and fiscal performance effectiveness. According to Hitt, Carnes, and Xu (2016), executives of RNOs strengthen their opportunity to achieve a sustainable competitive advantage when they effectively manage the resources they own or obtain through funding strategies. A fundamental component of the RBV theory includes resources, which organizations use to create a competitive advantage (Kurniawan & Christiananta, 2018). Resources, according to Barney (1991), include all physical and intellectual property owned by an organization for the express purpose of gaining a strategic advantage. Researchers use RBV theory to understand how gaining and managing alternative funding sources beyond contributory and government funding options may contribute to the organization's financial viability and sustainability (Barney, 1991). I selected RBV theory because its constructs allowed participants to explore strategies to achieving financial sustainability beyond 5 years. Executives of RNOs may benefit from understanding the role funding strategies play in the attainment and management of resources for their organizations. Furthermore, use of RBV theory was appropriate for this study because it enabled me to explore the findings from my

study and review themes, systems, and strategies used by other religious nonprofit senior leaders who have secured sustainable funding for RNOs, thus aligning with my research question.

### **Operational Definitions**

*Ethical concerns:* The awareness of executives of RNOs of the need to avoid conflicts of interest, provide transparency in reporting, and display accountability for their actions (Grizzle & Sloan, 2016).

*Fiscal performance:* A business' return on assets, profit before taxation, and cash flow from operations (Hitt et al., 2016).

*Inspirational motivation:* Characteristics of leaders and followers who make a positive connection with examples and symbols to their employees (McKibben et al., 2017).

*Lack of funding:* The scarcity of capital or restricted resources affecting how nonprofits are funded (Mersianova, Jakobson, & Krasnopolskaya, 2015).

*Leadership styles:* A style of providing direction, implementing plans, and motivating people (Gipson et al., 2017).

*Mission:* The documented goals of the organization (Salamon, 2015.).

*Nonprofit leadership:* A leadership philosophy where creeds and historically motivated decision-making influences the management styles of RNOs (Kirchmaier et al., 2018).

*Nonprofit organization:* A 501(c)(3) corporation that serves its community as a charitable organization in exchange for tax exemption benefits (Vito, 2017).

*RBV theory*: A strategic management theory that researchers have used to analyze firm resources, capacity, and routines, which are fundamental to firm operations and competitive advantage (Akaeze, 2016).

*Revenue creation*: The process by which an organization markets and sells a product or service to produce funding (Drucker, 1989)

*Servant leadership*: A leadership philosophy in which the main goal of the leader is to serve (Greenleaf, 2009)

*Sustainability*: A term that refers to the use of a resource to diminish its depletion or damage and to the lifestyles involving the use of sustainable methods (Lurtz & Kreutzer, 2017).

*Transformational leadership*: An ethical leadership model with mutually beneficial relationships between leaders and followers, which integrates a commitment to values and results by maximizing stakeholders' long-term interests (Bonaparte, 2018).

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

#### **Assumptions**

Assumptions are possible explanations for a given phenomenon, which may not be within the researcher's control (Lachmann, Trapp, & Trapp, 2017). Leedy, Ormrod, and Johnson (2019) stated that assumptions are beliefs that some consider as facts but have not been theoretically proven. For the study, I assumed that each participant would provide truthful and unbiased answers about their personal experiences. Pyrczak (2016) noted that sampled participants typically share information authentically and without constraint, which aligns with my assumption that the target population for this study

would respond honestly by offering truthful and comprehensive responses to the interview questions. Two other assumptions of this study were that executives of RNOs employ different management and revenue creation strategies compared to those of their for-profit counterparts and that the qualitative research method and multiple case design were suitable for this study.

### **Limitations**

According to Swank and Lambie (2016), limitations are influences that may occur beyond the control of the researcher and can highlight weaknesses within a study. One limitation was my sample size of three participants. When conducting a qualitative study, a researcher using a small sample size might be limited in generalizing the research findings (Pyrszak, 2016). Another limitation was due to the geographic location of the study, Middle Tennessee, which may not be indicative of RNOs in other geographic areas. As Lewis (2015) stated, another limitation occurs because researchers are unable to control a participant's lack of transparency. For this study, the described funding outcomes to achieve financial sustainability may have been affected by the partiality of the interviewed leaders of RNOs.

### **Delimitations**

Delimitations are the characteristics within a study that limit the scope and form the boundaries of a study (Swank & Lambie, 2016). The focus of this study was on the funding strategies leaders of RNOs used to achieve financial sustainability; as such, the results may vary for for-profit leaders. The interview questions focused on the leaders of RNOs reliance on contributory and government funding and any other financial avenues

they use to sustain their RNOs. To further frame the boundaries of the study, I should note that interviews of only three executives took place. However, these participants served at the CEO or executive director level, which helped to minimize the generalizations, experiences, and objectives from leaders of varying departments.

### **Significance of the Study**

#### **Contribution to Business Practice**

The results of this qualitative multiple case study may prove beneficial to RNOs as they may help them identify alternative funding strategies beyond the traditional contributory and government programs which they currently use (Zandniapour, Griffin, Zhang, Sun, & Pershing, 2017). Identifying alternative funding strategies may help RNOs develop a strategy to address financial sustainability and aid RNOs to sustain their business beyond the first 5 years of inception. According to Vallaster and von Wallpach (2018), identifying alternative funding strategies may help provide RNOs with funding options, which they may use in their quest to achieve financial sustainability.

#### **Implications for Social Change**

According to Fernandes and da Silva (2015), RNOs contribute to the public good through the services that they provide. Goods and services stimulate economic growth and expand the funding strategies available to leaders of RNOs, which may help them to achieve key business goals. The results of this study may contribute to positive social change by providing leaders of RNOs with financial sustainability strategies, which they can use in their respective organizations beyond the traditional reliance on contributory and government funding. Helping leaders of RNOs to identify alternative funding options

may assist them in achieving financial sustainability beyond the first 5 years of operation, which may affect their ability to continuously serve their Middle Tennessee community.

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

The literature review includes peer-reviewed journal articles, qualitative dissertations, and other reference materials obtained from the Walden University Library. Specific databases included Thoreau Multi-Database Search, National Bureau of Economic Research, SAGE Publications, ProQuest, and Business Source Complete. Google Scholar and Crossref.org searches produced valuable resources in exploring gaps in research. I used search terms such as *definitions of leadership, funding, fundraising, leadership styles and competencies, nonprofit leadership, nonprofit organizations, revenue creation, RNOs, social entrepreneurship, sustainability, theories of leadership, servant leadership, and transformational leadership* to identify relevant material and add to subject matter knowledge. The document has 182 sources, out of which 159 (87%) are peer-reviewed references and 158 (87%) were published in 2015 or later. The literature review consists of 72 sources, out of which 71 (98%) are peer-reviewed references and 67 (93%) were published in 2015 or later.

### **Organization of the Literature Review**

The literature review consists of an introduction to RBV theory (Barney, 1991), which added to the exploration of factors that contribute to the enhancement of funding strategies executives of RNOs use to achieve financial sustainability. An overview of the available and current literature on the topics of leadership, funding, and sustainability extends knowledge on the subject. Information relating to the RBV theory used in this

study frames a portion of this section. An exploration of important leadership concepts contributes to the literature review. After discussing RBV theory, I address several topics linked to the study's problem statement and related to factors that influence the sustainability of RNOs. The related factors discussed consist of (a) RBV theory, (b) leadership styles, (c) servant leadership, (d) transformational leadership, (e) inspirational motivation, (f) nonprofit organizations, (g) lack of funding and revenue creation, (h) nonprofit leadership, and (i) ethical concerns.

### **Application to the Applied Business Problem**

The objective of this qualitative multiple case study was to explore the funding strategies that leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation. The target population for this study consisted of three leaders, located in Nashville, Tennessee. The results of the study may help improve the profitability of RNOs by identifying funding strategies to sustain financial stability. To explore the funding strategies that nonprofit leaders use to sustain their RNOs, a review of the literature was necessary. Exploration of financial sustainability strategies used to increase the viability of RNOs in previous research underpins this study and allows for discussion of the types of funding strategies that are best suited for addressing this issue.

### **Resource-Based View Theory**

I used RBV as the conceptual framework for this study. Wernerfelt (1984) developed the RBV theory to provide a managerial framework for executives to understand the basis of an organization's competitive advantage and fiscal performance effectiveness. Barney (1991) posited that RBV theory dates back to the work of



economists with an interest in a firm's heterogeneity and the notion of perfect competition. RBV theory was further developed through early economists' theories of monopolistic competition (Barney, 1991). Although Di Petta, de Gouveia, Bozzo, and Gonçalves (2018) established that common resource-based approaches dominate the field of study of RBV, classical RBV theory approaches encourage researchers to view firms as a collection of individual resources and view resource bequests as useful for developing products, services, and strategies (Wernerfelt, 1984). An important component of the RBV theory, according to Wernerfelt, is resources, which organizations use to create a competitive advantage, regardless of the type of organization, and are a requirement of developing products, services, and strategies. Seeking to develop a competitive advantage, business leaders have used RBV theory to focus on firm-specific capabilities (Kurniawan & Christiananta, 2018). RBV theory is unique because Wernerfelt (1984) also created the approach to explore barriers to imitation that influence firm success. Managers use RBV theory to gather and organize resources to retain a competitive advantage.

According to Barney (1991), resources include all the physical and intellectual property owned by an organization for gaining a strategic advantage over other organizations. Other supporters of RBV theory also asserted that valuable, rare, inimitable, and nonsubstitutable (VRIN) resources generate sustainable competitive advantage because valuable resources (of any type) allow organizations to implement efficient and effective strategies for sustaining business operations (Barney, 1991; Kurniawan & Christiananta, 2018; Wernerfelt, 1984). Barney posited that scholars use

the RBV theory approach to address the tenet that the accumulation of VRIN resources is the basis of enterprise competitiveness.

To further define resources, Kurniawan and Christiananta (2018) asserted that resources are the capabilities, assets, organizational processes, knowledge, company abilities, and information a company uses to instigate more efficient strategies. The more unique and inventive the strategy, the more successful a firm will be (Barney, 1991). Nevertheless, firms operate in competition with one another and have many resources available to them. One way of categorizing the unique capabilities needed by organizations to thrive is by using the term *dynamic capabilities* (Kurniawan & Christiananta, 2018). In a study by Kurniawan and Christiananta, the researchers focused on the resource-based theory of the firm. Barney (1991) suggested that leaders should focus on the firm's capabilities and how internal resources within a firm can be used to meet market needs in a unique manner, to give the organization an advantage. Kurniawan and Christiananta used several firm resources to enhance an organization's competitive advantage; however, their concept of dynamic capability is most salient to this study. Kurniawan and Christiananta further defined dynamic capability as "the ability to extract current resources into becoming future resources through new competencies development" (p. 2). This version of dynamic capability concerns two different aspects, which are the capability to explore new opportunities and to build or create new opportunities (Kurniawan and Christiananta, 2018).

RBV theory has also been termed *exploitation capability* as it is recommended that businesses should exploit and leverage their core competencies (Kurniawan &

Christiananta, 2018). The main premise of RBV theory is to exploit a resource that can be widely generated but is difficult to imitate (Barney, 1991). For building capability, RBV theory has much to do with learning from the processes that take place in other organizations, developing new skills, and revitalizing skills to use them in a more dynamic manner in the past. Bacq and Eddleston (2017) posited that the idea of competitive advantage in RBV theory relies on how dynamic an organization can be. For example, dynamic capabilities are most useful in rapidly changing times, increasing the need for an RBV theory framework (Ghasabeth, Soosay, & Reaiche, 2015). The main concept behind RBV theory is to find rare, or little used, dynamic resources that cannot be duplicated by other organizations (Barney, 1991). With the 2008 economic crisis as a motivator, the nonprofits with the most success have the dynamic capability to move with markets and to influence social perception to give their organizations the best advantage (Kurniawan & Christiananta, 2018).

**Nonprofits and RBV.** The economic crisis in 2008 forced nonprofit organizations to institute new strategies to increase their performance (Arik, Clark, & Raffo, 2016). A downward shift in the economy will influence a nonprofit significantly, as the revenue it receives from each resource is likely to change and cause the organization uncertainty in its ability to gain funding for future projects (Arik et al., 2016). Arik et al. (2016) found that fewer sources of revenue frequently lead to more growth than what is seen in organizations with more revenue sources. For this reason, nonprofit leaders need to consistently determine whether to assign already limited funds toward a general business goal or as a technique for increasing an organization's business

with the intent to create revenue (Arik et al., 2016). Arik et al. found that nonprofit organizations with fewer sources of funding also had fewer strategies at their disposal for responding to the economic crisis. According to Arik et al., if a nonprofit organization using RBV theory has a core competency, the nonprofit organization will survive the economic downturn more efficiently than those that do not. Arik et al. further explained that in some situations this resulted from numerous sources of revenue coming from governmental funding--for example, government grants versus other government funds.

According to Hitt et al. (2016), executives of RNOs strengthen their opportunity to achieve a sustainable competitive advantage when they effectively manage the VRIN resources they own. Based on physical and intellectual property, RBV theory can relate to VRIN resources, which may include employee empowerment, humility, and stewardship-based means of interpreting and obtaining resources (Hanse, Harlin, Jarebrant, Ulin, & Winkel, 2016; Nason & Wiklund, 2018). Executives may obtain funding strategies using VRIN capabilities. Theorists who ascribe to the tenets of RBV theory assert that organizations that possess VRIN resources will have sustained competitive advantage and highly regarded employee performance (Barney, 1991; Wernerfelt, 1984). Valuable and rare resources are related to competitive advantage and, in turn, competitive advantage is related to employee performance (Barney, 1991). Inspiring employees and encouraging a sense of belonging can facilitate effective employee performance by incorporating the stewardship principles found within servant leadership principles (Bacq & Eddleston, 2017; Greenleaf, 2009; van Dierendonck &

Patterson, 2015), which are discussed more fully in subsequent sections of the literature review.

**Embedded resources.** Understanding how gaining and managing funding sources, beyond government funding options, may contribute to the organization's financial viability and sustainability gives executives of RNOs a new way to approach funding and achieving sustainability (Wernerfelt, 1984). To ensure financial sustainability, Fernandes and da Silva (2015) suggested that leaders of RNOs use several dynamic leadership strategies in the management of their employees and in fundraising. In short, the RBV theory emphasizes the importance of intangible socially embedded resources as a strategic source of competitive advantage (Akingbola, 2015). The knowledge, skills, and capabilities of employees and managers; their social networks; and those of stakeholders of the organization give it the edge in competition. From both the human and social capital perspectives, not-for-profit organizations that provide a broad range of services enhance their effectiveness from collaboration regarding resource gains (Akingbola, 2015).

**Knowledge, skills, and capabilities.** RBV theory is used to incentivize stakeholders to make firm-specific investments (Sodhi, 2015). According to Sodhi (2015), without stakeholders investing in the firm or organization, resources cannot be effectively obtained or obtained at all. Sodhi supported the use of RBV theory by entrepreneurs as well as CEOs and stakeholders. RBV theory when used by leaders is frequently extended to the specific skills needed by employees in order to enhance the business's competition. Based on the RBV theory, researchers suggested that industry-

specific experiential knowledge also forms a basis for competitive advantage (Boyd, Royer, & Goto, 2019). Hosskisson and Gambeta (2017) also posited that entrepreneurial activity creates a stewardship culture. This type of culture can be used to obtain governmental support creating a social effect (Sodhi, 2015). Nevertheless, the main ingredient to achieving optimal use of resources by an entrepreneur is having more than one resource available (Akingbola, 2015). One powerful resource is management's and employees' personal commitment to the social mission, which is a valuable resource that can sustain an organization.

**Social responsibility and networking.** According to Sodhi (2015), one unique resource that an organization can foster is social responsibility. Social enterprises flourish in communities where institutional support is ample (Sodhi, 2015). Sodhi further asserted that collaborating with other organizations allows leaders of social enterprises to construct an infrastructure of resources and support for all beneficiaries. In Sodhi's study, the analysis of a social enterprise-consulting firm revealed that social enterprises prosper in cities where institutions such as universities, government, and networking groups work to support social enterprises (see also Hosskisson & Gambeta, 2017). RNOs appear to do best in situations and in communities in which institutional support is abundant (Hosskisson & Gambeta, 2017).

Using social responsibility can be an organization's dynamic capability to safeguard and attract stakeholders who are interested in the organization's success far beyond simple profit (Hosskisson & Gambeta, 2017). Hosskisson and Gambeta (2017) focused on the concept of social responsibility within the management team. According

to Cherian et al. (2019), social responsibility can also improve an organization's societal value as well as profitability. After analyzing sustainability, corporate social responsibility, shared value approaches, and the bottom line, Hosskisson and Gambeta developed a theoretical framework based on a stakeholder-based view related to firm-specific investments (FSIs), in which stakeholders are considered employees, suppliers, and customers (Hosskisson & Gambeta, 2017). This new framework may aid other leaders of RNOs in capacity building using social responsibility and networking as a resource.

**Stakeholders.** The FSI refers to a stakeholder resource-based view. Although FSI is very similar to RBV theory, it differs in that all stakeholders are treated as if they want to obtain the same goals and outcomes (Bacq & Eddleston, 2017). Although stakeholders may have different drivers motivating their interests, and their various resources, dynamic capabilities, and routines, they are all interested in speaking to maximize their respective utility (Bacq & Eddleston, 2017). Through this unique perspective, Hosskisson and Gambeta (2017) were able to analyze the tenets of RBV theory from the stakeholders' perspective. According to Hosskisson and Gambeta, conducting research in this manner is an element in attracting and retaining stakeholders as it is the stakeholders who invest in the organization's success.

Importantly, Hosskisson and Gambeta (2017) posited that a central issue in RBV theory is the incentivization of stakeholders to make investments specific to the organization. Bacq and Eddleston (2017) also argued that an organization's scale of influence depends on its capacity to engage stakeholders and attract government

support through dynamic means. Executives of RNOs must understand the importance of stakeholders' involvement in an organization in achieving a competitive advantage. Hosskisson and Gambeta further asserted that if organizations want to achieve and retain a competitive advantage, stakeholders need incentives to make FSIs. FSIs are a central issue in RBV theory. According to Barney (1991), in RBV theory a firm achieves sustained competitive advantage through unique bundles of resources often created by stakeholder FSIs. Whether using FSI or other similar concepts, RNOs are much more likely to survive, and thrive, with stakeholder investment.

**Information and communications technologies.** A study conducted by Kisonzo (2017) regarding the importance of information and communications technologies (ICT) in Kenyan nonprofits further defines the role nonprofit organizations play in their communities. Increases in technology and the implementation of ICT within nonprofit organizations may compromise some economic resources but cannot be ignored if the organization is a valuable resource to the community, making ICT a sound investment (Kisonzo, 2017). Both Arik et al. (2016) and Kisonzo discussed the significance of technology in nonprofit organizations. They found that nonprofits who maintained a strong web presence maintained more of their revenue streams from resources outside of public and government funding, perhaps making the investment in ICT a worthwhile goal. Chaufan and Saliba (2019) asserted that web technology significantly increased donor fundraising and volunteer support when used by nonprofits. Finally, Kisonzo asserted that ICT in nonprofits play a significant role in the Kenyan economy, through the following systems of support: “disaster preparedness and disaster response, the



provision of health and education services, advocacy, religious initiatives, and food security initiatives, among others” (p. 3). When economic challenges arise, nonprofit organizations are the social organizations people seek out for assistance, yet they are not provided the same resources or opportunities as businesses and corporations and must find dynamic resources such as ICT to sustain the organization.

### **Other Contrasting Theories**

Analyzing the literature available, many theories focused on understanding behavior. This section included a discussion of other contrasting theories used for leadership development, including (a) leadership styles, (b) servant leadership, (c) transformational leadership, (d) inspirational motivation, (e) nonprofit organizations, (f) lack of funding and revenue creation, (g) nonprofit leadership, and (h) ethical concerns.

**Leadership styles.** Leadership styles relate to the conceptual framework because a foundation of RBV theory is the proper use of an organization's resources to create new and lasting economic value (Nason & Wiklund, 2018). When a leadership style is effective, it becomes a valuable resource, which Barney (1991) stated that leaders could use this resource to introduce or implement strategies that result in an increase in the organization's efficiency and effectiveness. Another important leadership trait in determining the efficiency and long-term sustainability of a business involves a leader's ability to change as the economic environment changes while continuing to support the local community (Martinez-Martinez, Cegarra-Navarro, Garcia-Perez, & Wensley, 2019). The type of leadership used will affect the value of the resource for each organization.

Leadership as an idea connects individuals and businesses, affecting the procedures used by HR management to work with both employees and the company as a larger entity (Zogjani & Raci, 2015). Avolio and Yammarino (2013) shared that leadership is a set of behaviors HR leaders use to assist employees in reaching a common goal. Effective small business owners use leadership concepts to ensure that employees maintain a fully functioning and efficient system (Avolio & Yammarino, 2013) to achieve those aspects necessary to perform. Leadership style indicates how management relates to the organization and directs the form of collaboration used to lead and manage the organization effectively. Hoch, Bommer, Dulebohn, and Wu (2018) studied the effects of leadership styles on leadership performance and found that servant leadership, and its associated concepts, are applicable to several different types of organizations. The

concepts embedded in servant leadership relate well to the needed leadership styles in RNOs.

**Servant leadership.** Greenleaf (2009) presented the servant leadership model to enhance and maintain an organizational community of committed individuals. Greenleaf envisioned a servant leader as a person who desires to be a leader and believes that it is their responsibility to first serve the interests of the individuals they are leading (Fehr, Yam, & Dang, 2015). According to van Dierendonck and Patterson (2015), a leader who subscribes to a leader-first philosophy has a higher level of personal drive to acquire material possessions versus a servant leader who places the needs of their followers above their own. Despite the reasoning of leader-first, the direction of servant leadership - prioritizing the employees' needs - gives importance to interpersonal and caring leadership, inspiring people to engage so they can focus on the organization's goals and outcomes (Fehr et al., 2015). Ever since Greenleaf conceptualized servant leadership, it continues to gain attention from scholars, particularly through showing how the characteristics of servant leadership influence an organization's employees, culture, leadership team, and the organization (Winston & Fields, 2015).

Greenleaf (2009) discussed servant leadership in 1978, identifying that servant leaders have some of the following characteristics: listening, awareness, empathy, persuasion, healing, foresight, conceptualization, stewardship, an obligation to the growth of people, and building community. Greenleaf (2009) looked at servant leadership as a priority to serve the individuals that serve followers. Servant leadership focuses on the leader's ability to help their followers and create a working environment of helpful and

caring people, where followers consider themselves appreciated employees of the organization (Breslin, 2017). Additionally, Breslin (2017) stated it is possible to develop leaders, and recommended training programs to teach new leaders how to serve as mentors and coaches. Chen, Zhu, and Zhou (2015) indicated servant leaders' behaviors focus on the individual and professional welfare of the followers and endorse a healthy organizational culture. Servant leaders support individual and professional development through influence, listening, awareness, dedication to subordinates, and employee growth. Noland and Richards (2015) argued servant leadership refers to servant leaders as employee advocates, which is different from other leaders, as it requires putting the employee first. Chen et al. argued servant leaders look at meeting followers' needs as the number one priority through remaining patient and knowing how critical developmental needs are for their followers. The components of servant leadership, which are being helpful and kind in nature, are the same components of transformational leadership, described by Burns (1978), as individualized consideration and intellectual stimulation.

Qu, Dasborough, Zhou, and Todorova (2017) also reviewed the available literature on servant leadership. Through the analyzation of nearly 40 articles, they drew conclusions about the relationship between servant leadership and organizational success and found servant leadership to be poorly defined. Throughout the reviewed articles, little consensus could be found on what constitutes as servant leadership. The results of the research suggest that servant leadership is a leadership style explored across industries. Varieties of organizations and methods have been used to review the application of servant leadership. Ultimately, the literature shows servant leadership to be successful in

enhancing employee well-being (Qu et al., 2017). Qu et al.'s study revealed servant leadership as effective in increasing employee well-being, regardless of the environment or context in which application occurs. Managers use servant leadership to improve the culture of organizations of varying size and industry. Hall (2017) explored the effectiveness of managers putting their subordinates first. Hall's research posits that managers who considered the concerns, as well as professional success, of their employees, enhanced the success of those employees within the organization, further supporting that servant leadership is critical employee success.

When further exploring the relationship between employee satisfaction and organizational performance, Newman, Schwarz, Cooper, and Sendjaya (2017) established that servant leadership enhances organizational citizenship behavior (OCB) and team effectiveness. These factors are critical to organizational success. Newman et al. (2017) also found this to be the case. Through the study of nearly 450 manager/subordinate relationships, they found OCB was enhanced by positive leader-member exchange relationships (Newman et al., 2017). Anderson and Sun (2017) also discovered similar results when analyzing nearly 1000 employees across 71 separate environments. One result noted by Anderson and Sun was that employees modeled servant leadership behavior if their managers engaged in this leadership style. The opposite was true if managers were critical regarding the creation of a culture focused on serving (Anderson & Sun, 2017). Van Dierendonck and Patterson (2015) also noted that the attitudes of leaders influenced the attitudes of subordinates and servant leadership enhances empowerment and stewardship.

Gutierrez-Wirsching, Mayfield, Mayfield, and Wang (2015) explored the connection between motivating language and employee empowerment. Through building a conceptual model, the authors were able to assess the effect of motivating language. Ultimately, motivating language can improve several areas of employee performance including innovation, performance, and attendance. Anderson and Sun (2017) found motivating language enhanced employee satisfaction. Through the creation of an empowering environment, leaders are able to increase employee job investment. Gutierrez-Wirsching et al.'s research revealed that motivating language causes employees to be invested in the organizational community, which leads to greater commitment and self-efficacy. According to Gutierrez-Wirsching et al., motivating language also improves the employees' perception of the leader and subsequently promotes the development of employees into leaders. Leaders can apply these findings to create the environment they wish to have in their organization (Gutierrez-Wirsching et al., 2015).

Welty Peachey and Burton (2017) asserted that servant leadership enhances the satisfaction of followers. Satisfaction is a psychological need, and research shows satisfied followers have greater well-being and results in a reduction in power struggles among followers (Welty Peachey & Burton, 2017). To learn how servant leadership differs in varied cultures, Van Dierendonck et al. (2017) applied a Servant Leadership Survey (SLS) across eight countries, which yielded over 5,000 respondents. Van Dierendonck et al. then used the SLS results to measure configural invariance, measurement equivalence, and structural equivalents. The research data confirmed relationships between servant leadership and configural invariance, as well as partial

measurement equivalence (Van Dierendonck et al., 2017). These results proved that servant leadership is effective across cultures.

Hanse et al. (2016) conducted a cross-sectional study on the effect of servant leadership in the healthcare industry to explore the connection between servant leadership and leader-member exchange (LMX). To gather data, Hanse et al. distributed a questionnaire to 240 healthcare employees across four organizations. Hanse et al. indicated that all defined servant leadership dimensions enhanced the relationship between leaders and subordinates, also known as LMX. The dimensions found to most enhance these relationships were empowerment, humility, and stewardship (Hanse et al., 2016). A strong relationship between managers and subordinates enhances the quality of employee work. This is particularly important in RNOs in which employees who feel valued and connected to the larger organization will be willing to work hard on behalf of the organization (Gilding, Gregory, & Cosson, 2015). Donia, Raja, Panaccio, and Wang (2016) suggested that the application of servant leadership principles to organizations primarily relying on transformational leadership will elicit positive results.

**Transformational leadership.** Transformational leadership is a business approach gaining value as a way in which to understand and explore the management and motivation styles of leaders (Zogjani & Raci, 2015). Researchers have discovered that employees tend to respect and follow transactional leaders given their dynamic value systems, and in turn, transactional leaders are generally open-minded, tolerant, and innovative (Zogjani & Raci, 2015). Transformational leadership easily inspires trust in employees, and proponents of the model approach achievements in work as a way to attain greater personal and organizational goals (Menegazzo et al., 2015).

Transformational leaders inspire motivation, creativity, and innovation in their employees. Transformational leaders demonstrate a strong commitment to employees and their approach relates to higher returns and increased satisfaction for organizations and customers (Menegazzo et al., 2015).

Ghasabeth et al. (2015) sought to investigate the effectiveness of transformational leadership, among other styles, as the ideal form of leadership. Ghasabeth et al.'s goal to ascertain if transformational leadership enabled businesses to accomplish sustainable competitiveness as they operated in global markets (Ghasabeth et al., 2015). Ghasabeth et al. asserted that it was impossible for any organization to be successful without the implementation of effective leadership. The transformational leadership model facilitates innovation and learning that creates a sense of shared vision that propels an organization toward the future, making the transformational leadership model best suited for promoting longevity within competitive and highly innovative organizations (Ghasabeth et al., 2015). Ghasabeth et al.'s study is useful to explore as it augments the conclusions



of other findings encountered in this review and effectively supports the versatility of the transformational leadership model in satisfying the needs of the organization and the company.

Mokhber, Khairuzzaman bin Wan Ismail, and Vakilbashi (2015) expanded the body of knowledge regarding the relationship between transformational leadership and organizational innovation. Based on the findings of their study, Mokhber et al. (2015) posited there was a direct positive effect from transformational leadership on organizational innovation. Although Mokhber et al. indicated that while many positive characteristics have a statistically positive relationship with organizational innovation, individualized stimulation and inspirational motivation were most highly related.

Regarding a leader's personality, Deinert, Homan, Boer, Voelpel, and Gutermann (2015) explored the connectivity of the elements of transformational leadership to a leader's personality and performance. To improve the understanding of the transformational leadership model, the authors argued that different personality trait permutations can lead to different leadership behaviors. In this study, Deinert et al. analyzed 58 other studies and primarily discovered that the examination of the elements of the transformational leadership model will further widen a readers' understanding of the influence of the leadership style as it relates to a leader's behavior and performance. A leader's behavior and performance dictate the manner an organization behaves toward change and can trigger behavioral outcomes in subordinates that can lead to other behavioral patterns, which can be negative or positive (Deinert et al., 2015). Deinert et al. emphasized the importance of exploring the projection of certain behaviors and outputs

as the longevity of an organization rests upon solid and open-minded leadership. In further connecting transformational leadership to behavior, Avolio and Yammarino (2013) noted four different behavior types: intellectual stimulation, charisma, individual consideration, and inspirational motivation. Regarding intellectual stimulation, employees benefit from having the ability to think creatively and create. Here, leaders encourage levelheadedness, diversity, and problem-solving techniques and frame of mind as the best manner in which to approach a topic (Deinert et al., 2015).

The second characteristic, charismatic leadership, gives leaders the capability to engage employees in trusting in a vision and employees can benefit from feeling positive about their work and their accomplishments. Leaders frequently obtain significant respect and trust from their followers through charisma, resulting in a focus on a goal that stresses the benefit to individuals and organizations (Avolio & Yammarino, 2013). The third characteristic noted within transformational leadership is individual consideration. The focus of individual consideration leadership relates to skillfully training employees and the personal development of the individual (Deinert et al., 2015). Managers frequently use this basic form of leadership to boost employee development through mentoring and coaching, while at the same time remaining cognizant of individual styles and preferences (Avolio & Yammarino, 2013).

The fourth characteristic, inspirational motivation is the process in which a leader demonstrates functioning at a high level of optimism and vision; and therefore, sets behavioral standards for the employees. Inspirational motivation is extremely useful, as employees tend to respect inspirational leaders (Gilding et al., 2015). Frequently,

managers use the characteristics of charismatic leadership skills interchangeably with inspirational leadership skills, as they have certain attributes in common. While inspirational leaders have charisma and are focused on the greater good of their organizations, charismatic leaders inspire their followers with more of a relationship structure overtly focused on the leader (Mehrabani & Mohamad, 2015). Inspirational motivation leadership is different from leadership styles, such as charismatic, as leaders present a sense of higher purpose to their followers (Avolio & Yammarino, 2013). While these four behavior types associated with leadership hold value for the transformational leadership model and can provide RNOs with the tools they need to promote dynamic support for assuring the longevity of RNOs, inspirational motivation may be the most powerful form of transformational leadership (Gilding et al., 2015).

**Inspirational motivation.** Inspirational motivation is a trademark of most inspirational or transformational leaders. According to McKibben, Umstead, and Borders (2017), transformational leaders exhibit the 4-factor characteristics of (a) inspirational motivation, (b) individualized consideration, (c) idealized influence, and (d) intellectual stimulation. Idealized influence empowers leaders to act as positive role models to the inspired, while through inspirational motivation, leaders and followers make a positive connection with examples and symbols (McKibben et al., 2017). Furthermore, intellectual stimulation enables leaders to awaken the creative capabilities of those they lead, while at the time they can use individualized consideration to recognize and harness the power of individuality within team members (Mayfield & Mayfield, 2016).

According to Gilding et al. (2015), inspirational skills include having the: (a) knowledge, (b) talent, (c) ability to motivate, and (d) energy to motivate individuals or groups through speech, action, or conduct that propels individuals to pursue a compelling vision of a defined future. Inspirational motivation includes teaching the skills required to empower, provide direction, communicate about a shared purpose-driven goal, and a vision toward defined collaborative endeavors (Guinote, 2017). Inspirational motivation and inspirational leadership are related and the presence of one always signifies the availability of the other in the same individual as both are founded on trustworthiness, have a passion for teams, promote active listening, and express positive communication to teams based on obtaining a clear objective (Qu, Janssen, & Shi, 2015).

As noted by Guinote (2017), the ability to inspire is part skill and part gift. The gift aspect is the genetic intelligence that people acquire at birth, while education and training constitute creating a balance related to obtaining skills (Higgs & Dulewicz, 2016). Awareness of oneself, one's environment, one's upbringing, training, and education influences, through a series of stages, a person's ability to attain inspirational motivation (Molenberghs et al., 2015).

The initial preparation period is the stage at which one begins to be conscious of the limitations around them and begins to nurture visions regarding how to foster change that influences others (Higgs & Dulewicz, 2016). The second, or incubation phase, follows the preparation stage and is when managers develop mental pictures of an idealized idea for the state of their organization and begin working on a model of change based on their observations of what is taking place within an existing organization (Higgs

& Dulewicz, 2016). The third stage of inspiration is the illumination phase, at which point managers communicate their visions to others about events driven by factors in their environment (Puente-Díaz & Cavazos-Arroyo, 2017). The characteristics of this period are manifested through an elevation of positive emotion, backed by the frequency of repetition, and learning to admire oneself (Higgs & Dulewicz, 2016). The fourth and final stage in adopting the inspirational method is the verification phase, likened to a stage of persistence in which managers motivate, communicate, and energize their teams toward a shared vision of the future with minimal resistance (Puente-Díaz & Cavazos-Arroyo, 2017).

Inspirational leadership skills develop and thrive through the conscious effort of managers who build trust in teams, in which leaders adopt inclusion and mentoring as a standard practice, and where leaders align people to the vision, mission, and value of their organizations (Higgs & Dulewicz, 2016). The ability of managers to inspire their followers depends on the leader's knowledge of their employees' capacities, their respect for an individual's dignity, their ability to establish a culture of openness and fairness, and the ability to encourage honest feedback (Consiglio, Borgogni, Di Tecco, & Schaufeli, 2016). Inspiring leaders thrive because they facilitate change, they empower employees' growth, delegate to enhance their follower's potential, and they adopt mentoring strategies with their mentees (Consiglio et al., 2016).

Inspirational leaders also foster group cohesion and encourage shared purpose and engagement through their ability to communicate and energize their employees and teach collaboration (Consiglio et al., 2016). Inspiring leaders generate enthusiasm, excitement,

and obtain a commitment from their employees by translating the vision, mission, and values of the organization into terms relevant to the work employees perform (Jyoti & Dev, 2015). Inspirational leaders are committed to continued success and transformation; they lead others by example toward strategies that culminate in reaching their desired destinations, they encourage and foster innovation in their organizations, and work towards reducing resistance to organizational processes (Epstein, 2018).

Exploring inspirational motivation, according to Epstein (2018) examined the concept in relation to the manner in which a leader demonstrates sensitivity toward employees. In this case, the leader supports an employee's beliefs, engendering trust through self-sacrifice, which motivates and stimulates employee performance (Jyoti & Dev, 2015). In one study, Epstein (2018) noted that, based on the findings, 87% of active leaders believed the motivation was centered on the traditional reward and punishment model. Only 13% of the leaders believed in involving staff in the decision-making process and providing recognition, the main principle of inspirational motivation (Epstein, 2018). The gathering of data for this quantitative study was from 30 CEO's and 143 employees, of which 113 participated. The focus of the protocol used was to draw attention to the motivational techniques used by the participating leaders to facilitate the examination of the effect the techniques had on their employees (Epstein, 2018). Epstein also inferred the organizational benefits stemming from the adoption of inspirational motivation out-weighed those produced by fear-based motivation in the end. Despite the smaller number of leaders engaging in the use of the inspirational model, the employees displayed much higher levels of performance, loyalty, staying power, enthusiasm, and

satisfaction. Although the study had a smaller sample size than some quantitative studies, it was still useful for deepening the readers' understanding of the benefit and effects of the transformational leadership model on organizational performance (Epstein, 2018).

**Nonprofit organizations.** Nonprofit organizations offer essential public goods and services in many societies globally (Mohammed, 2017). Nonprofits play an important role during economic crises at which time governments may need to decrease public spending as nonprofits are well suited to meeting the needs and demands for goods and services that may not be available otherwise (Mohammed, 2017). Nonprofit organizations have a history dating back to before the independence of the United States. The subject of this study focuses on the affiliation religious organizations have with nonprofit organizations, even though today nonprofit organizations typically fall under state law, rather than under the direction of a church. Kirchmaier, Prüfer, and Trautmann (2018) contended that this link goes back even further, to the establishment of the religious doctrine itself, in their case of the Catholic and Protestant faiths.

Unlike typical nonprofits, RNOs are independently run businesses, independent of government control, and operate on a local level serving community interests (Conforti & Focarelli, 2016). To ensure financial sustainability, Fernandes and da Silva (2015) suggested that leaders of RNOs simultaneously use leadership strategy in the management of its employees and in its fundraising. Many executive management teams, to include CEOs of RNOs, do not appear to have a clear strategy, which helps them to run successful RNOs (Park et al., 2018). As a result, many RNOs fail to remain in business beyond the first 5 years. RNOs are a bedrock of the social safety net in the

United States, which lacks many governmental agencies that other Western and industrialized nations have as a common feature.

According to Bryson (2018), the increase in reliance on nonprofit organizations, and RNOs, in particular, accelerated in the 1980s during the administration of Ronald Reagan. The increase in reliance had the effect of boosting the revenues of nonprofits, which increased by 39.5% between 1998 and 2008 (Freeborough & Patterson, 2016). However, when the Great Recession caused a downturn in markets, and in the economy in 2008, charitable giving fell precipitously and the financial positions of many nonprofits, secular and religious alike, began to experience failures. Whether a business is private or nonprofit, revenue opportunities continue to vacillate, and nonprofits are particularly at risk for losing traditional funding sources given shifts in the economy (Mohammed, 2017).

**Lack of funding and revenue creation.** According to Cho and Auger (2017), the process of achieving financial stability and sustainability for an organization is a core business challenge for most nonprofits. Nonprofit organizations are increasingly facing environmental pressures through heightened competition for public funds or donations and a changed role of governments in social service provision (Lurtz & Kreutzer, 2017). The markets served by for-profit and nonprofit organizations tend to intersect and like some for-profit equivalents, restricted resources and increased competition in service providing have forced nonprofit organizations to increase their efficiency (Mohammed, 2017). Mohammed (2017) posited that roughly 72% of nonprofit proceeds essential for the sustainability of nonprofit organizations originate from program services, which are



threatened by ineffectual enhancement strategies and reduced program funding (Mohammed, 2017).

Resource dependence affects the nonprofit realm and how nonprofits are funded is an ever-changing dynamic (Mersianova et al., 2015). The whims of congressional funding allocation, the needs of the marketplace, and the ability of the public to donate to causes will shift with great rapidity in the 21st century (Mohammed, 2017). Nonprofit leaders must analyze, disassemble, and reassemble strategies according to the changeability of revenue, the effect on goals, the process of the RNOs organizational strategy, and the effects the strategy will have upon the structure of the nonprofit itself. A small church may not be adequately prepared for the level of change required of nonprofits today (Lurtz & Kreutzer, 2017). However, just as with any corporate CEO or hedge fund manager, an RNOs portfolio must be diverse, otherwise passing the five-year mark may not occur.

According to Vallaster and von Wallpach (2018), nonprofit or leaders of RNOs use unique strategies to evaluate a funding source. Evaluative criteria include the extent to which the funding source can catalyze other resources, the alignment of the funding source with the mission of the organization, and the sustainability of the funding source over time. Nonprofits and RNOs may be reluctant to take on social risk or an entrepreneurial orientation (Lurtz & Kreutzer, 2017). This has been a substantial change in the nonprofit sector. Grizzle and Sloan (2016) contended that equity markets now influence the nonprofit sector significantly and those who donate, whether individuals, foundations, or other funding sources, demand business-like accountability and audit

structures, lest they remove their funding as they are unable to see exactly how the funds are being used and what the return is. Strategic decisions by nonprofit leaders of RNOs largely depend on the nature and stability of the organization's funding structure and approach (Mohammed, 2017). Strategic management decisions made at the inception and throughout the life of the organization are essential for the long-term success of the business (Ansoff, Kipley, Lewis, Helm-Stevens, & Ansoff, 2019).

According to Zandniapour, Griffin, Zhang, Sun, and Pershing (2017), the public generally views nonprofits and RNOs as competent and not subject to vicissitudes of a complex world operating as for-profit organizations or even households. While it is possible this may be a result of RNOs tax-exempt status, it may also be a reaction to the place RNOs occupy within an ever-more complex world (Fernandes & da Silva, 2015). The public also sees the missions of nonprofits and RNOs as being a single issue: the homeless shelter, the drug treatment center, the food bank, etc. In reality, this is not the case. Nonprofits and RNOs are frequently tasked with a multitude of tasks as parts of larger umbrella organizations, they must focus on administration, investing, and avoiding resource dependence (Zandniapour et al., 2017). The public seems to have an aversion to viewing nonprofits as attempting to "profit" through increasing revenue, nor do they like to see individuals engaged in nonprofit ventures reaping large paychecks or consulting services being paid money to affect the organization's goals (Gilding et al., 2015).

These activities take away from the mission at hand, which is to benefit the public and usually those who are less fortunate in some way (Zandniapour et al., 2017). In the case of RNOs, it is doubly offensive because of the religious component of their work.

However, without some business-like approach, it is likely there would be no mission at all, as the nonprofit would simply not exist. The public wants to see traditional methods of receiving donations, such as grants from foundations, the government, or corporations (Maier, Meyer, & Steinbereithner, 2016). Instead, the public is confronted with nonprofits who sell services and items or charge substantial fees. These for-profit activities, while attracting significant controversy, are likely to continue (Mokhber et al., 2015). The public does not generally consider the advantages of a nonprofit operating similar to a for-profit business, nor do they consider the disadvantages of relying on donation-based resources (Maier et al., 2016).

**Nonprofit leadership.** Nonprofit organizations and RNOs, like any other organization operating on a large scale, require an individual to be the ultimate authority or leader. Leadership has many different styles and theories, but nonprofit leadership tends to differ because of the unique challenges that nonprofits face in addition to the pre-existing expectations that society, the public, and even the leaders themselves have of the nonprofit and religious 501(c)3 industry in the modern era (Fernandes & da Silva, 2015).

All organizations, which acquire new leaders, are subject to organizational change theory (Merritt, 2015). However, in nonprofits and RNOs, this operates slightly differently. Unlike a for-profit enterprise, boards control organizations within the nonprofit industry. Merritt (2015) offered that these boards fall into one of two categories: dilettantes that follow management blindly, and those who are the ultimate authority. Thus, several different theories exist to describe the inevitable power relationships at nonprofits and RNOs: institutionalism, new institutionalism, and

institutional isomorphism. Institutionalism is the basic set of rules that govern the nonprofit, new institutionalism describes external forces that act upon the nonprofit, and institutional isomorphism describes the change process. Taken together, they form a useful metric for analyzing the leadership of nonprofits. Yasir, Imran, Irshad, Mohamad, and Khan (2016) found that employees had higher trust in leaders and the nonprofits were subsequently more successful when leaders were transactional and strong, rather than laissez-faire and open to the whims of the marketplace or the donations that happened appear haphazardly. Because of the failures of RNOs to reach the 5-year mark to obtain a more comprehensive picture of that problem, which is addressed in this study, it is important to understand some additional factors.

Kirchmaier et al. (2018) posited that the faiths, which guide organization and leadership decisions of RNOs, differentiate them from secular nonprofits. According to Kirchmaier et al., the creeds and historically motivated decision-making influences the management styles of RNOs. Kirchmaier et al. asserted that analyzing Catholic and Protestant hospitals operating in Germany would result in the emergence of different organizational strategies. Kirchmaier et al. surmised that religion would influence the management styles of those in leadership positions, given the likelihood that the managers would share the faith-based beliefs of the hospital. Even if they were not of that denomination, the overarching structure inevitably would be consistent with the organization's belief system (Kirchmaier et al., 2018). Kirchmaier et al. found that Catholic hospitals employed a strategy of horizontal diversification and a maximization of the number of patients treated. Protestant hospitals pursued vertical differentiation.

Kirchmaier et al. also posited that Protestant hospitals were more complex but treated fewer patients. Without delving deeply into scripture, Catholics tend to believe in an attempt to benefit all patients with a coincident loss of efficiency, while Protestants valued efficiency and the treatment of those able to pay more highly (Kirchmaier et al., 2018).

In whichever denomination or faith, RNOs subscribes to, there is a tendency to reach higher levels of service (Freeborough & Patterson, 2016). Service to individuals and communities is consistent with the transformational leadership approach discussed in this study. Transformational leadership inspires trust in employees easily, and employees tend to respect and follow transformational leaders given they are tending to be open-minded, tolerant, and innovative (Zogjani & Raci, 2015). Transformational leaders inspire motivation, creativity, and innovation in their employees. Transformational leaders demonstrate a strong commitment to employees and their approach relates to higher returns and increased satisfaction for organizations, a goal of many nonprofits (Menegazzo et al., 2015).

The transformational leadership model creates a sense of shared vision that propels an organization toward the future, making the transformational leadership model best suited for promoting longevity within nonprofit organizations (Ghasabeth et al., 2015). The operation of transformational leadership within RNOs can work in tandem to attain greater personal and organizational goals, especially the inspirational motivation form of transformational leadership, which can provide RNOs the tools they need to promote the longevity of RNOs (Gilding et al., 2015; Mokhber et al., 2015).

**Ethical concerns.** The largest issues facing nonprofits, particularly religious nonprofits, stem from ensuring a balance between business and social concerns (Grizzle & Sloan, 2016). While nonprofits must operate in a manner that increases social good, it is also critical that they operate in a manner that ensures their survival. Nonprofit leadership presents several concerns, and it is critical that leaders possess the business acumen necessary to keep the organization viable (Freeborough & Patterson, 2016). However, this commitment to the business operations of the organization must not lessen devotion to social and service missions (Akingbola, 2015). Nonprofit leaders must be competent, but they must also espouse the values of the organization. A leader too concerned with self-interest may negatively affect the entire organization (Dong, Bartol, Zhang, & Li, 2017). The regulatory environment within which charitable organizations operate is thought to offer ineffective disclosure requirements (LeClair, 2019). However, nonprofits must be accountable to their donors, and it is unethical to use the money donors contribute in a manner, not in line with the donors' wishes. Likewise, it is also critical that conflicts of interest, stemming from heavy reliance on corporate donations, are avoided (Grizzle & Sloan, 2016).

While nonprofit organizations exist to further altruistic missions, it is unwise to ignore the fact that they are also businesses. The challenge for leaders lies in determining how to balance social and business concerns. Nonprofit organizations have a number of stakeholders and the nonprofits are often dependent on donations from outside sources. The question of how to best appease stakeholders, while promoting the mission of the organization, is fraught with ethical concerns (Dong et al., 2017). This issue is

particularly difficult for religious nonprofits. How to best promote social good, as well as religious values, is often controversial. Undoubtedly, religion and politics intersect.

Religious nonprofits are particularly vulnerable to the influence of corporations because many corporations have political interests (Grizzle & Sloan, 2016). It is imperative that nonprofit organizations do not become involved in situations designed to further corporate or political interest agendas.

Nonprofit organizations are now facing the question of how to avoid a conflict of interest while remaining a viable resource to their community. Grizzle and Sloan (2016) explored potential methods by which this goal could be best accomplished. It is critical for nonprofit leaders to exercise transparency. Without transparency, the temptation to deceive stakeholders is great. This type of behavior has the potential to erode trust, and it can often damage relationships (Dong et al., 2017). Solid relationships with stakeholders are a significant factor in a nonprofit's ability to remain viable; therefore, the choices nonprofit leaders make must reflect a commitment to and the maintenance of these relationships (Akingbola, 2015). In addition to transparency, leaders must display accountability for their actions. A lack of accountability can be extremely detrimental to relationships, as well as to the efficacy of the organization. When dealing with the funds shared by others, leaders must display accountability, and it is vital that nonprofit leaders use the money of stakeholders in a manner that both appease the donor and promotes the mission of the organization (Grizzle & Sloan, 2016).

Increased accountability and transparency are imperative when interacting with stakeholders, but concern exists over the potential problems that might stem from the

involvement of the stakeholders (Dong et al., 2017). Grizzle and Sloan (2016) explored the potential ethical concerns that arise with increased interaction between for-profit and nonprofit organizations. There is no question that conflict of interest between these entities is an irrefutable consequence and if nonprofit organizations rely heavily on corporate support, they run the risk of existing to further the interests of these corporations, rather than their own (Grizzle & Sloan, 2016).

Nonprofit organizations must take care to ensure they avoid conflicts of interest. For example, it is crucial that nonprofit leaders exercise caution when recruiting donors (Freeborough & Patterson, 2016). It is essential that nonprofit leaders avoid situations in which one donor has an unusually large stake in the organization. Nonprofit leaders must rely on a number of donors, rather than a select few, to avoid this scenario. Nonprofit leaders must also rely on communication (Dong et al., 2017). It is important that before stakeholders agree to donate, they understand how the organization may use their donation. Donors must understand that the intended purpose of their donation is to further the interests of the nonprofit, rather than the donors' interests. Chatio, Welaga, Tabong, and Akweongo (2019) posited that when recruiting donors, leaders should consider the educational, socio-economic and geographical status of prospective donors. Ultimately, this goal is achieved not through selling an idea, but through building relationships with potential stakeholders (Gilding et al., 2015). Nonprofit leaders must encourage long-term thinking, rather than focus on short-term gains.

In many ways, the success of a nonprofit organization depends highly on its leadership. Akingbola (2015) explored the relationship between progressive leadership



and nonprofit success. Nonprofit organizations are more successful at carrying out their missions if leaders behave in an ethical manner. The behavior of leaders must espouse the beliefs of their organization (Akingbola, 2015). Nonprofit leaders, through example, can inspire those under them to increase productivity. It is not sufficient to demand one behavior while being observed acting in an opposite manner. Gilding et al. (2015) asserted that progressive leadership will increase employee productivity, which will, in turn, increase the effectiveness of the organization.

This type of leadership also increases the positive public perception of organizations, increasing funding for the organizations to use when carrying out their mission. Akingbola (2015) pointed out the example of Nike's termination of its association with Livestrong, following Lance Armstrong's drug scandal. Nike's leadership team determined that this behavior was not in line with company values and the relationship would negatively affect the company (Akingbola, 2015). Nike's decision preserved its public perception, as well as the morale of employees. This lesson is applicable to nonprofit management, as these organizations must adhere to ethical behavior more so than traditional companies. For example, had Nike preserved its relationship with Livestrong, there would have been a change in the employees' perception of Nike's ethics. It is particularly pertinent for religious nonprofit organizations to display ethical behavior (Nason & Wiklund, 2018). Religion can be controversial, and it is important that the public perceives religious nonprofits as ethical, as unethical behavior can make these organizations appear hypocritical.

Leaders' unethical behavior also increases the risk that employees, organization-wide, could behave in a manner that is unethical (Grizzle & Sloan, 2016). Unethical behavior on the part of employees can be as damaging, if not more damaging, to the general public's perception of the organization. Ensuring ethical leadership is difficult in a climate that is increasingly sharing similarities with traditional corporations (Akingbola, 2015). Existing nonprofits must be swift to deal effectively with changes in the industry to retain their funding and remain consistent with their values.

Grizzle and Sloan (2016) stressed the importance of accountability structures. Nonprofits have historically been accountable to their donors, but the need for this accountability has increased in recent years. This increase has caused increased competition in the nonprofit sector (Grizzle & Sloan, 2016). It is evident that nonprofits must run as traditional businesses in order to survive, but the methods used to ensure this survival must not be at odds with the mission of the nonprofit. Ethical leadership is the best method for maintaining a commitment to these missions, as well as ensuring the avoidance of conflicts of interest (Nason & Wiklund, 2018). Nonprofit leaders must serve as an example to organization employees. Human resource functions are an integral component of maintaining nonprofits. Akingbola (2015) noted that the HR practices of nonprofits are most effective when they are in line with the values of the organization. Nonprofit HR departments often function in a manner similar to for-profit companies, and this can compromise the mission of the organization (Akingbola, 2015).

The balance between social and business interests is particularly complex for nonprofit leaders. Business skill is necessary to survive in an increasingly competitive

environment, but a commitment to social good is imperative for these organizations (Kirchmaier et al., 2018). Eker and Eker (2019) found that in an increasingly competitive and uncertain environment, business skills along with differentiation strategies in order to understand customers, stakeholders and employees were essential to business sustainability. Kirchmaier et al. (2018) found that nonprofit managers typically experience less pressure to make decisions based purely on self-interest. This is due to the organizational structure of nonprofits. It was also determined that the managerial style of leaders has an influence on the philanthropic activity of the organization (Kirchmaier et al., 2018). Because nonprofit managers are fundamental components of any nonprofit organization, those assigning leadership roles must exercise extreme care to ensure the organization continues to function in a viable manner. The hiring process must account for the managerial style of individuals, and organizations must be structured in a manner that reduces the focus on self-interest.

Social good affects everyone and it is not realistic to believe that nonprofit organizations and corporations would, or even should, avoid partnerships. Nonprofit organizations and corporations should exercise extreme care to ensure they do not compromise their ethics (Kirchmaier et al., 2018). Nonprofit leaders are in a complicated position, as they are accountable to a number of stakeholders. Human capital are crucial to the growth of an organization (El Shoubaki, Laguir, & den Besten, 2019). Employees, the community, and corporations all rely on these leaders, and nonprofit leaders must be accountable to all stakeholders, even in a situation in which the interests of stakeholders are inconsistent (Grizzle & Sloan, 2016). The leaders of nonprofit organizations must

avoid catering too heavily to any one stakeholder, which includes the community they serve. According to Akingbola (2015), ensuring business success is critical to the survival of nonprofits, and it is unrealistic to assume they can operate in a manner focused on social good.

Nonprofit leaders must ensure transparency throughout the lifecycle of all relationships (Grizzle & Sloan, 2016). Through transparency, situations, where donors are unaware of the manner their funding is used, can be avoided. Nonprofits can help their leaders by establishing governance structures that allow for accountability and transparency (Dong et al., 2017). Nevertheless, remaining ethical is a difficult balance to maintain and, undoubtedly, these leaders need on-going support to guarantee ethical behavior.

### **Summary**

Nonprofit organizations offer essential public goods and services in many societies globally (Mohammed, 2017). RNOs are independently run businesses, independent of government control, and operate on a local level serving community interests (Conforti & Focarelli, 2016). To ensure financial sustainability, Fernandes and da Silva (2015) suggested that leaders of RNOs simultaneously use an effective leadership strategy to remain in business beyond the first 5 years. Nonprofit organizations and RNOs, like any other organization operating on a large scale, require an individual to be the ultimate authority or leader. Leadership has many different styles and theories, but nonprofit leadership tends to differ because of the unique challenges that nonprofits face in addition to the pre-existing expectations that society, the public, and even the leaders

themselves have of the nonprofit and religious 501(c)3 industry in the modern era (Fernandes & da Silva, 2015). Service to individuals and communities is consistent with the transformational leadership approach discussed in this study. Employees tend to respect and follow transactional leaders given their dynamic value systems, and in turn, transactional leaders are generally open-minded, tolerant, and innovative (Freeborough & Patterson, 2016; Zogjani, & Raci, 2015). While various types of transformational leadership styles provide RNOs the tools they need to promote dynamic support for assuring the longevity of RNOs, inspirational motivation may be the most powerful form of transformational leadership (Gilding et al., 2015).

However, nonprofit or leaders of RNOs use unique strategies to evaluate a funding source. Evaluative criteria include the extent to which the funding source can catalyze other resources, the alignment of the funding source with the mission of the organization, and the sustainability of the funding source over time. Nevertheless, nonprofits and RNOs may be reluctant to take on social risk or an entrepreneurial orientation (Lurtz & Kreutzer, 2017). This has been a substantial change in the nonprofit sector (Mayfield & Mayfield, 2016). A significant issue for nonprofits, especially RNOs, stems from ensuring a balance between business and social concerns. While nonprofits must operate in a manner that increases social good, it is also critical that they operate in a manner that ensures their survival. Nonprofit leaders must be competent, but they must also espouse the values of the organization.

Nonprofit leaders are in a complicated position, as they are accountable to a number of stakeholders. Employees, the community, and corporations all rely on the

leaders. Nonprofit leaders must ensure transparency throughout the lifecycle of all relationships. Through transparency, situations, where donors are unaware of the manner their funding is used, can be avoided. Understanding how gaining and managing funding sources, beyond government funding options, may contribute to the organization's financial viability and sustainability, giving executives of RNOs a new manner in which to approach funding and achieving sustainability (Wernerfelt, 1984).

### **Transition**

Section 1 of this study began with an introduction to the background of the study, including the problem statement, purpose statement, and the nature of the study. Also included were the research and interview questions, an explanation of the conceptual framework, and operational definitions. In Section 1, I addressed the assumptions, limitations, and delimitations of the study; introduced the significance of the study; and provided explanations for contribution to business practices and implications for social change. To set the foundation for the study, this section also included a review of the professional academic literature, as well as how the content of the study aligned with the research. The literature review consisted of an introduction to RBV theory, which I used to explore factors that contribute to the enhancement of funding strategies executives of RNOs use to achieve financial sustainability. An overview of the available and current literature on the topics followed, including discussions regarding leadership, funding, and sustainability to extend knowledge on the subject. The literature review addressed several topics linked to the study's problem statement and related to factors that influence the sustainability of RNOs. These factors included various leadership styles, such as servant

leadership, transformational leadership, and inspirational leadership. There was a review of the literature regarding nonprofit organizations' lack of funding, leadership, revenue creation, and business ethics.

In Section 2, I address the role of the researcher, the participants I invited to participate in the study, as well as the research method and design that employed. I will explain the population and sampling for this qualitative study and address the data collection, data analysis, and study validity. Section 3 will include the presentation of the findings, the application to professional practice, implications for social change, recommendations, as well as my reflections and conclusion.

## Section 2: The Project

Section 2 includes a detailed description of the data collection and analysis techniques for the study. I begin with a restatement of the purpose of the study. Then, I describe the role of the researcher in conducting the study, the participants involved, and the research method and design. After doing so, I provide an overview of the population and sampling, ethical requirements, data collection instruments, data collection technique, data organization technique, and reliability and validity of the study. The section ends with a transition and summary.

### **Purpose Statement**

The purpose of this qualitative multiple case study was to explore the funding strategies that leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation. The target population consisted of three leaders of RNOs, located in Nashville, Tennessee, with successful experience using strategies to achieve financial sustainability beyond the first 5 years of operation. The results of this study may contribute to positive social change by providing leaders of RNOs with financial sustainability strategies, which they then can use in their respective organizations beyond the traditional reliance on contributory and government funding. Helping leaders of RNOs to identify alternative funding options may assist them in achieving financial sustainability beyond the first 5 years of operation, which may affect their ability to continuously serve their Middle Tennessee community.



### **Role of the Researcher**

The role of the researcher is to collect, analyze, organize, and interpret data (Vaara, Sonenshein, & Boje, 2016). According to Yin (2018), a researcher in qualitative studies becomes the research instrument and strives to capture firsthand lived experiences and body language that cannot be gathered through peer-reviewed articles. Direct, firsthand engagement is one of the distinguishing features of qualitative research (Vaara et al., 2016). Andersson and Öhman (2016) developed the quantitative content processing methodology, in which researchers take responses gathered through qualitative research methods, apply the principles used for coding verbal responses, and uses these data to statistically code the information provided by participants. I conducted face-to-face interviews and reviewed organizational documents. I categorized the participants' statements into codes and themes for future analysis through the notation of repetitive phrases and emphasis on keywords.

In 1978, the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research developed the *Belmont Report*, which outlines three core principles for ensuring ethical practices and procedures in research (U.S. Department of Health and Human Services, 1979). The principles are respect for persons, beneficence, and justice (U.S. Department of Health and Human Services, 1979). Respect for persons entails researchers treating each participant with autonomy and providing protection to any participant who has diminished autonomy (Berger, 2015). The second core principle according to Berger (2015), beneficence, means that researchers are responsible for ensuring that they do no harm, as well as maximizing possible benefits for

the participants. Justice, which is the final core principle, involves ensuring both that participants benefit from the research equally and no one participant receives more than their share of the burden (U.S. Department of Health and Human Services, 1979). I adhered to the three core principles of the *Belmont Report* in conducting this study. According to Bromley, Mikesell, Jones, and Khodyakov (2015), the obtainment of consent may occur orally. For this study, however, I asked participants to sign an informed consent form indicating their agreement to participate. In keeping with the protocol outlined in the *Belmont Report*, the participants were privy to the interview questions in advance.

I did not have a relationship with any of the executives of the RNOs who participated in this study, but that did not exempt me from potential bias as I conducted the study. Bias occurs when a researcher's writing results in erroneous conclusions (Schwab & Starbuck, 2017). One way to avoid bias is to refrain from the use of certain words or phrases that could express gender, ethnic, or racial bias. A researcher's goal according to Schwab and Starbuck is to eliminate personal bias in an effort to not slant the interview question or surveys in one direction. To eliminate researcher bias, I conducted structured interviews using open-ended interview questions (see Appendix A) based on an interview protocol (see Appendix B). The participants were asked to sign a consent form before contributing to the study. As recommended by Birt, Scott, Cavers, Campbell, and Walter (2016), I used member checking to ensure the credibility of results, by providing participants the opportunity to review my interpretation of their responses to interview questions.

By using an interview protocol, I was also able to conduct the interviews in a more efficient manner. An interview protocol includes information such as interview procedures, a script with the introduction and the conclusion, prompts for obtaining consent from participants, and interview questions and prompts (Denzin & Lincoln, 2018). Researchers use the interview protocol as a procedural guide (Roulston, 2016). I used an interview protocol (see Appendix B) to assist and guide me through the interview process. To summarize, the use of an interview protocol ensured that I consistently shared the same information with all participants.

### **Participants**

The participants who were asked to be a part of this study included executives of RNOs who had used successful funding strategies to achieve financial sustainability beyond 5 years. The focus of this study was on three leaders of RNOs in Nashville, Tennessee. To ensure that all participants met the eligibility requirements as outlined in the informed consent form, which was sent to them for signature, it was critical that only eligible participants were involved in the study (see Yin, 2018). Weng (2015) promoted having eligibility criteria as a guideline for participant selection. Similarly, Fusch and Ness (2015) posited that the use of eligibility criteria helped researchers to identify characteristics exhibited by each participant that aligned with the overarching research question. Eligibility criteria for participation in studies are the parameters (e.g., age and employment status) researchers establish to ensure that participants qualify for participation in a study (Newington & Metcalfe, 2014). Participants were eligible if they had experience and knowledge related to the phenomenon under investigation (see Yin,

2018). Specific eligibility criteria for this study included individuals who were serving at the CEO or executive director level of their RNOs with a minimum of 5 years in the role or industry and documented achievement of nongovernmental fundraising growth. All participants were (a) over the age of 18, (b) not in a subordinate position to the researcher, and (c) not in receipt or promise that there would be any financial incentive for any participant as part of this study according to the IRB requirements.

Maramwidze-Merrison (2016) purported that it is a widely agreed assertion that gaining access to research participants is an arduous task. To access research participants, Goldman and Swayze (2012) outlined the stages of gaining access in a brief, but quite a comprehensible manner, namely: (a) identifying potential participants, (b) contacting potential participants, and (c) gaining commitment stages. To overcome this challenge to access participants while gaining commitment, King, O'Rourke, and DeLongis (2014) suggested researchers use involvement or commitment strategies that connect participants' loyalty to their professional or civic sensibilities. To gain their commitment to the research topic, Baskerville and Wood-Harper (2016) determined that directly approaching participants is best as it reveals the research assumptions and the research setting. For this study, I searched for leaders of RNOs who were (a) serving at the CEO or executive director level of their RNOs with a minimum of 5 years' experience in their positions and (b) who had documented achievement of nongovernmental fundraising growth. I explored company website directories, annual reports, and professional association biographies along with my professional network to gain access to potential participants' email and LinkedIn profiles for this study. I then developed a list of potential

participants and sent them an initial email with an invitation to participate in the study via a face-to-face interview (see Appendix C). A follow-up call also occurred to explain the research and ask for participation.

According to Yin (2018), a working relationship between the participants and the researcher must exist to address the case study protocol. Saunders et al. (2016), suggested that by informing the prospective participant on how the study might provide mutually beneficial opportunities enhances the working relationship. Berger (2015) explained it is important for researchers to establish a healthy working relationship with participants to build trust. To establish a healthy working relationship with the potential participants, I provided each participant with background information on the purpose of this qualitative multiple case study, their rights as a participant such as privacy and confidentiality, and their option to withdraw from this study anytime.

Gelling and Engward (2015) recommended that participants selected for a research study align with the overarching research question. Reinforcing that position, Fusch and Ness (2015) stated that a fundamental factor of suitability to become a participant is that the participant carries the characteristics of the research question. I selected leaders of RNOs whose knowledge and experience aligned with the overarching research question, as suggested by several researchers (Saunders & Townsend, 2016).

### **Research Method**

A qualitative research methodology was used to explore the funding strategies that leaders of RNOs used to achieve financial sustainability beyond the first 5 years of operation. By using the qualitative multiple case study methodology, I gained valuable

insight into the perceptions and experiences of the participants, as recommended by Yin (2018). According to Olson (2016), the most reliable form of qualitative research involves transcript analysis that shows authentic, unbiased responses to interview questions that verify the researcher gathered information in an ethical manner and a safe environment. The qualitative research method also encourages the observation and the gathering of data (Kohler, Smith, & Bhakoo, 2019).

The quantitative methodology was inappropriate for this study. O'Neil and Koekemoer (2016) recommended a quantitative methodology analysis when the goal of the study is to obtain numbers as data for analysis. This method was not appropriate for this study because the goal of the proposed study was to discover the funding strategies that leaders of RNOs used to achieve financial sustainability beyond the first 5 years of operations, rather than numbers as data for analysis. A mixed methods research methodology, which consists of both qualitative and quantitative research data, helps the researcher to seek and identify information needed to solve a problem but does not aide in identifying a problem's cause (Levitt et al., 2018). As stated by Kruth (2015), a mixed methods research methodology relies on statistical and survey analysis and was not appropriate for this study, as the use of participant semistructured interviews required the researcher to be flexible.

### **Research Design**

I chose a multiple case study research design because researchers use case studies to explore a phenomenon from the perspective of a small group or a number of individuals for analysis (Kruth, 2015). Further, I chose multiple case study as the design,

because as McNabb (2015) stated, the researcher can concentrate on understanding the essence of an experience, which most closely aligns with the research purpose of this study. A case study design was ideal for this study because the goal was to discover the financial sustainability strategies of one or more individuals, programs, events, activities, or processes. Yin (2018) recommends using a case study research design when the goal is to identify common themes or responses from detailed interviews. As the goal of the study was to identify successful funding strategies for RNOs; finding and examining similar cases or organizational examples strengthened the study.

For this study, I considered several additional research designs. Researchers use a narrative research design when their purpose is to capture a sound historical account of a participant's experiences (Hamilton et al., 2017). A narrative design did not work for this study because the purpose of this study was not to take a historical and descriptive account of a phenomenon. An ethnographic research design, according to McNabb (2015), is a qualitative methodology where researchers perceive shared patterns of group culture. The ethnographic research design involves a long-term and detailed study of people and their culture, which does not address the intent of this research problem. Neither the narrative nor ethnographic research designs were appropriate for this study.

Researchers achieve data saturation when participant interviews and the review of documents no longer result in the addition of new information (Morse, 2015). During the interviews, I used open-ended questions and provided participants with the opportunity to completely answer the questions. I used member checking to ensure the information was accurate and allowed participants to address any inconsistencies, gaps, or

misunderstandings in their responses during the interview process. I continued working toward data saturation until I saw repeating data, which according to Birt et al. (2016), means that all categories of information were solid, and themes emerged.

### **Population and Sampling**

Saunders and Townsend, (2016) instructed that participant numbers were contingent on the characteristics of the population from which they were chosen. According to Etikan, Musa, and Alkassim (2016), the use of purposeful sampling allows the researcher to select study participants due to the similar characteristics the participant possesses. Akhtar and Faisal Malik (2016) recommended this sampling method when a limited number of individuals are related to the phenomenon of interest as aligned with the research question. The target population of this study were leaders of RNOs, located in Nashville, Tennessee, with successful experience using strategies to achieve financial sustainability beyond the first 5 years of operation.

According to Yin (2018), a study's validity is based not on the number of participants, but the depth of information they provide. The number of individuals that have the characteristics essential for the study's purpose may dictate the number of participants needed for a research study (Yin, 2018). The population size for this multiple case study were three leaders of RNOs who had successfully sustained their organizations beyond the first 5 years of operation. A sample of three participants was acceptable for this study, according to Yin (2018). The selection criterion required leaders of RNOs to be serving at the CEO or executive director level of their RNOs with a minimum of 5



years in the role or industry and a documented achievement of nongovernmental fundraising growth.

Data saturation occurs when the addition of new participants to the study would not produce any new or useful data (Morse, 2015). Guest, Namey, Taylor, Eley, and McKenna (2017) suggested that with as few as three participants, data saturation could occur. I collected data for this study by conducting semistructured interviews of participants of RNOs in the desired organizational background setting. I interviewed participants until no new themes emerged and data began to repeat.

When selecting my sample population, I used a purposeful sample of participants of RNOs with experience and achievement in nongovernmental fundraising growth. According to Morse (2015), purposive sampling encompasses identifying and selecting individuals who are knowledgeable about or experienced with a phenomenon of interest. Participants were eligible if they had at least 5 years of successful experience in RNOs at the CEO or executive director level.

The selection of a suitable location for conducting interviews is one in which researchers should take careful thought. Ensuring a setting affords for quality in the recording and where the participant feels comfortable to speak is important (Dawson, Hartwig, Brimbal, & Denisenkov, 2017). Shannon Oltmann (2016) advocated that interviewers should avoid conducting interviews in areas that are loud and public whereby offering no barriers to capturing their lived experiences. I conducted interviews in my participants' organizational confines specifically within their office and or

designated conference room. An off-site location was not appropriate as each of the participants provided a secure and private interview setting.

### **Ethical Research**

To adhere to ethical research practices, I obtained approval from the Walden University IRB before beginning to gather any data. My IRB approval # is 05-08-19-0435714. The role of the IRB is to ensure that research proposals meet the acceptability criteria of applicable law on professional conduct and practice standards (Abbott & Grady, 2011). Participants who consented to the interview process were asked, at the beginning of the interview, to sign a consent form. Informed consent is the authorization of study participants acknowledging what their participation in a study entails and how the results will be shared (Litwin, 2016; Grady, 2015). The protection of participants against a vulnerability in the interview process is clearly outlined in the informed consent form and was shared with leaders of RNOs along with the results of the interviews, as recommended by several researchers (Denzin & Lincoln, 2018).

Grady (2015) noted researchers should inform participants that they have the option to withdraw from a study at any time or to choose not to respond to an interview question without penalty. When a participant agreed to take part in the research study, the participant received a detailed form with instructions and information stating how the participant could withdraw from the study without any legal obligations. It should be noted that this consent did not oblige the participants to complete the study and, to formally withdraw, the participants simply needed to submit their request in writing (Yang, 2016).

I offered no incentives to the participants for their participation in this study. Incentives including cash could serve to unjustly motivate some to participate (Sankare et al., 2015). Though no perks were used to incentivize participants to serve in this case study; I offered the study participants a copy of the summary of the findings from this study.

Marshall and Rossman (2016) postulated that researchers should maintain a copy of each participant's signed response in a protected safe only accessible by the researcher. I secured the information provided by participants by locking all physical data in a filing cabinet. The contents gathered on my computer were also locked with an encrypted password. After keeping the data for 5 years, I will delete electronic data, and destroy paper data via a shredder. Retaining data beyond publication, according to Heaton (2008), ensures the availability and verification of data results.

Confidentiality is another crucial component of ethical research because it ensures the validity of the research and protects the privacy of the selected participants (Birt et al., 2016). With the signing consent forms collected and stored, I committed to protecting the confidentiality of the participants. Protecting the confidentiality and identity of the leaders of RNOs requires the researcher to be transparent with the participants about the research and to be cautious in sharing results (Vitak, Proferes, Shilton, & Ashktorab, 2017). According to Yin's (2018) recommendations, I protected all research participants by (a) following the recruitment plan, (b) maintaining their privacy, (c) respecting their rights, (d) following the informed consent process. Further, to protect the names of the individuals, I transcribed data and categorized the information into codes and themes, as

recommended by several researchers (Andersson & Öhman, 2016). In addition, as recommended by Marshall and Rossman (2016), the names of those who participated are confidential.

### **Data Collection Instruments**

One of the issues in qualitative research, according to researchers Bahrami, Soleimani, Yaghoabzodeh, and Ranjbar (2016), is the validity of the researcher as an instrument for data collection. This concept of the researcher serving as the primary instrument has been heavily cited and first introduced by Lincoln and Guba (1985). A research instrument for the purpose of data collection involves the activity of the researcher to observe, conduct in-depth interviews, and reflect on the importance of the observation and interview data (Marshall & Rossman, 2016). I served as the primary instrument for data collection and used face-to-face semistructured interviews. Company documents and business plans were the secondary data collection sources for this study.

According to Yin (2018), multiple sources of evidence enhance construct validity and reliability. For the interviews, Newington and Metcalfe (2014) made a specific point that qualitative case study research is about collecting information on the perceptions and experiences of participants in a particular study. Because gathering the perceptions of participants was the goal of this qualitative study, the choice of interviewing three executive directors of RNOs located in Nashville, TN who had successfully implemented sustained operations was appropriate. For my multiple case study, I chose to serve as the sole interviewer.

Using a similar interviewing technique that Sims and Quatro (2015) employed in their study, I interviewed experts within the nonprofit field to gather information into best practices for preparing for and dealing with economic downturns. The semistructured interviews consisted of six interview questions (see Appendix A). The participants were asked to commit a minimum of 30 minutes not to exceed 60 minutes for their interviews. To ensure privacy, the interviews were conducted in a private office at the most convenient time for the participants. This practice of interviewing CEOs and directors of RNOs in this manner has been recommended by Moustakas (1994) and found within traditional case studies. According to Newington and Metcalfe (2014), using the information from the study to dictate what recommendations and suggestions the conclusion provides is a reliable method of disseminating research findings, as well as bringing validity to those findings.

I used member checking to ensure the credibility of results, by providing participants with the opportunity to review their responses. The use of member checking ensures the information is accurate and provided participants with the opportunity to address any inconsistencies, gaps, or misunderstandings in their responses (Birt et al., 2016). Through the member checking process of reviewing and interpreting the interview transcripts, I also summarized the participant responses, therefore becoming familiar with all of the data provided by each participant. I used an interview protocol (see Appendix B) to assist and guide me through for the interview process and to certify that I consistently shared the same information with all participants.

### **Data Collection Technique**

Lewis (2015) posited three main types of data collection processes within qualitative research. Lewis asserted that individual interviews, focus groups, and observations all serve as data collection tools. Lewis further stated that the interview method occurs with the most frequency and according to Yin (2018), face-to-face semistructured interviews are viable sources of data collection. Merriam and Tisdell (2015) also asserted semistructured interviews are both effective and convenient for gathering information. As such, the sources of data collection for this study were face-to-face, semistructured interviews, including some open-ended follow-up questions, and a review of documents pertaining to the sustainability of the RNOs.

To identify potential participants for the study, I perused company website directories, annual reports, and professional association biographies along with a LinkedIn business search of RNOs. I developed a list of potential participants and their contact information and sent them an initial email with an invitation to participate in the study via a face-to-face interview. An informed consent form was emailed to participants explaining the interview process. A follow-up call to potential participants also occurred to explain the research and ask for participation. I introduced the leaders of RNOs to the topic via the initial email, in which I requested an interview. Once participants agreed to the interview, I confirmed with them the time and location of the interview via phone call along with an electronic calendar invite.

Adhering to the interview protocol (see Appendix B) I began with introductions, provided details of how the study would be conducted including timelines and methods

of recording. I communicated the participant's role in the study to seek understanding and permission to continue. I conducted interviews in my participants' organizational confines specifically within the office or designated conference room of their RNOs. An off-site location was not appropriate as each participant provided a secure and private setting. Upon arrival at the interview, to gain permission to proceed, I presented participants with the consent form as well as the 6-item questionnaire (see Appendix A). I secured the signatures of each participant on the consent form at the onset of our face-to-face interview.

According to Lapadat and Lindsay, (1999), digital recording and digital files allow the researcher to retrieve and examine data in a more flexible manner. Since technology has evolved beyond the cassette recorder, digital recording now mitigates the loss of audio files due to time-damaged data and easily stores backups to ensure the integrity of the files (Tessier, 2012). Currently, several devices for researchers to choose from exist. I considered Microsoft Office's OneNote, my Apple cell phone and iPad devices along with the Livescribe 3 SmartPen. Both the cell phone and the iPad were easily transported, provided great audio capture and forwarding, and were small devices as not to distract the participants during recording. The OneNote application came pre-installed on my laptop and served as a virtual filing cabinet for digital data (e.g., audio files, PDF files, web pages, emails, etc.). Both the Apple products and the OneNote provided no additional cost to the researcher and both allowed for easy linking and playback. The SmartPen was an option as it provided an integrated microphone for recording interviews starting at \$179.95 performing as both a pen and digital recorder.

The SmartPen featured an instant data transfer into OneNote for transcription, yet the SmartPen tool required a third-party purchase of the TranscribeMe app if OneNote was not available. The main disadvantage to the Livescribe 3 SmartPen was the incurred cost to the researcher. With the participants' permission, I used both my Apple iPad Voice Memos app with a built-in microphone and my OneNote2016 laptop app to capture the audio recording during the interviews. I tested each tool to confirm the quality and reliability of the recording equipment prior to the interviews.

Each interview took approximately 30-60 minutes. During the interview, while the audio was being captured digitally; I recorded by hand my observations, as well as any body language that stood out. Phoenix et al. (2016) supported the use of handwritten notes as a data analysis tool as the notes contain information on the personal expressions and interactions of participants. The notes and written observations collected during the interviews also served as a reflective journal. According to Vicary, Young, and Hicks, (2016), reflective journaling aided in the recounting of important themes and examination of the audio transcripts. The audio recordings were labeled alphanumerically. I used pseudonyms and label each participant as P1, P2, and P3.

The participants were informed that approximately one week after the interview, an audio transcript would be sent via email. I used member checking after interpreting participants' interview data and before analyzing data to safeguard with the participants that the research accurately interpreted his/her intended message for each question. Their respective member checking file was also sent via email within one week for



authentication. After, I transcribed data and categorized the information into codes and themes with the use of NVivo 12 Pro software for ease of data analysis.

Some advantages of using semistructured interviews included the ability to build rapport and set the tone for the interview and to identify the participant's habits, attitudes, beliefs, and emotions by allowing the interviewees to speak openly and freely as an expression of their feelings, beliefs, and experiences (Alshenqeeti, 2014; Padgett et al., 2017). Berg (2007) echoed the inclusion of participant involvement by noting that participants need to "speak in their own voice and express their own thoughts and feelings" (p. 96). Denzin and Lincoln (2018) cited additional advantages of using interviews as a data collection technique is that the interviewer is able to rephrase questions, ask clarifying and follow up questions and observe the participants' behavior as they describe their lived experiences. Disadvantages of face-to-face interviews were that participants may have experienced an aversion to divulging trade secrets or profit and loss results before publication (Bodoh et al., 2015). Another disadvantage according to Bodoh et al. was that the participant might have felt the task was time-consuming and could expose them to future backlash from colleagues and other funding sources.

Researchers have suggested another type of data collection process, document analysis, which allows for broad coverage of the study topic through a collection of information about the subject matter and repeated reviews (Dobrkovic, Döppner, Iacob, & van Hillegersberg, 2018). In addition to interview data, a review of company documents and business plans served as the secondary data collection source for this study. In an effort to gain access to official company documents, such as fundraising and

marketing plans, growth projections, and annual reports, I requested from all three participants copies of their (a) financial statements, (b) by-laws, (c) organizational brochures, and (d) strategic plans via email from each participant prior to the interview. I also attained published organizational documents from company websites, press releases, and electronic research databases (Turner et al., 2017). According to Fusch and Ness (2015), incorporating document analysis with interviewing can triangulate data collected. Performing triangulation confirms the validity of a study and serves to affirm that the data gathered during a study is complete (Denzin, 2017). Fitzpatrick (2019) found that triangulation confirms the accuracy of the study because of the cross-checking of data from various perspectives.

I performed a review and analysis of each RNOs' financial data, which consisted of examining annual reports, strategic plans, financial statements, and IRS form 990s retrieved from GuideStar.org. Document analysis had disadvantages because organizational documentation was not always accurate or updated, as nonprofits are not obligated to report to the IRS or auditors. Colicchio et al. (2017) suggested data analysis could be affected as organizational documents may be misfiled, incomplete, or only available for certain periods. While document analysis is less personal than the interviewing process, it allowed for extensive data comparison, which increased the credibility of data interpretation, as recommended by Dobrkovic et al. (2018). Using more than one collection technique helps investigators validate their findings (Yin, 2018). As such, the sources of data collection for this study were face-to-face, semistructured interviews, documentation data, as well as previously conducted research related to

relevant methods and theories pertaining to the sustainability of the RNOs as a means of providing supporting evidence for this study.

### **Data Organization Technique**

Qualitative researchers use various data organization techniques as a practice to ensure the easy retrieval of information (Merriam & Tisdell, 2015). Alavi, Archibald, McMaster, Lopez, and Cleary (2018) asserted that researchers should have the freedom to determine the most effective technique to gather and organize data gathered from study participants. Researchers use audio recordings, external hard drives, research logs, and reflective journals to store revealed strategies, behaviors, and ideologies captured during participant's interviews (Merriam & Tisdell, 2015). I chose to make audio recordings of each interview and then personally transcribed each recording. Birt et al. (2016) noted that to achieve accuracy and avoid the omission of pertinent information, narratives call for immediate transcription. To maintain the confidentiality of the participants' recordings and observation notes, I used pseudonyms and label each participant as P1, P2, and P3. The practice of labeling participants to provide anonymity includes researchers applying codes and aliases to protect participant identities (Saunders, Kitzinger, & Kitzinger, 2015).

Turner, Cardinal, and Burton (2017) asserted that notetaking, along with gathering recorded data, also serve to help organize data for future use. Notetaking and reflective journaling according to Vicary et al. (2016), aides the researcher with recalling important points and general analysis of transcripts. Doody and Noonan (2013) suggested additional benefits to using reflective journaling in that it eliminates the participants

feeling of the interviewer being distracted. By writing only keywords or phrases while the recording simultaneously archives, the participant was at ease and the interviewer had the ability later to reflect on the discussion at the end of the interview (Doody & Noonan, 2013). To organize the company documentation, I conducted careful validation and coding of the documents pertaining to the sustainability of the RNOs. For clear documentation of all the information gathered during the study, I separated the data into groupings (e.g., recordings, notes, participants' responses, and documentation) and used the consequent organization to uncover common themes within the data.

For safekeeping and data integrity, I housed the electronic data of the interview responses on my laptop with an encrypted password. I stored the data collected on an external USB drive as well as on my personal computer. Researchers should securely lock a hard copy of the recordings, transcripts, and notes for 5 years in a fire and waterproof safe or any other safe location (Turner et al., 2017). I securely locked a hard copy of the recordings, transcripts, and notes on my laptop with an encrypted password. At the end of the 5 years, I will delete electronic data, and destroy paper data via a shredder.

### **Data Analysis**

Triangulation is an appropriate process to analyze collected data (Kihn & Ihantola, 2015). Denzin (2017) identified four types of triangulation: (a) methodological, (b) investigator, (c) theory, and (d) data source. I used a semistructured interview technique of data collection, review of official company documents, and interview notes to achieve methodological triangulation. Turner et al. (2017) supported the use of this

type of methodological triangulation, as it affords a researcher a more comprehensive picture of data than using only one type of data collection.

The purpose of using methodological triangulation was to affirm that the data gathered during a study was complete (Denzin, 2017). In this study, I carried out methodological triangulation by both conducting interviews and reviewing the documentation to explore how leaders of RNOs, who may lack funding strategies, can achieve financial sustainability outside traditional contributory and government funding options and survive beyond 5 years. The information gathered through both the interview data, company documentation, and a thorough review of the literature aided in my understanding of the funding phenomenon associated with RNOs.

Once I completed the interview process, I member checked the gathered information with the participants and transcribed the information. I then reviewed the transcripts, along with the gathered company documentation, and developed codes, with the aid of a qualitative data analysis software (QDAS) tool. According to Oswald (2017), researchers use data analysis software to manage, track, catalog, categorize and analyze data. Two of the most commonly used programs are ATLAS.ti or NVivo (Silver & Lewins, 2014). Scales (2013) theorized that ATLAS.ti is a complex software program for qualitative data analysis. On the converse, Hampton, McGowen, and Cooper (2011) suggested that the NVivo software tool provides a wide range of manipulation facilities for textual data. Understanding that technology features advance with each version release, other researchers noted the size of the data-set in conjunction with their desire to show outcomes that are transparent, structured, and rigorous in the analysis to determine

which QDAS they would use (Paulus et al., 2017). Andersson and Öhman (2016) admonished researchers to use NVivo software as they suggested that it helps to manage, organize, and analyze the researcher's data by coding and creating categories based on interview notes. I used NVivo 12 Pro to arrange data into distinct categories and to illustrate relationships among coding categories, assisting the researcher in theorizing conceptual relationships as recommended by Paulus et al. (2017). Further, content processing can be used for the coding of respondents' opinions, attitudes, and feelings obtained (Geisler, 2018).

For a conceptual foundation that provides a framework for exploring the funding strategies that leaders of RNOs used, I applied Wernerfelt's (1984) Resource-Based View theory. The coding process was informed by important concepts, ideas, and findings from the literature and the theory chosen from the conceptual framework (Vaismoradi, Jones, Turunen, & Snelgrove, 2016). Potential themes that were expected to surface using RBV theory included accountability and business ethics, fundraising, inspirational motivations, and leadership styles. The results of this study were consistent with RBV theory constructs, as RNOs gained strategic direction from internal resources, such as leadership style or inspirational motivation, which are inimitable, rare, valuable and irreplaceable, and which can offer a competitive advantage (Barney, 1991). I then used the main themes identified by participants to correlate with any themes found within the literature and the conceptual framework, including themes uncovered in new studies published since writing the proposal.

In data analysis, the qualitative researcher seeks to produce a convincing explanation of the phenomena, based on a holistic interpretation of the social understandings captured in the empirical data (Marshall & Rossman, 2016). To analyze data, I used thematic analysis as a method for classifying, analyzing, and reporting themes found within the data. Ranjbarian, Ghasemi, and Shekarchizadeh, (2018) shared that thematic analysis helps the researcher to understand the data. According to Braun and Clarke (2006), the thematic analysis consists of familiarizing oneself with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. The information gathered was sorted, categorized, and organized to explore how leaders of RNOs, who may lack funding strategies, achieved financial sustainability outside traditional contributory and government funding options, and survive beyond 5 years.

### **Reliability and Validity**

Researchers who conduct qualitative studies need to ensure the study is reliable and valid (Zimbardo & Boyd, 2015). Marshall and Rossman (2016) stated that reliability and validity are two common terms researchers use when discussing the accuracy and precision of the collected data. The presence of reliability and validity in qualitative studies provides confidence in the findings and is useful in establishing consistency and providing an accurate representation of the population studied (Lachmann et al., 2017). Reliability occurs through ascertaining dependability, while validity supports the criteria of credibility, transferability, and confirmability (Marshall & Rossman, 2016). Researchers use triangulation to ensure reliability and validity (Kihn & Ihantola, 2015).

These criteria used to ascertain trustworthiness serve as a tool to verify the unassailability of a study as recommended by Lincoln and Guba (1985). In the following subsections, I explored reliability and validity, including dependability, credibility, transferability, and confirmability.

### **Reliability**

Researchers address reliability through the vehicle of dependability, which Kihn and Ihantola (2015) defined as achieving consistency in the reliability of the information gathered and presented. Achieving dependability entails considering any changes that may occur during the research process and how these practices affect the conduction of the research (Denzin, 2017). If the study provides future researchers with an example of a useable research framework and a detailed description of the research design and process, the study will have dependability and may be replicated (Zimbardo & Boyd, 2015).

In this study, I used member checking to help maintain dependability and support reliability. Member checking improves the validity of the study by decreasing the chance of misinterpreting the data (Yin, 2018). Marshall and Rossman (2016) posited that allowing participants to correct and confirm the researcher's interpretation of interview data through member checking ensures the dependability of the findings. Furthermore, to ensure reliability I recorded the audio of each interview using the same interview questions to provide consistency and trustworthiness, as recommended by Birt et al. (2016).



## **Validity**

Validity refers to the suitability or meaningfulness of the measurement (Leung, 2015). The three aspects of trustworthiness that qualitative researchers must establish to address validity are credibility, transferability, and confirmability (Korstjens & Moser, 2018). When researchers validate their findings, they accentuate trustworthiness and provide an accurate representation of the population studied (Lachmann et al., 2017).

**Creditability.** Researchers address the creditability of a study by verifying the legitimacy of the findings (Marshall & Rossman, 2016). Credibility refers to the manner in which the participants find the outcomes of a study accurate (Zimbardo & Boyd, 2015). Throughout the interviews, I endeavored to build a relationship with the participants to acquire open and honest responses. I summarized or restated the participants' responses and used member checking to ask additional questions to further clarify the accuracy of their answers. In the event when a participant did not find an interpretation to be correct or lacked in reflecting the participant's thoughts and opinions, I made the necessary revisions to ensure I captured the participants' authentic experiences. According to Lincoln and Guba (1985), a study is only as credible if the participants confirm the accuracy of the material gathered.

Confirming the credibility of the study took place through member checking. Member checking is a procedure in which participants review the researcher's interpretation of participants' answers to interview questions to confirm that the researcher's interpretation is consistent with participants' experiences and what they shared (Lachmann et al., 2017). After gathering all the data needed to conduct the study, I

conducted a follow-up meeting via email with the participants to certify the accuracy of my interpretation of participants' answers to interview questions, as well as an immediate review during the interview process.

**Transferability.** Hancock and Algozzine (2016) stated that transferability signifies the degree to which the study's findings authentically compare to other settings or situations. Transferability occurs when a researcher can offer consistent, replicable results through the exploration of different data types intended to produce a reliable study (Zimbardo & Boyd, 2015). Achieving a comprehensive understanding of the research context, and the associated assumptions, readers and researchers can appropriately evaluate the veracity of this study within the context of other studies (Kihn & Ihantola, 2015). I based the transferability of the study on the ability to generalize the study's findings, through drawing usable conclusions in the context of the study, as applicable to other similar research.

**Confirmability.** Qualitative researchers assume that conducting a study brings a unique viewpoint to the phenomenon being studied (Zimbardo & Boyd, 2015). Researchers use conformability to ascertain the degree to which the study's results can either confirm or validate other findings set within different contexts (Lachmann et al., 2017). Confirmability denotes the degree to which others can substantiate the outcomes of a study (Denzin, 2017). To achieve confirmability, I confirmed that the information participants shared was deliberate by conducting member checking both during and after the interview process.

**Data Saturation.** To ensure data saturation, I asked three leaders of RNOs the same questions until no new information or research themes emerge. Data saturation occurs when the information from the study is replicable (Fusch & Ness, 2015). Conducting semistructured interviews with as few as three participants (Guest et al., 2017), using open-ended questions, could lead to data saturation. I included a detailed account of the data collection instruments and techniques, in conjunction with the data organization I used to code and interpret the results of the findings. The methods I used to confirm the study's findings included member checking to affirm that the material shared was reliable, valid and that I demonstrated the accurate meaning and truthfulness of the data. I continued working toward data saturation until I began seeing repeating data, which according to Hancock and Algozzine (2016), means that all categories of information were solid, and theories emerged.

### **Transition and Summary**

In Section 2, I presented a discussion about the methodologies and strategies of this study. I discussed the qualitative multiple case study design, and how the data I intend to collect will come from the religious nonprofit sector, including interviews with executive directors and CEOs. In Section 2, I also discussed data collection, research methodology and design, data analysis, and reliability and validity. In Section 3, I will present the findings; discuss the application of the research outcomes in professional practice; share the implications for social change; present the recommendations for action, recommendations for further research, and reflections; and provide a conclusion of the study.

### Section 3: Application to Professional Practice and Implications for Change

In Section 3, I provide an overview of the purpose of the study, restate the research question, and present the findings. Also included in this section are the applications of this research study to professional practice, implications for social change, recommendations for action and further study, and reflections. Finally, the conclusion encompasses the closing statements for the study.

The objective of this multiple case study was to explore the funding strategies that leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation. I conducted individual semistructured interviews with three leaders of RNOs who had at least 5 years of successful experience using strategies to stimulate long-term economic growth and to meet the mission goals of their organizations. Other sources of data included organizational documents. In analyzing these data, I discovered that nonprofit sustainability and the identification of strategies is a significant challenge for executives of RNOs. The results of this research study include efficient and effective strategies that, when successfully implemented by executives of RNOs, could reduce the number of nonprofits that fail to remain open beyond 5 years due to loss of donor funding or diminished government assistance. Analysis of data resulted in three themes: (a) prioritizing core donors as primary parts of business strategy, (b) fostering community within and outside the organization, and (c) collaborating with other RNOs to expand services. I explored strategies that could lead to minimizing executives of RNOs' excessive reliance on traditional contributory and government programs as a funding source, which should increase their RNOs' financial viability and sustainability.

### **Presentation of the Findings**

The overarching research question for this qualitative multiple case study was, What funding strategies do leaders of RNOs use to achieve financial sustainability beyond the first 5 years of operation? I used semistructured interviews to gain an understanding of strategies used by three RNOs on how to properly achieve financial sustainability beyond the first 5 years of operation; designators P1, P2, and P3 identified the participants. The data collection method also involved a review of organization documentation and an exploration of the literature on funding and business practices of RNOs. Three themes emerged from the analysis of interview responses and organizational documents. The themes are (a) prioritizing core donors as primary parts of business strategy, (b) fostering community within and outside the organization, and (c) collaborating with other RNOs to expand services.

The data obtained from the three interview participants were enough to achieve data saturation. According to Morse (2015), researchers achieve data saturation when participant interviews and the review of documents no longer result in the addition of new information. I also used member checking and methodological triangulation for attaining the data saturation required for comprehensive qualitative studies. Data analysis included examining the interview responses and organizational documents to establish a baseline for strategies employed by the study participants. I identified plausible themes after a review of the interview data and organization documents and with the aid of

NVivo 12 Pro software. Table 1 includes the three themes that emerged from data analysis.

Table 1

*Main Themes*

	Description of themes
Theme 1	Prioritizing core donors as primary parts of business strategy
Theme 2	Fostering community within and outside the organization
Theme 3	Collaborating with other RNOs to expand services

Each of the leaders of RNOs interviewed led Christian organizations; P1 led a media-based Christian nonprofit, P2 led a healthcare-based Christian nonprofit, and P3 led a Christian women's shelter nonprofit. Despite the fact that these RNOs serve different populations, some common themes regarding achieving financial stability emerged, particularly pertaining to relationships between donors and organizational officers. Table 2 includes the occurrence of themes per participant that emerged from the data analysis regarding the strategies to maintain financial sustainability.

Table 2

*Occurrence of Themes per Participant*

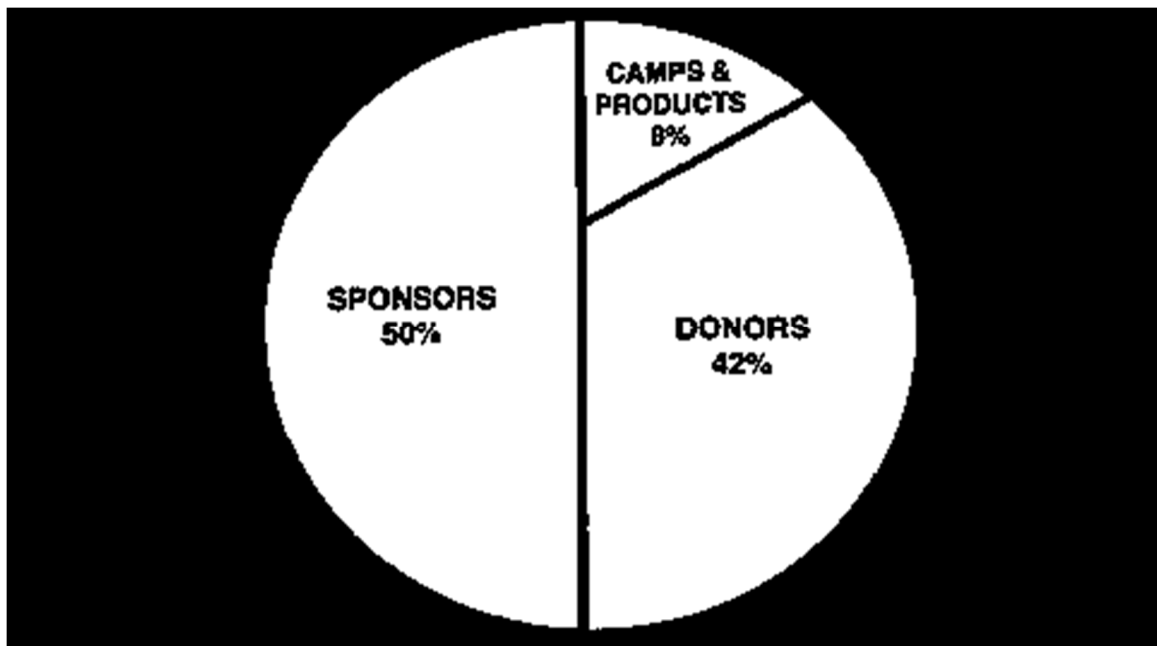
	Description of Themes	Occurrence
Theme 1	Prioritizing core donors as primary parts of business strategy	P1, P2, P3
Theme 2	Fostering community within and outside the organization	P1, P2, P3
Theme 3	Collaborating with other RNOs to expand services	P2, P3

**Theme 1: Prioritizing Core Donors as Primary Parts of Business Strategy**

The first theme that emerged from data analyses was that executives of RNOs described prioritizing relationships with core donors as a primary part of their respective business strategies. All three participants reported implementing relationships with core donors to acquire consistent sources of funding, such as donations of funds or receipt of revenues, to maintain the financial stability of their RNOs. It is important to note that P1 leads a media programming nonprofit, designated as O1; P2 manages a healthcare nonprofit, O2; and P3 operates a women's shelter nonprofit or O3. Despite the variance in business industries and populations served, I identified consistency in their dependence on funding sources beyond benevolent individual donors. Although O2 and O3 pursued sponsorships with different corporate and government organizations, which ultimately sought to influence the conditions and efficacy of their community service organizations, O1 attempted to finance its media platform through advertising and product sales.

On the topic of funding options used to improve the company's financial performance, P1 stated that running commercials from sponsors during its television program's time slot was the main way O1 generates revenue. After growing the audience for O1's religious-themed, outdoor-lifestyle program for several years on a local NBC affiliate, P1 began to distribute O1's program on religious programming television channels, further growing the audience and experiencing fundraising success. P1 featured prominent outdoor-lifestyle athletes and figures of a similar religious background on its program, which led to P1 successfully seeking sponsorship from companies selling outdoor products. In addition to television ads, P1 sold O1's sponsors' products at public

speaking engagements and events. By identifying prominent figures within outdoor-lifestyle circles with similar religious views and partnering with large outdoor companies, P1 managed to create a commercially viable brand. This brand creation occurred without compromising the philosophical and religious integrity of the organization, as seen in Figure 1.



*Figure 1.* Diversity in contributions with heavy sponsor support from 2018 end-of-year report (p. 8)

Grizzle and Sloan (2016) identified the balance between secular commercial pressure and authentic religious conviction as difficult to maintain. By building a brand, which publicly interacts with existing entities with established religious views, P1 secured market share and realized increase financial performance and competitive advantage. Similarly, by demonstrating a desire to become a profitable brand, P1



attempted to inspire faith in its sponsors with an understanding of P1's demonstrated commitment to financial growth

P2's response to the funding options O2 used to improve its company's financial performance was similarly illuminating. P2 described the main financial strategy used as asking existing donors to upgrade pledges and providing its donors with much information regarding financial distribution. By building and maintaining relationships with existing large donors, P2 demonstrated elements of transformational leadership and of servant leadership. P2 explained P2's commitment to O2's mission and to O2's donors, as evidenced by supplying their donors with documentation that funds have been responsibly distributed. This demonstration of transparency and respect for the donors by P2 communicated a tenacious belief in O2's efficacy and commitment to O2's donors.

P2 is both a servant leader with an understanding of the responsibility to the people that support O2 and a transformative leader seeking to inspire collaborators. P2 discussed varying types of donors recruited and the management of donor expectations, particularly in fiscal reporting. P2 stated,

I absolutely tailor [my presentation and reporting] when talking to a municipality or city official. It's about how many of their constituents do we serve? What's that population within their community? How do we help supplement and partner with other organizations in that community? If I'm speaking to a corporate investor, it's all about the return on investment.

P2 demonstrated the importance of having a diverse group of donors with an assorted group of interests. This practice was consistent with the RBV theory focus on

courting a dynamic group of resources, which can weather many different setbacks (Kurniawan & Christiananta, 2018). While such practices were rarely implemented by RNOs, several researchers (Arik et al., 2016) have indicated that nonprofits, such as O2, with diverse revenue sources, had a substantially easier time weathering economic downturns than nonprofits without diverse revenue sources. In contrast, Lu, Lin, and Wang (2019) posited that revenue diversification among nonprofits had little effect on financial vulnerability, but it had a slightly negative effect on financial capacity. Table 3 shows the revenue mix comparisons of the three Greater Nashville RNOs in the study as reported to GuideStar (2019).

Table 3

*Comparison of Participants' Revenue Mixes*

Participant revenue mix	Year			
	2014	2015	2016	2017
<b>P1</b>				
Program services	33.4%	40.7%	41.3%	58.5%
Membership dues	0%	0%	0%	0%
Investment income	0%	0%	0%	0%
Government grants	0%	0%	0%	0%
All other grants and contributions	63.3%	57.8%	58.6%	39.5%
Other revenue	3.3%	1.5%	0.0%	2.0%
<b>P2</b>				
Program services	17.4%	22.6%	21.0%	19.0%
Membership dues	0%	0%	0%	0%
Investment income	0%	0%	0%	0%
Government grants	12.5%	15.9%	16.3%	20.0%
All other grants and contributions	70.1%	59.1%	58.7%	55.8%
Other revenue	0.0%	2.5%	4.1%	5.2%
<b>P3</b>				
Program services	N/A	N/A	0%	0%
Membership dues	N/A	N/A	0%	0%
Investment income	N/A	N/A	0%	0%
Government grants	N/A	N/A	0%	0%
All other grants and contributions	N/A	N/A	100.7%	100.1%
Other revenue	N/A	N/A	-0.8%	-0.1%

*Note.* Data are from a search of Nashville RNOs that reported to GuideStar.

P2, the sole recipient of government grants, illustrated a steady climb in varied funding resources independent of government grants to garner revenue as seen in Table 3. P3, similar to P2, also asserted a commitment to core donors when asked about the strategies O3 used to ensure O3 maintains financial sustainability. O3's set of core donors are a small group of motivated, committed, and often wealthy community members volunteering substantial amounts of time and money to P3's women's shelter. Each of

these community members donates \$1,000 to be a part of a committee that hosts fundraisers for the shelter. The fundraising efforts of these core donors also include volunteering at the shelter and actively securing other volunteers. One of the signature roles of the donors is to vote on the allocation of certain funds within the shelter. By actively recruiting individuals with a personal and financial stake in the shelter, while simultaneously fostering a thriving social element to community membership, P3 demonstrates transformative leadership.

P3 looks to recruit volunteers believing in the O3's cause, taking personal initiative to influence the leadership of the organization, and actively collaborating with other organizational members. Involving small, individual donors deeply committed to the organization's cause and well-connected to the community also helps ensure that the tension between organizational integrity and corporate donors decreases (Grizzle & Sloan, 2016). Similarly, this was a prudent use of RBV theory practices on the part of P3 because P3 understands this committee serves as a viable and enthusiastic source of funding and labor. Further, P3 understands this committee as a unique feature of its organization (a VRIN feature) and intends to put this committee to work in order to best advance the organization as Barney (1991) recommended. Ultimately, all three participants identified prioritizing core donors as a primary part of the business strategy by using RBV practices and transformational leadership. All three participants inspired faith in investors and helped create meaningful growth in their organizations.

**Correlation to the conceptual framework.** Prioritizing core donors as a primary business strategy as identified as Theme 1 aligns with the conceptual framework for this

study because it shows the dependency that RNOs have on gaining a dynamic group of resources. P2 expressed O2's reliance on donor support as a dynamic group of resources and as a primary part of business strategy by sharing that appropriately matched donors with causes equates to long-term relationships for RNOs. P2 continued with the belief that long-term relationships are what turns into long-term financial sustainability resources. Each of the three participants sought after and built operating budgets around donor support. Theme 1 relates to Wernerfelt's (1984) RBV framework. Wernerfelt proposed a conceptual model which posits that firms are to be viewed as collections of individual resources which can be utilized to develop different products, services, and strategies. Wernerfelt claimed that any physical or intellectual property, including donor contacts, owned by an organization to gain a planned advantage over other organizations can be understood as a resource (Barney, 1991).

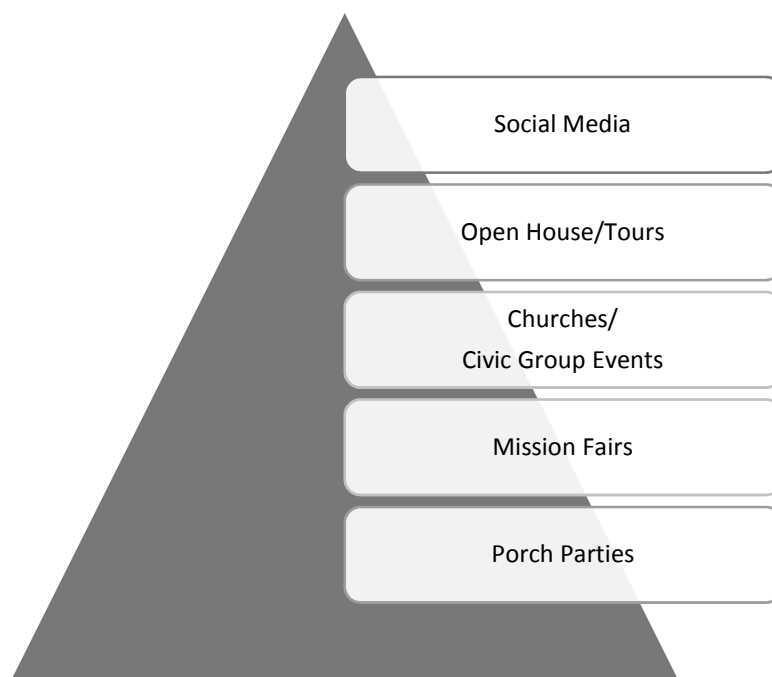
**Correlation to the literature.** The findings noted in Theme 1 aligned with Hosskisson and Gambeta's (2017) argument that donors are a tremendously important resource to nonprofit organizations of all kinds. Previous researchers consistently found that prioritizing core donors and maintaining the health of these important relationships can have a positive effect on the sustainability of RNOs (Akingbola, 2015). executives of RNOs create competitive advantages by collecting resources through firm-specific investments made by donors (Barney, 1991).

## **Theme 2: Fostering Community Within and Outside the Organization**

The second theme that emerged from this investigation was the strategies executives of RNOs employed to foster community within and outside their

organizations. All three participants identified fostering community as an important part of achieving financial stability during the past 5 years. Each of the participants shared common experiences with fostering organizational community and social networking as a primary part of their respective business strategies.

The three participants in this study mentioned that developing social capital through networking and building community relationships, both inside and outside their organizations, increased their ability to secure financing during the launch and growth phase of their RNOs. The words *community*, *friends*, and *relationships* frequently appeared during the participant interviews and within company documents to describe strategies to access financial resources. Van Dierendonck and Patterson (2015), in support of building strong relationships within and outside an organization, stated that nonprofit leaders should focus on community engagement in the 21st century to sustain human resources capabilities. Van Dierendonck and Patterson asserted that investing in creating high-value quality relations and a sense of community greatly influences a nonprofits' ability to create a lasting pipeline of donors. Fostering a sense of community both inside and outside P3's nonprofit served as an intangible benefit and one that helped P3 cultivate relationships with other community leaders and citizens. In creating events that involved the community, P3 was able to increase brand awareness and improve organizational status with little to no overhead expense, as presented in Figure 2.



*Figure 2.* Pyramid of community engagement touchpoints.

P3 expressed that O3’s community development and outreach strategy was to simply let the public know the story of transformation that occurs for O3’s clients. In addition, P3 explained that community connections were also used as a way to let the community know about O3’s funding needs. P3 also discussed that inviting interested individuals to tour the organization’s facilities was an important part of the recruitment strategy. Another engagement touchpoint described was porch parties hosted by female supporters of O3. It is important to note that there was not a need for marketing or budget spending. P3 stated that,

Yep, they [female community supporters] have porch parties. And so I come to these porch parties and I share [our mission and goals] with anybody that they have invited to attend. These porch parties are in addition to the main three

[fundraising] events every year the individual members will host. So our current staff and volunteer donors will say you know what I want to have a porch party and invite a bunch of people that do not know about O3, so I will go there. P3 continued that we will talk on the porch in a tea party fashion about how their future donations and support allow families to experience freedom from the oppressive pain, stress and unending demands in our clients' lives. Sometimes, we can have a client testimonial there. So yeah, it has just been really neat to bring the community together to let people know what kind of things are happening here at O3.

Greenleaf (2009) identified several characteristics of servant leadership, including listen carefully, show empathy, manage stewardship, and build community. Because of P3's community building strategy along with other traits as described by Greenleaf, O3 has a constant source of labor, funding, and recruitment in the form of a small committee of concerned community members. This team consists of 64 people, primarily female, each paying a \$1,000 membership fee to serve on a committee to support P3's women's shelter nonprofit. P3 discussed the way this group of community members commit to giving financial support to its organization and connecting the organization to new sources of funding and labor. The committee members consistently volunteered their time to the organization as an extension of their commitment to the important work of O3. P3 discussed that, although the community members are the primary drivers of the organization, individual donations from community influencers only account for about 20% of the organization's financial endowment.



P2's community engagement strategy focused on selective and strategic engagement with groups of donors and volunteers. P2 mentioned that, in O2's community, the community engagement strategy is somewhat generational and, therefore, understanding the demographics of the community was important to fundraising success and community building. Engaging each generation and creating a sense of community connection was a significant strategy for O2. RNOs should continue to use the talents and skills of all living generations, but first, according to Howard (2016), it is necessary to understand the giving motivations and characteristics of each generation. P2 discussed that fostering an affinity with varying demographic groups required bridging the gap between the retired philanthropist and the Millennial social changer. P2 discussed an effective way in which to speak to groups to garner maximum support. P2 shared that each group connects differently to giving. While a Millennial or Gen Xer was more transactional and cause-driven, mature Baby Boomers were consistently month-over-month supporters to charities. P2 shared an example of O2 altering the community outreach platform based on the age population of O2's intended audience. P2 stated that,

As far as when we do our Facebook postings, that is really targeted toward a particular group. It is the group that you would see identified as the Gen Xer and Millennial that we reach with those online PSAs. However, when we do mailers or a special appeal, that is typically written for our 50 and 60-year olds, because they are more likely to read a letter.

All three participants expressed that understanding the generational traits, attitudes, and motivational practices of charitable donors allowed the leaders of RNOs to attract attention from a vast pool of donors and volunteers. According to Howard (2016), many theorists have researched the characteristics and practices of donors and found that patterns of giving to charitable causes vary by generation and age. Table 4 outlines each generation by age and researcher with the names assigned to each generation.

Table 4

*Generations by Year and Researcher*

Authors	Silent Generation	Baby Boomers	Generation X	Gen Y or Millennials	Generation Z
Espinoza et al. (2010)	-	1946-1964	1965-1977	1978-1996	-
Marston (2007)	1920–1946	1946–1964	1965–1979	1980-2000	2001–present
Strauss and Howe (1991)	1925-1945	1943-1960	1961-1981	1982–present	-
Tapscott (2009)	-	1946-1964	1965–1976	1977-1997	-
Zemke, Raines, and Filipczak (2000)	1922–1943	1943–1960	1960–1980	1980–2000	-

To maintain organizational transparency regarding donations, P2 employed people and profit sustainability strategies and shared how each strategy hinged on the dependability and effectiveness of community support. First, P2 discussed that individuals with different pay structures, particularly among younger donors, did not make contributions consistently. Consequently, P2 made a conscious effort to adapt to donors' abilities and methods of payment employing P2's people sustainability strategy.

In part, the sustainability strategy P2 incorporated involved developing new payment structures to encourage sporadic or small donations for O2, as well as through focusing on the effect small donations make. P2 cited that a small \$50 donation can help give a low-income patient meaningful assistance with prescription medications. Barney (1991) highlighted the importance of human capital for the maintenance of competitive advantage in business. P2 recognized that catering donation structures towards younger people encouraged long-term donation habits and created a competitive advantage, which was a primary feature of P2's profit sustainability strategy and aligns with Barney's findings. The responses of P2 and P3 also align with the findings reported by Higgs & Dulewicz (2016), claiming that volunteers receiving an easily articulable, coherent concept of the organization's aims and outcomes, tend to significantly increase their donor support.

Consumer engagement was another phenomenon highlighted during the case study interviews. P1's media programming nonprofit relied on audience engagement because O1's fundraising model was grounded in selling advertisements during their Christian-themed outdoor lifestyle television program. P1 shared O1's constant awareness of the interests and values of O1's audience and the way O1 catered to those interests and values. P1's singular strategy was to keep the audience watching and engaged. On the topic of engagement, P1 shared that, "guys [and] ladies that are running nonprofits need to understand that it is not about their efforts. It is not even about their ability. It is about their availability." P1 discussed that open communication with employees, volunteers, and business people allowed P1 to advance and further develop

O1. By becoming available to potential community members with varying interests, P1 allowed individuals to feel like they were valuable community members with important ideas and abilities to contribute to the organization. By constantly finding ways to incorporate people into O1's community, P1 created a valuable human resource advantage, giving O1 larger pools for labor and fundraising. This practice was consistent with the RBV theory described by Barney (1991) that human resources meet the criteria for sustained competitive advantage in that they are valuable, rare, inimitable, and nonsubstitutable. To summarize Theme 2, which is fostering community within and outside the organization, each of the case study participants found that building robust, involved communities to support their organizations is an important part for maintaining the labor force and funding the organizations to survive beyond the 5-year mark. The literature supports these practices and suggests that they have a basis in RBV theory and transformative leadership theory.

**Correlation to the conceptual framework.** In Theme 2, I highlighted the initiation of formal and informal gathering of resources to foster community for leaders of RNOs. Theme 2 relates to Wernerfelt's (1984) RBV theory in that organizations possessing VRIN resources will sustain their competitive advantage and outperform competitors by doing things differently. P3 highlighted elements of RBV theory by recognizing that the community members constitute a unique resource for support and growth. P3 also asserted that the community partners and donors serve as an organizational support system which is a VRIN feature as described by Barney (1991).

**Correlation to the literature.** The findings related to Theme 2 align with those reported in the literature. The findings noted in Theme 2 align with the findings of Aguilera, Desender, Bednar, and Lee (2015) that nonprofit organizations must depend on stakeholder partnerships and other organizations to sustain their business. Van Dierendonck and Patterson (2015) shared that by allowing employees and volunteers to feel the responsibility of the organization's success, in turn, brings competitiveness and the organization flourishes. According to Ghasabeth et al. (2015), one of the first objectives of a nonprofit leader is to establish a sense of shared vision among donors, community supporters and employees, thereby improving the outcomes for the organization. Similarly, Aguilera et al. (2015) found that investing in the infrastructure of local communities and developing philanthropic community initiatives, organizations are more likely to survive. The literature supports that building a strong community within a nonprofit organization helps create a more motivated labor force that, inspires employees to put in more effort to advance the organization. Conversely, Park et al. (2018) asserted that many executives do not appear to have a clear strategy to foster community within and outside the organization which is evident by the aggressive rate of nonprofits failing within the first 5 years. As Alsaad, Mohamad, and Ismail (2018) noted, executives strategically managing relationships between organizations and the community at large, can reduce inconsistency in giving and overcome dependence on external funding resources. Similarly, Ansoff, Kipley, Lewis, Helm-Stevens, and Ansoff (2019) suggested that nonprofit leaders engaging in strategic relationships across the organization and within the local community ensure the long-term success of the organization.

### **Theme 3: Collaborating With Other RNOs to Expand Services**

The third theme that emerged from data analyses was that executives of RNOs confirmed that collaborating with other RNOs was essential for ensuring the expansion of services. Donors and community partners have been useful elements in the ability of each participant to fund the programs and create a new and innovative donor base. The participants shared that they each gained a learned advantage in the market from collaborating with their RNOs' donors, suppliers, and neighboring partners.

The three executives of RNOs in this case study described the way they introduced the mission and fundraising goals of their RNOs to partners and collaborators during initial conversation and interactions. P1 and P3 both reiterated that they attract potential collaborators through their website, social media platforms, community events, and donor communication. P2 reported that P2 re-examines partner relationships on an annual basis to ensure the fulfillment of O2's partner requirements.

The concept and importance of access was a consistent theme in each of the case study interviews. The three participants stated that their organizations would not remain sustainable without access to both finances and partner resources. According to Barney (1991), access to financial resources can enable an organization to obtain the funding needed to acquire other resources to achieve a competitive advantage. All three participants shared that they relied heavily on financial access to sustain their RNOs. Financial resources outside of the traditional contributory donor pool were often generated from relationships with important collaborators. Table 5 depicts the number

and percentage of participants in agreement with the role that access to financial resources plays in the sustainability of RNOs.

Table 5

*The Role of Access in RNOs' Sustainability and Competitive Advantage*

Emergent theme	Participants in agreement	N	%
Access to financial resources is vital	P1, P2, P3	3	100%
Access to financial resources to cover operating expenses	P1, P2, P3	3	100%
Access to financial resources to stay competitive	P1, P2, P3	3	100%
Access to financial resources via organizational partners	P1, P2, P3	3	100%

One major and constant challenge for RNOs was combating donor and compassion fatigue. Partnering with other RNOs and business collaborators helped offset the reliance on individual donors and served as a new stream of income, volunteers, products, and services. Huda et al. (2019) theorized that the use of strategic partnerships may increase an organization's ability to achieve a competitive advantage in the industry. P2 discussed O2's adoption of a greater dependence and focus on community partners outside of O2's traditional donors. P2 shared that P2 thought it was important to be able to obtain funding partners that were fluid and organic. Referring to the importance of diversifying donors beyond individual donors, P2 stated,

Frequently tapping into your individual faithful donor pool can be overwhelming and overstimulating to a donor population. And when you look at a confined area or a defined area or a community that has a number of crossover causes; then you

have people who are really torn between giving a little bit here or a little bit there. That was the situation in 2008 and ended in 2009 when evidence-based [giving] came along it was now donors had less money, but RNOs wanted to make it more of an influence so we had to find more ways to stretch and increase our funding options.

Each of the three participants relied heavily on the generosity of large philanthropic organizations and found that connections with other RNOs helped them gain access to top contributors. Easterling and Main (2016) examined the tenets of philanthropy, including the manner in which donors determine which causes they will support based on personal preferences. Donors often determined their level of financial support based on their closeness or understanding of the region where the program is being implemented or the size of the charity seeking funding (Easterling & Main, 2016). In addition, Easterling and Main posited that donors give to multiple causes of similar scope, thus the importance of expanding collaborators of RNOs to increase participants' access to other stable donors. Table 6 depicts the varying types of collaborators RNOs used to achieve financial sustainability.



Table 6

*Collaborator Influence by Organizational Function and Industry*

Collaborators of RNOs	Description of collaborators	Influence on funding	Influence on competitiveness
Government partners	City and county municipalities with appropriations for philanthropy within their budget	P2, P3	P1, P2
Business partners	National businesses and healthcare systems with a local footprint; hospitals, television networks	P1, P2	P1, P2
Partners of RNOs	Local nonprofits with limited resources who partnered to combined service offerings to clientele	P2, P3	P2, P3
Community collaborators	Schools, civic groups, churches, small businesses with philanthropic aim	P1, P2, P3	P1, P2, P3

P1 engaged with larger retailers, churches, and Christian television and music celebrities to broaden O1's financial reach. While P1 did not receive government funding such as the one P2 and P3 received, as shown in Table 6, P1 did benefit from O1's relationship with Tennessee Governor Bill Lee. P1 described the influence O1 received this way,

But there were certain individuals including our present Governor Bill Lee who owned the Lee Company who believed in me. And they said if you can get on TV, we will pay for that and you can run our commercials. They [business owners and the governor] did not need me to bring success to their companies, but the Lee Company, Purity Dairy, Michael W. Smith, Coach Jeff Fisher people like that believed in me, and we got just enough to pay for the air-time and I did not take a salary for 3 and a half years.

Though P1 used a personal connection to high profile donors, P1's primary experience in obtaining donations was through corporate and large civic organization. P1 shared that O1's strategy to recruit collaborators,

Was to go to companies like Bass Pro Shops and Tracker Boats, and you know, all these outdoor companies and say we have actually got a platform. We have actually got a visible footprint here that people are watching and we had real estate and media that is valuable. Would you like to invest?

The perspective of P1 aligns with the findings Hosskisson and Gambeta (2017) reported in that if organizations desire to achieve and retain a competitive advantage, stakeholders need incentives to make firm-specific investments. The incentives for P1's corporate and civic donors were product placement and brand promotion to drive traffic to their respective businesses.

Geography was another consistent theme that emerged during the semistructured interviews. All three participants described geography and proximity to potential nonprofit collaborators as an important factor in securing and developing successful collaborative relationships. For P1, however, geographic proximity was less of a concern to secure collaborators. According to P1, having a shared mission with collaborators and receiving assistance from them in increasing O1's audience reach was more important. However, P2 and P3 both discussed the ability of other RNOs, which offered similar services in the same geographic region, to be valuable collaborators. Both P2 and P3 provided multiple examples of regional collaborators having increased their respective

volunteer base and funding options. P2 shared an example of O2 collaborating with O3 to service both nonprofits' constituencies, P2 stated,

Nonprofits really must look at each other and understand how they can share resources. For example, there's a group in my area, O3 that is for homeless mothers and their children. And their program is you come in, they train them, they try to get them jobs, etc., but they don't have TennCare [health insurance] or dental care. So, when we [O2] had our dental clinic, we gave O3 residents free dental care. In return, I have medical patients who live in the area that can't get here to O2 because they don't have transportation. O3 has a bus and has transported O2's patients at no charge. So sharing our resources is very important going forward to the benefit of both of us.

Armed with a strong network of collaborators, the three participants bolstered their respective RNOs' operating budgets and their RNOs effectiveness. P2 discussed its healthcare nonprofit's capability to have found free and low-cost dentists and mental health care providers, which they have referred their patients to. By creating an interconnected web of health providers for under-insured people, P2's organization can offset some of its costs through reliable and effective referrals. Another benefit of collaboration is that O2 increased its services reach and showed investors progressive growth. P3 echoed the same sentiments, sharing that the organization also collaborates with other regional RNOs. P3 claimed that potential donors want to see that their organization was well-established and connected in the community. In both cases, the participants interviewed discussed the importance of taking stock of community

resources to create a competitive advantage, which plays into RBV theory as suggested by Barney (1991) that all resources available to a firm need to be optimally utilized in order to create a competitive advantage.

**Correlation to the conceptual framework.** The findings of Theme 3 pertaining to the relevance of collaboration for nonprofit fundraising correlated with Wernerfelt's (1984) RBV theory. Wernerfelt claimed that the knowledge, skills, and capabilities of employees and managers, social network individuals, and stakeholders give an organization an edge in competition. All three participants used their social networks to gain a competitive advantage in their respective RNOs. Mohammed (2017) shared that executives of RNOs must recognize that many strategic decisions must be made to reallocate funding and labor structures. By creating a stable base for funding and labor through partner collaboration and engagement, leaders of RNOs can help ensure that their organization can be enduringly successful.

**Correlation to the literature.** The findings related to Theme 3 of collaborating to expand services aligns with the research findings reported in the literature review and new studies. For example, Mirońska and Zaborek (2018) provided insight into the implications of engaging in partnerships with nonprofits' development of innovations, capacity building, visibility, scale of operations, funding, and mission accomplishment. In particular, Mirońska and Zaborek postulated that collaboration among leaders helps to identify methods of maintaining a competitive advantage and delivering expanded services. Akingbola (2015) posited that nonprofits providing a wide variety of services improve their efficiency in terms of resource gains from collaboration. Collaborative

partnerships among leaders of RNOs, according to Chan and Make (2014), produce varied abilities and synergies to integrate strategic planning into the decision-making process of leaders to improve performance. Historically, RNOs have relied almost exclusively on government grants to provide funding for their constituencies. Challenged with the current instability of contributory donors and governmental funding, RNOs' executives searched for ways to diversify funding options. In this study, I found that developing and sustaining collaborative relationships with other RNOs is an effective strategy to positively affect financial outcomes.

### **Applications to Professional Practice**

The application of the findings of my study on the exploration of financial sustainability strategies used to increase the viability of RNOs suggests improved business application practice. The three successful leaders of RNOs of Nashville-based religious nonprofit organizations that took part in this study discussed strategies for improving financial sustainability beyond the first 5 years of operation. The findings contain strategies for overcoming unpredictability in funding options of RNOs caused by diminished government grants and donor support. I found that strategic community development plans, as well as partner relationship management, are essential factors that affect RNOs' profitability and sustainability. From this multiple case study of three executives of RNOs, I identified (a) strategies to prioritize core donors as a primary part of the business strategy, (b) strategies to foster community within the organization, and (c) strategies to collaborate successfully with other RNOs to expand services. Other leaders of RNOs can use these findings to build financial sustainability in their respective

faith-based organizations. executives of RNOs may adopt suitable strategies as outlined in the findings of this study to leverage their current funding sources to ensure sustainability.

The RNOs in this case study are successful because the leaders applied the business practices described in the themes of the findings. The RNOs operate in separate areas of the business sector offering distinctly different types of funding sources and budget expenditures. While one nonprofit offers lodging and job reentry, another nonprofit provides healthcare services and the other nonprofit produces television programming. The donative capital structures are dissimilar as well; yet, I found harmony nonetheless. The responses from the semistructured interview questions were noteworthy in the congruence of themes among the participants of the RNOs. The resemblance between the answers of most respondents to the issues is reflective of similar experiences and observations. Therefore, the findings suggest the themes' applicability for improvement in the business practice of diverse RNOs' types and sectors. Conclusions in the existing literature support the improvement in business practice based on the theme findings. It is also worth mentioning that because each of the subjects and entities targeted in this study are located in Nashville, a relatively large urban area, the strategies suggested in this paper may not be applicable in every geographical context or any industry.

### **Implications for Social Change**

This study has several implications for positive social change. From this study, leaders of RNOs could gain insights on strategies to ensure financial sustainability while

their competitors are facing funding uncertainty. By maintaining the financial sustainability of their RNOs, executives preserve the ability to meet the needs of its stakeholders in the communities that they serve. Eagle, Keister, and Ghazal Read (2018) asserted that nonprofits raise money to further their mission and to serve as a personal welfare system to many. Kisonzo (2017) asserted that nonprofits are tremendously important for distributing health and education services, religious support, disaster response services, and food security services. By giving leaders of RNOs the strategic guidance they need to build stable community resources, this study may help the working uninsured, the abused or low-income individual or the niche television program, benefit from more reliable support networks.

executives of RNOs might find it useful to include the study findings in discussions with their donors, especially its capital investors, such as corporations, municipalities, and individual donors. The donors could be affected positively by having an at-a-glance-view or reporting of the extended effect of their contributions beyond targeted recipients of RNOs, including donation benefits to families that lead to the stimulation of a healthy and vibrant community. Successful RNOs must rely on a diverse pool of donors to avoid disproportionate influence and potential conflicts of interest (Dong et al., 2017; Grizzle & Sloan, 2016). By tailoring different pitches to different donors, P2 demonstrated O2's capacity for strategic fundraising based on O2's prospects budgeting cycle or tax planning trends. P2's responses could contribute to positive social change by providing information to leaders of healthcare RNOs that may lack strategies to secure various income streams to ensure they achieve shared governance. When

RNOs, such as O2, have the capital to fund their initiatives, patients experience an improved quality of care and reduction in patient debt.

Encouraging leaders of RNOs to both increase community engagement and support of neighboring RNOs could also lead to stronger bonds within those RNOs' local areas. Zatepilina-Monacell (2015) explained that RNOs must work together by aligning their missions and activities with a common societal good. Sustainable financing strategies gained through partner collaborations identified in this study can help executives of RNOs create that alignment and ensure sustainability. Applying communication and fundraising techniques gleaned from collaborators could strengthen powerful donor relationships and lead to repetitive donors or fresh donor acquisitions. In summary, stronger RNOs have tremendous implications for community strengthening and for improving economic stability for underserved or underrepresented communities.

### **Recommendations for Action**

The objective of my study was to provide executives of RNOs with an action plan that might assist in the financial sustainability of their organizations beyond the first 5 years of operation. Mohammed (2017) posited that RNOs are subject to the whims of congressional funding allocation, the needs of the marketplace, and the public willingness to donate to causes. Nonprofit leaders must analyze, disassemble, and reassemble strategies according to the changeability of revenue, effect on goals, the process of the RNOs organizational strategy, and effects the strategy will have upon the structure of the nonprofit itself. Findings and recommendations from this study may be of value to leaders of RNOs considering strategies for increasing funding options. The adoption of



effective financial strategies may help executives of RNOs use structured fundraising and communication techniques to integrate with missional directives for improving sustainability probabilities. To increase the chance of survival beyond 5 years, leaders of RNOs should consider the following six recommendations:

1. Diversify your donor pool by adopting RBV theory principles.
2. Present yourself as a consistent advocate for employees, donors, and stakeholders.
3. Cater to your major donors' needs without compromising your organization's vision or mission for greater donations.
4. Maintain a high level of financial transparency to build trust among large and small donors.
5. Focus on the effect individual community members can have on the organization to inspire a high level of efficacy in potential volunteers and donors.
6. Collaborate with other local organizations to create comprehensive networks of support.

To encourage the implementation of these strategies, I will forward a findings summary to all participants of RNOs. Through ProQuest publishing as well as my professional and social network, I will disseminate my doctoral study outcomes to interested individuals and nonprofit organizations. Additionally, I may share the results of this study through training, conferences, and seminars regarding the effective strategies that executives of RNOs can use to apply funding strategies

### **Recommendations for Further Research**

The purpose of this qualitative multiple case study was to explore the strategies implemented by leaders of RNOs whose organizations maintained financial sustainability beyond the first 5 years of operation. The findings of this research study support both early and current literature regarding RNOs and management strategies. Notwithstanding the significant results and insights from the study, it is still essential to discuss the findings taking into consideration the limitations of this research. I offer a few recommendations for future research based on the results and limitations of this study.

My first recommendation for further research is that researchers use the findings in this study to engage in further research with larger sample size. The findings in this study come from only three RNOs, but with varying operating budgets and fundraising strategies. The small sample size limits the generalizability of these findings to a larger population. The collection of data from a small sample limited the scope of the research due to the limited representation of financial plans and strategies offered by executives of RNOs with similar perceptions.

My second recommendation is based on another limitation identified in this study regarding the inconsistency regarding the RNOs' type. While common themes were found across the three different RNOs examined, P2's healthcare nonprofit and P3's women's shelter nonprofit are more similar in their design. P1's media nonprofit appeals to a more affluent sponsorship base and niche market, which influences P1's fundraising and operation. P2 and P3 have more common concerns regarding facilities, services, region, and engagement with local communities than P1. Conducting more specific

surveys, which target RNOs, acting as public health and welfare organizations or ministries, may be useful. It is important to note that different types of RNOs have different focus and business practices, and researchers should recognize the diversity of RNOs.

A third limitation, leading to a third recommendation, was the geographic location of the study participants featured in that they were all located in the Nashville, Tennessee area. The fundraising strategies of RNOs in different geographic regions may not be indicative of RNOs in the southern, Bible-belt, metropolitan community of Nashville, Tennessee. Differences in class, area, race, religious affiliations of RNOs, and existing resources within an area are only a few of the possible factors, which could affect the donated capital assets of RNOs. Recommendations for further studies include building on, confirming, and extending the results of this research study to other states or other geographical regions to confirm or disconfirm the study's findings.

Another possible limitation of the present study was a participant's lack of transparency. While nonprofits are tax-exempt entities with limited responsibility for reporting fiscal performance, this study relied heavily on the financial documentation provided by the executives of RNOs and their reported giving to GuideStar's Nonprofit Profiles. Individual concepts of strategies can vary drastically between participants, depending on the individual participants' organization, verbal acumen, understanding of concepts, and goals, all of which can influence a study's conclusions. To address this fourth limitation, I recommend that researchers target RNOs with a documented 5-year reporting of total contributions or program services revenue amounts in excess of \$1

million and use the quantitative or mixed method research methodologies to further this research study. RNOs with larger revenues are more likely to report consistently year after year.

### **Reflections**

“A higher degree, a higher purpose” (Walden, n.d.), is the motto of the then 43-year old Walden University that rang in my ears and in my mind for several years. As a then Walden employee, it was my job to inspire, provoke, and encourage prospective adult students to pursue an advanced degree. In the summer of 2013, like many of my students, I took the jump and leaped forward to chase a higher purpose using a higher degree, namely the Doctor of Business Administration.

My DBA doctoral study experience has been a tremendous learning and humbling experience. Though I entered the program keenly aware of the demands, I was a bit naïve and enthusiastically optimistic and confident that I had the skills necessary then to complete this academic exercise in 3 short years while working fulltime. On the contrary, this journey has challenged me spiritually, emotionally, professionally, financially, socially and physically.

I selected the social impact management option to explore strategies to aide in my dual roles as a nonprofit leader and university recruiter. Guiding me to be transparent, socially aware, yet also conservative and fiscally responsible (Walden, n.d.); I believed this concentration best addressed my bi-vocational needs. Prior to this study, I was overly confident in my ability to communicate with my varied populations, including the C-suite executives, colleagues, students, parents or parishioners. I quickly learned that my

consultative selling skills, dynamic public speaking, or hermeneutically presenting skills were not easily transferrable to academic writing. I have greater respect for scholarly writing and appreciate the lessons learned from Walden faculty to aide in my development.

Another reflection gleaned that I was not fully aware of was the level of detail involved in a doctoral study. A business study at the doctoral level was extremely comprehensive in its methodology. The research alignment and level of integrity between sections of the study template were helpful in modifying my rationale for conducting an academic study and in communicating with the participants I interviewed. I was not surprised by any of the themes, which were identified, but I was introduced to several intriguing new ideas. Findings from this study meaningfully improved my knowledge of RNOs, small business strategy, and financial sustainability.

### **Conclusion**

RNOs need strong financial management strategies both to sustain themselves and improve the performance of their service programs to the communities they serve. Fernandes and da Silva (2015) postulated that executives of RNOs should simultaneously employ financial and leadership strategies in the management of their employees and in their fundraising efforts. Successful implementation of financial management practices and improvement of collaboration skills among leaders of RNOs could enable RNOs to develop strategies allowing them to achieve financial stability and sustainability.

Three themes emerged from the analysis of three participant interviews and document analyses, namely (a) prioritizing core donors as primary parts of business

strategy, (b) fostering community within and outside the organization, and (c) collaborating with other RNOs to expand services. I linked the analysis of each emergent theme back to the literature, the existing body of knowledge, and RBV theory. By recognizing core donors, community members, and other local RNOs as possible vectors for creating meaningful advantages, RNOs can create a meaningful competitive advantage consistent with RBV theory (Barney, 1991). By increasing organizational transparency, actively recruiting and including new members, and creating a deep sense of community within RNOs, leaders can inspire new volunteers and donors with a comprehensible, meaningful vision for organizational expansion. My findings of the study were clear in suggesting that strong fundraising requires strong relationships and strategic planning. Together, these elements can help RNOs maintain financial sustainability past the 5-year point.

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## Appendix A: Interview Questions

1. What strategies do you use to ensure you maintain financial sustainability?
2. What are some of the challenges you have encountered regarding funding options for your organization?
3. What strategies did you incorporate to gain funding to ensure financial sustainability?
4. What type of funding options have you pursued that have failed?
5. How have some of the funding options you have used helped improve your company's financial performance?
6. What else do you think is important for me to know that I have not asked you regarding funding strategies you used to achieve financial sustainability beyond the first 5 years of operation?

## Appendix B: Interview Protocol

**STEP 1: Welcome and Overview of Purpose of Interview and Protocol (2-3 minutes)**

Hello. First, thank you for being here to participate in this one-on-one interview. My name is Erica Allen, and I am a doctoral candidate at Walden University. I work in the nonprofit sector and I want to learn more about executives of RNOs who have successful funding strategies they are using to achieve financial sustainability beyond 5 in Nashville, Tennessee.

The interview will approximately take place between 30-60 minutes. I am going to facilitate the interview, and would you mind if I taped the interview? It will help me stay focused on our conversation and it will ensure I have an accurate record of what we discuss.

I will erase the audio recording. The typed transcripts will be kept on my computer in a password-protected file for 5 years. Individuals can decide at any time to discontinue their participation. Please feel free to ask any questions you may have. Shall we get started?

**STEP 2: Introduction (2-3 minutes)**

Please tell me about your background and experience in the nonprofit industry.

**STEP 3: Six Questions Posed to Interviewee (4-5 minutes per question)**

1. What strategies do you use to ensure you maintain financial sustainability?
2. What are some of the challenges you have encountered regarding funding options for your organization?
3. What strategies did you incorporate to gain funding to ensure financial sustainability?
4. What type of funding options have you pursued that have failed?
5. How have you or your leaders improved your fiscal performance during the last 5 years?
6. What else do you think is important for me to know that I have not asked you regarding funding strategies you used to achieve financial sustainability beyond the first 5 years of operation?

**STEP 4: Closing Question (3-5 minutes)**

Is there anything you would like to share regarding this topic that I did not ask?

**STEP 5: Thank Participants, Recap Next Steps, and Member Check (2-3 minutes)**

- After the one-on-one interview, member checking, or ensuring that participants shared exactly what they intended to share by reviewing what they shared, will take place.
- Afterward, the audio recording will be transcribed.

## Appendix C: E-mail Invitation to Participate

Dear Prospective Participant,

My name is Erica Allen, a doctoral student at Walden University. I am conducting interviews as part of a research study to explore the funding strategies that leaders of Religious Nonprofit Organizations (RNOs) use to achieve financial sustainability beyond the first 5 years of operation. I will be guided and supervised by Dr. Tim Truitt, my Chair, in completing this study. As a Walden DBA candidate, having completed the required training and been approved, I am eligible to conduct this study. You are being invited to take part in a research study because you have implemented successful funding strategies that you are using to achieve financial sustainability for RNOs beyond 5 years. You are also being invited to potentially participate in the study because you have served as an executive of RNOs who has successful funding strategies with a minimum of 5 years in the role or industry and can provide documented achievement of non-governmental fundraising growth. Also, your invitation requires that you are (a) over the age of 18, (b) not in a subordinate position to the researcher, and (c) not in receipt or promise there will be any financial incentive for any participant as part of this study according to the IRB requirements.

If you agree to be interviewed, the interviews will take roughly 30-60 minutes. For the interviews, we can meet at a secure, private, and off-site location where you would feel comfortable. Your responses to the questions will be kept confidential. There is no compensation for participating in this study, and you can withdraw at any time. Your participation will be a valuable addition to this research. If you are interested in participating, please let me know and I can tell you more about the interviewing process. If you have any questions, please do not hesitate to ask. Thank you for your time.

Sincerely,  
Erica Allen