



Kunle Akingbola · Sean Edmund Rogers · Alina Baluch

Change Management in Nonprofit Organizations

Theory and Practice

palgrave
macmillan

Change Management in Nonprofit Organizations

Kunle Akingbola · Sean Edmund Rogers ·
Alina Baluch

Change Management in Nonprofit Organizations

Theory and Practice

palgrave
macmillan

Kunle Akingbola
Lakehead University
Orillia, ON, Canada

Sean Edmund Rogers
University of Rhode Island
Kingston, RI, USA

Alina Baluch
University of St Andrews
St Andrews, Fife, UK

ISBN 978-3-030-14773-0 ISBN 978-3-030-14774-7 (eBook)
<https://doi.org/10.1007/978-3-030-14774-7>

Library of Congress Control Number: 2019934452

© The Editor(s) (if applicable) and The Author(s), under exclusive licence to Springer
Nature Switzerland AG 2019

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use. The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Palgrave Macmillan imprint is published by the registered company Springer Nature Switzerland AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

*Dedicated to Professor Jack Quarter
The Ultimate Professor & Change Maker*

CONTENTS

1	Organizational Change	1
2	Nature of Change in Nonprofit Organizations	37
3	A Model of Change for Nonprofit Organizations	73
4	Employees and Change Management in Nonprofits	95
5	Volunteers and Change Management	127
6	Change and Board Governance	151
7	Social Enterprise as Change	171
8	Change Diagnosis in Nonprofit Organizations	187
9	Implementing Change in Nonprofit Organizations	197

10	Evaluating Change in Nonprofit Organizations	223
11	Strategic Change at A-Way Express Courier	251
	Index	267

LIST OF FIGURES

Fig. 1.1	Heinz tomato plant (<i>Source Financial Post</i> , December 30, 2015, http://business.financialpost.com/executive/management-hr/how-leamington-ont-where-the-tomato-is-king-rallied-to-save-its-heinz-plant)	3
Fig. 1.2	Example of contextual issues in New York City (<i>Source</i> New York issues: common matters New Yorkers face today, https://rocky110.com/new-york-issues)	7
Fig. 1.3	Example of contextual issues in a nonprofit organization (<i>Source</i> Valenti 2018)	8
Fig. 1.4	First-order and second-order change	10
Fig. 1.5	Types of organizational change (<i>Source</i> Nadler and Tushman 1995)	11
Fig. 1.6	Crisis and the need for recreation change in Ontario long-term care (<i>Sources</i> The Long Term Care Homes Inquiry: https://longtermcareinquiry.ca/en/ . Ontario Nurses Association: https://www.ona.org/news-posts/ltc-inquiry/)	14
Fig. 1.7	Crisis and the need for recreation change at the Lincoln Center (<i>Source</i> Cooper and Pogrebin 2018)	15
Fig. 1.8	Technology driver of change in Toronto Hospitals (<i>Source</i> Sunnybrook and St. Michael's Hospital join SIMS Partnership, September 12, 2008. https://sunnybrook.ca/education/media/item.asp?c=1&ci=194&page=36538)	21
Fig. 1.9	Effective leadership communication for change (<i>Source</i> Johnson 2017)	24
Fig. 1.10	Starbucks: 5/29 opportunity to renew our commitment to the third place (<i>Source</i> Starbucks Newsroom 2018)	27

Fig. 1.11	Mistakes in trying to change culture (<i>Source</i> Denning 2011)	29
Fig. 2.1	The mission of <i>Civica Rx</i> (<i>Source</i> Johnson 2018)	38
Fig. 2.2	Involvement in decision-making (<i>Source</i> Huggett 2008)	43
Fig. 2.3	Public Banking Institute (<i>Source</i> http://www. publicbankinginstitute.org/)	48
Fig. 2.4	Recession and nonprofit revenue (<i>Source</i> McCoy and Dorell 2008)	49
Fig. 2.5	Technology and nonprofit change (<i>Source</i> Laporte et al. 2018)	54
Fig. 2.6	Demand for BBBS services (<i>Source</i> Dickrell 2018)	58
Fig. 2.7	Revenue and United Way grant change (<i>Source</i> Prather 2018)	58
Fig. 2.8	Nonprofit performance measures (<i>Source</i> Fox 2017)	63
Fig. 2.9	Shelter adapts to change (<i>Source</i> Ryan 2010)	64
Fig. 3.1	Lewin's three-step change model	74
Fig. 3.2	Kotter's eight-stage change model	77
Fig. 3.3	Challenges in nonprofit environments	83
Fig. 3.4	Nonprofit change model	89
Fig. 4.1	Strategies for overcoming employee resistance to organizational change	102
Fig. 5.1	A performance management process for volunteers	135
Fig. 5.2	Example of evaluation criteria for volunteer attribute and/or behavioral ratings	138
Fig. 5.3	20 Commitment-enhancing practices for managing volunteers	142
Fig. 6.1	The Ottawa Farmers' Market (<i>Source</i> Ottawa Farmers' Market. https://ottawafarmersmarket.ca/about/)	153
Fig. 6.2	The Bayview Foundation, Inc. (<i>Source</i> Bayview Foundation Inc. (2018) http://www.bayviewfoundation.org/ thefoundation/)	154
Fig. 6.3	A-Way Express Courier (<i>Source</i> Akingbola [2014])	156
Fig. 6.4	Board performance problems (Ryan et al. [2018])	162
Fig. 7.1	Greyston social enterprise (<i>Source</i> Greyston [2018]. About Greyston. https://greyston.org/about/)	173
Fig. 7.2	Social enterprises in the UK (<i>Source</i> Villeneuve-Smith and Temple [2015])	174
Fig. 7.3	<i>Fair for You</i> social enterprise (<i>Source</i> Social Enterprise, UK [2016b])	175
Fig. 7.4	Canadian social enterprise (<i>Source</i> Eva's towards a brighter future. Impact and Accountability Report 2017)	176
Fig. 8.1	A modified typology of change in social policy implementation (Osborne 1998, p. 1140)	193

Fig. 9.1	Unique nonprofit characteristics and underlying themes in change implementation	198
Fig. 10.1	Reasons to evaluate change management efforts	225
Fig. 10.2	Logic model for a hypothetical education foundation that is implementing a new diversity and inclusion initiative	230
Fig. 10.3	Potential questions for CIPP evaluation studies regarding a nonprofit change initiative	232
Fig. 10.4	Communication options for presenting and reporting evaluation results	247
Fig. 10.5	Possible questions for evaluating the evaluation process itself	248
Fig. 11.1	Revenue of A-Way Express Courier 2008–2010 (<i>Source</i> A-Way Express documents)	258
Fig. 11.2	Comparison of external funding versus earned income	261
Fig. 11.3	A-Way revenue	264
Fig. 11.4	Organizational chart of A-Way Express	265

LIST OF TABLES

Table 2.1	Services of nonprofit organizations	40
Table 2.2	Government funding and change in nonprofit organizations	51
Table 3.1	Comparison of three models	80
Table 7.1	Specific change factors in social enterprise	181



CHAPTER 1

Organizational Change

SCENARIO

Imagine a world in which organizations produce the same goods and provide the same services year after year without variation. Their environment is permanently super stable, they are certain that the government policies that are likely to affect them will definitely be the same in the short-term and long-term. Competition is not a factor because it takes many years for any organization to develop a new product, service or modify a current one. Moreover, the people who consume the products and use the services of the organizations are the same. Demography is generally moving in the same direction. Individual and community needs are clearly defined without whims or social and personality factors. In short, the general and industry environment of organizations are bastions of stability. To top it all up, we can imagine that technology is also in a state of inertia. Software, apps, automation, and artificial intelligence are barely in the picture or very slow moving at best. Organizations that operate in this *utopian* environment do not need to worry about anything except the nature of their stable conditions. They adapt to what they know will happen and how they know it will happen.

An environment characterized by stability as envisioned in the scenario is not only highly improbable, it's simply fiction. The nature of the environment of organizations especially nonprofits is not just change, it is constant change. Nonprofit organizations are arguably in a perpetual state of change. For example, they must constantly scan, analyze, and

adapt to the changing needs of clients, the community, funders, the government, and other stakeholders. As the first step, nonprofit organizations and their stakeholders must understand what organizational change is all about.

ORGANIZATIONAL CHANGE

Change is the total opposite of the utopian scenario above. Change is unceasing in organizations. The external and internal environments of organizations always change. It is therefore an imperative that organizations must recognize, plan for, and adapt to change in order to survive and be effective. For most people, the notion of change is framed from the glimpses in the news media about corporate restructuring, mergers, acquisition, downsizing, and outsourcing. As illustrated in the example of the Heinz plant in Leamington, Ontario, Canada, organizational change is complex. The change that started with the acquisition of the Heinz Tomato plant became restructuring and later the closure of the plant. While the management, employees, and the community were working together to manage and adapt to the change, it transitioned to another acquisition. The second acquisition involved significant form of organizational transformation. Before we explore the narrative and complex nature of change, we need to first explain what we mean by organizational change in this book (Fig. 1.1).

Organizational change involves some form of planned *alteration of organizational components to improve the effectiveness of the organization* (Cawsey and Deszca 2007). This explanation includes different elements of change. For one, it emphasizes that an organization is made up of components. In other words, it highlights a systems perspective in which all the elements of the organization as a system are interrelated and interdependent (Katz and Kahn 1978). To understand change, one must first remember this principle. From a change perspective, any change and change management strategy in one subsystem or component of an organization could have an impact on other subsystems of the organization. The subsystems of an organization including the culture as well as the key components—the mission, strategy, process, and of course, people—are critical to help us to understand change. Any substantive change in either the general or competitive environment of the organization would necessitate a need to realign one or more of the components by implementing a change management initiative. The systems perspective is

How Leamington, Ont. — where the tomato is king — rallied to save its Heinz plant

After investors, including Warren Buffett, who bought Heinz said they would close the tomato plant in Leamington, Ontario, new owners kept it running

Fig. 1.1 Heinz tomato plant (*Source Financial Post*, December 30, 2015, <http://business.financialpost.com/executive/management-hr/how-leamington-ont-where-the-tomato-is-king-rallied-to-save-its-heinz-plant>)

valuable to understand that, a change in the subsystems or components could help to enhance not only the outcomes of the particular subsystems but the effectiveness of the organization.

Importantly, change as a systems process suggests that there are several factors at play in organizational change. The factors are important to understand change and to develop the competencies for effective change management. In this chapter and throughout this book, we will highlight four overarching factors to explain change: paradox, content, process, and context (Armenakis and Bedeian 1999; Palmer et al. 2006). These four overarching factors encapsulate the numerous factors that are relevant to explain change.

Change Content

Organizational change must have content. This means that the focus of change must be related to issues about the particular content. Following from the subsystems and components of organizations, research has shown that organizational factors such as human resource practices, culture, structure, technology, or quality management are often the content of change developed to address specific performance gaps (Self et al. 2007). The factors are elements of organizational practices that support and underlie the systems, processes, and outcomes. For example, organizational culture is generally a factor in change that is designed to drive organizational

effectiveness. As Aetna the managed healthcare company realized in the early 2000, an organization cannot “trade your company’s culture in as if it were a used car. For all its benefits and blemishes, it’s a legacy that remains uniquely yours” (Katzenbach et al. 2012, p. 3). Organizational culture was clearly a factor in the turnaround of the company because the new leadership deployed culture to effect behavioral change that resulted in systemic change for patients and the healthcare providers.

Change Process

Change must also have a process. How will change play out? What specific steps will be used to develop, implement, and institutionalize change? These questions are basically about the “how” factor in change. Process explains the methods that will be used to introduce, facilitate, actualize, and reinforce change. Typically, the change process will indicate the phases or steps to be undertaken to ensure that change is effective. It has been suggested that the knowledge of how to plan and implement organizational change is limited because of the pace and challenges of change (Whelan-Berry and Somerville 2010). In addition, one should not forget that change is first and foremost about people. Therefore complexity characterized by the twists and turns noted above is one of the characteristics of the change process.

Change Management

The importance of process has contributed to the emergence of change management. This could explain why many scholars and practitioners have focused on organizational change in terms of the management process and the critical role of managers in change. This lens contends that managing organizational change is a way of addressing the issue of moving an organization as a system from point A to point B in the most effective and efficient manner (Zimmerman 1993). To achieve this goal, change management adopts a systematic process to apply knowledge, skills, and resources to transform the organization from the current state to a future change state (Rajagopalan and Spreitzer 1997). Often, the change management is about strategic change, the alignment or realignment of the strategy with the environment of the organization through a systematic process that managers implement to improve the effectiveness of the organization in the face of disruption, opportunity, or threat (Marler 2012). An important assumption in the explanation of managing

change is that it assumes that a change agent can accurately envision where point B is and the direction to get to it.

The well-known example of Blockbuster and Netflix is relevant here. When the environment was clearly indicating that online streaming was the new and better way forward for DVD rental, Blockbuster managers initially failed to envision the change. When they appeared to have a glimpse of the change, they implemented an ineffective change management strategy that significantly undervalued the enormity of the change. Rather than implementing a bold change strategy such as creating their own online streaming very early in the game or acquiring Netflix when it was really small or leveraging Blockbuster's market share to merge with Netflix, they implemented scale change and waited until it was too late (Finkelstein 2016).

In effect, a change process entails a manager analyzing factors in the general and competitive environment to formulate and implement a strategic change. Also part of the change process is how change management is used to create an enabling environment and adaptive capacity for the organization to change (Zimmerman 1993). The process of building an enabling environment for change is about creating a culture of *change readiness*, adaptive system, and behavior. The change process will outline how organizational components such as mission and strategy and management practices that are identified through the content of change will be implemented to create change readiness. This will include specific competencies for employees and managers. Therefore, managing organizational change means developing, implementing, and facilitating how employees and managers acquire and use the competencies required to make change effective.

Change Paradox

Change is a *paradox* for organizations (Palmer et al. 2006). It is a continuous state that can incorporate contradictory aspects and positions for the organization. The reality is that managers understanding change is an imperative that must be addressed or the organization may not survive. At the same time, change is a constant threat to the survival of the organization. The paradox means that change is not linear. Therefore, any change process would include twists and turns. In fact, change is often a discovery process in which managers uncover new information, encounter barriers, and tackle issues along the way. This suggests that

change is not just a macro organizational level phenomenon. Change can impact everything and everyone in the organization. The subsystems and components of the organization are the conduits through which change impacts the organization-wide systems and processes with the people at the core. Thus, to understand change, one must understand the people, the environment, and the process of change.

Context

Regardless of the way you think about organizations, an organization is the product of its context, that is, the internal and external circumstances or situation. Irrespective of whether it is a nonprofit, for-profit business, public or hybrid entity, these circumstances or contextual factors mean different uncertainties, challenges, and problems for the organization (Pfeffer and Salancik 2003). In line with our systems theory perspective above, an organization is similar to any living being especially people. It has external and internal conditions at different levels, in different interactions, and in different ways. To understand change in any organization, one must understand the context of the organization. For example, similar to many major urban centers in the United States, the City of New York must endeavor to understand the major contextual factors that shape the quality of life of people. This could range from the complexity of garbage collection to diversity in public health in a big city. Figure 1.2 shows two examples of current contextual issues that the leadership and people of New York must understand to drive change in public policy and programs at different levels.

Similarly, for-profit businesses must understand the changing needs and behaviors of customers, competition, technology, and other factors to align themselves to their context. The example of CIBC, one of the big six banks in Canada is illustrative of how the digital and online context of customers is contributing to adaptive innovation in the sector. The bank has won the top spot in Canadian Online Banking functionality for four consecutive years (Hilson 2017). Earlier in 2017, the bank introduced voice commands in their mobile apps to enhance navigation for their clients (Kovacs 2017).

The contextual factors of nonprofit organizations are perhaps even more important to understand. The contextual variables or circumstances of a nonprofit organization would include wide-ranging issues such as stakeholders, funding, competition, public expectations, and the

DRUG ABUSE

Over one million of our residents are substance abusers or are addicted to drugs in New York City. Drug abuse ruins the fabric of our society and destroys families and communities. We must attack this problem on different fronts. Join Rocky in combating this problem and Let's Save New York City Together!

EMPOWERING THE LATINO VOTE

New York City is a beacon of hope and opportunity to the world. For many Latinos it is the first step to achieving the American dream. According to the 2010 Census, New York City is the largest Hispanic city in the nation with 2.3 million Latinos representing approximately 27% of the population.

Fig. 1.2 Example of contextual issues in New York City (Source New York issues: common matters New Yorkers face today, <https://rocky110.com/new-york-issues>)

government. This is just to name a few. These contextual variables are inextricably linked to the mission, strategy, systems, and processes of the nonprofit organization. Each one or a combination of the contextual factors can mean uncertainties, challenges, and problems for the nonprofit organization. As we will explain in detail in Chapter 2, one must understand the contextual factors to explain change in nonprofit organizations. In the meantime, the example of *Our Bodies Ourselves*, the Boston nonprofit organization illustrates how the combination of contextual factors can contribute to change in a nonprofit organization (Fig. 1.3).

The *New York Times* reported that the organization has decided to stop publishing the book that has become the foundational feminist text. According to the report, many contextual factors contributed to the change. First, the resurgence of feminism with the *Times Up* movement means that some traditional feminist nonprofits are not thriving. Put differently, there is competition. Second, the shift to online and digital technology is a massive threat to nonprofits that provide services that can easily be provided online such as *Our Bodies Ourselves*. Third, cultural shift in society especially what appeals to the interests of younger women played a role in the change at *Our Bodies Ourselves*. Finally, there is the

OUR BODIES OURSELVES

... after nearly 50 years, Our Bodies Ourselves, the Boston nonprofit home of the book, will stop publishing the pubescent tome amid a period of “transition.” The book, last updated in 2011, will no longer have new editions. The nonprofit organization housing their programmatic work — they reported \$279,460 in revenue for its 2016 fiscal year — will now be led by volunteers..

Fig. 1.3 Example of contextual issues in a nonprofit organization (*Source* Valenti 2018)

ever-present issue of funding. The report suggested that *Our Bodies Ourselves* simply could not generate the funding to continue.

The examples of contextual factors that contributed to the organizational change at *Our Bodies Ourselves*, City of New York and CIBC are the fundamental lens through which one can better understand change in each one of the organizations. Contextual factors are the starting point of change in the environment of the organization. The environment also includes economic, political, sociocultural, and historical factors.

TYPES OF CHANGE

To understand change, it is important to grasp the types of change the organization is developing and implementing a strategy to manage. A cursory question to a group of managers about the types of change they have experienced will likely elicit responses that will include examples such as human resource process, culture, mergers, acquisition, technology, and practices included under total quality management. The varied examples will highlight the vast diversity of types of change that managers and employees experience at different levels of the organization. The examples will likely also show the perception of the managers in terms of how they have continuously helped the organization to adapt to change. To enhance our understanding of the numerous examples of change in organizations, management scholars and practitioners have proposed a number of types of change that incorporate many of the particular examples managers would highlight.

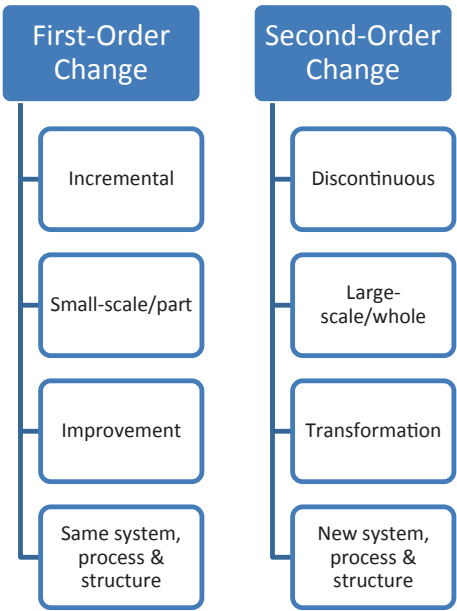
First-Order and Second-Order Change

One early general classification categorizes types of change into: (a) *first-order* change; and (b) *second-order* change (Bartunek and Moch 1987). In Organization Development (OD) literature, first-order change is generally described as “single-loop” while second-order change is the same as “double-loop” change (Argyris 1991; Argyris and Schon 1978).

First-order change will most likely include *incremental* modifications in aspects of the existing structures, systems, or processes of the organization. As Bartunek and Moch (1987) noted, it is basically making change to restore balance or alignment between the components of the organization while maintaining the stability of the overall system of the organization. This type of change will not include organization-wide transformation, major strategic change, and activities that will disrupt the established fundamentals of the organization. First-order change is quite common in organizations. For example, when *Workplace Safety and Insurance Board* (WSIB), the government of Ontario agency that is responsible for worker’s compensation insurance, introduced a new service delivery model in 2008 (WSIB 2009), the organization initiated a first-order change (Fig. 1.4).

Second-order change involves radical, *discontinuous* and comprehensive changes that would encompass the overall organizational systems. It entails the fundamental transformation of the core of the organization (Newman 2000). Unlike first-order changes, second-order changes are not modifications in the components or small-scale incremental changes designed to keep the organization going. Rather, second-order changes are about discontinuous adaptation of the organizational frameworks (Bartunek and Moch 1987), that is, the underlying ideas of what the organization is all about and how it operates. Aetna, the US-managed healthcare company example noted briefly earlier in the chapter illustrates the difference between first-order and second-order change. Prior to the arrival of the new management team, the company drive change by focusing on managing costs while keeping the fundamentals of the organization intact (Katzenbach et al. 2012). After gaining insights about the top challenges of the company from conversations with employees, the management team and the CEO, John W. Rowe, implemented a transformative change called “the New Aetna.” which focused on how the company operates and its culture (Katzenbach et al. 2012). The change was aimed at altering the overall framework of the company.

Fig. 1.4 First-order and second-order change



Incremental/Discontinuous and Anticipatory/Reactive Change

A robust proposition of types of change that has remained particularly relevant over the years was proposed by Nadler and Tushman (1995). They proposed a matrix that differentiates change on two overlapping dimensions with: *incremental* and *discontinuous* change in one dimension; and *anticipatory* and *reactive* change in the second dimension. Based on these four dimensions, they differentiated between four types of change: *tuning*; *reorientation*; *adaptation*; and *recreation* (see Fig. 1.5).

Incremental and *discontinuous* dimension. As discussed above, this dimension highlights that change can be small scale, incremental, and evolutionary designed to help the organization to keep moving by adapting without disrupting the overall system. Alternatively, it can be a discontinuous, radical, and all-encompassing system-wide change designed to renew the fundamentals of the organization such as the core values and the strategy of the organization.

	Incremental	Discontinuous
Anticipatory	Tuning Adjustment Improvement Internal alignment Components or sub-systems	Reorientation Major change Positioning entire organization Frame bending
Reactive	Adaptation Internal alignment External event	Recreation Reevaluate whole organization Rapid system-wide change Frame breaking

Fig. 1.5 Types of organizational change (Source Nadler and Tushman 1995)

Anticipatory and *reactive* dimension. This dimension of change primarily explains the difference between a change that the organization has prior expectation or awareness of and has implemented measures to address compared to a change that was driven by unknown factor(s) but to which the organization reacted to in order to adapt.

Tuning is characterized by incremental developments and modifications that are intended to facilitate the ability of the organization to adapt to a change that is anticipated in the external environment. This type of change will often focus on aligning components of the organization to ensure that there is balance and consistency required to support organizational performance. The objective of the change can be described as a form of repair of small-scale incongruences in the internal alignment between components or subsystems of the organization. Although the change is incremental and there may not be an urgent need, cumulatively, *tuning* is critical to the performance and effectiveness of the organization. A review and revision of the policy on procurement

in a retail business, the tweaking of a process such as staff scheduling in a community hospital and the introduction of a new expense reporting in a local government are examples of tuning that each of these organizations can implement to create improvement and enhance performance.

Adaptation encompasses an incremental change that is intended to realign the organization to the factors in the external environment. In this type of change, the organization is reacting to specific change driver(s) which necessitated the need to adapt to the external environment. The factor could range from change in governmental policy, economic and social conditions to technological or demographic trends. The important point to note is that the change will ensure that the organization keeps up with the environment. Otherwise, the organization will have to contend with the impact of inaction on performance and effectiveness. Adaptive change can be a change in practice such as adoption of technology to enhance the accessibility of service for clients or flow of information to employees and other stakeholders. For example, many nonprofit organizations in the USA, Canada, and the UK have developed digital inclusion programs for older people to adapt technology to the needs of their generation.

Reorientation is a form of discontinuous anticipatory change that typically involves high-level strategic transformation with a focus on the major components of the organization. Basically, reorientation means transforming the organization from a current state to a desired future state. It is sometimes referred to as frame bending (Nadler and Tushman 1989) because the objective(s) of the change will encompass the core elements of the organization such as the culture, values, strategy, systems, and structure. Since the change is anticipatory, the organization has the opportunity to develop competences, allocate resources, and implement measures to facilitate the process of transition to the desired state of change.

Also, the organization is better able to forecast the direction of change such as a crisis, competition, or other shifts in the general or industry environment factors. This suggests that there is ample time to navigate the process, mitigate the barriers, and absorb the effects of the implementation of the change without significant disruption of the organization. The responsibility for reorientation falls squarely on managers. They must ensure that there is a sense of urgency to accentuate that the need for the change is critical and its drivers must be taken seriously. For example, an Ontario teaching *healthcare facility* that was

facing increasing decline in patient referral and patient visits in its day hospital decided to implement a reorientation change to address the challenge. Central to the change strategy was the implementation of a care delivery model that was aimed at the reorientation of the process, structure, values, and strategy including the role of patients and other stakeholders. The change positioned the day hospital to better align itself with the change in the external environment.

Recreation is a type of change in response to a chain of events or reaction to a significant problem in the environment of the organization. Basically, the change involves an organization implementing a change in response to a significant incident such as a crisis. This type of change is characterized by the need to reevaluate the whole organization, including its core values as a result of an event in the environment such as an unexpected move by the competition, a sudden and major shift in government policy or a disruptive technological innovation that threatens the survival of the organization. Since recreation is a discontinuous change, it involves and emphasizes frame breaking designed to review the core elements of the organization and if necessary, the core elements will be recreated or replaced to align of the organization with the environment. Since the situation is unanticipated and sudden, the goal is to achieve rapid system-wide change in all components of the organization. The critical nature of a crisis situation means that there is generally no time to experiment with alternatives.

Two examples of a major crisis that would require recreation type of change for the organizations that are involved are currently playing out in a sector with a significant number of nonprofit organizations in Ontario, Canada and a leading arts organization in New York, USA. The recreation change in both cases must respond to a chain of events that have become a crisis in order to ensure that the organization is able to align itself with the environment. The two examples illustrate the urgency of reactive change because the drivers of change have converged to become a crisis in which the survival of the organizations is threatened. Reactive change is common in most organizations.

The *Long-Term Care Homes Public Inquiry* in Ontario, Canada was set up following the conviction of Elizabeth Wettlaufer, a registered nurse, of eight counts of first-degree murder, four counts of attempted murder, and two counts of aggravated assault all of which were committed while she was working in Long-Term Care Homes. The ongoing *inquiry* has highlighted a number of systemic issues that would drive

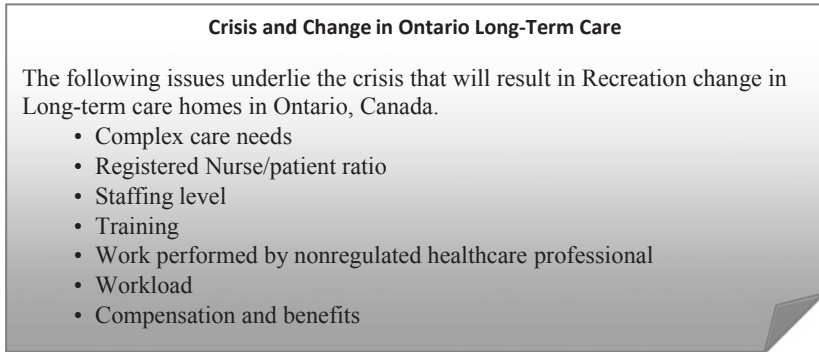


Fig. 1.6 Crisis and the need for recreation change in Ontario long-term care (*Sources* The Long Term Care Homes Inquiry: <https://longtermcareinquiry.ca/en/>. Ontario Nurses Association: <https://www.ona.org/news-posts/ltc-inquiry/>)

recreation type of organizational change for the nonprofit and for-profit long-term care homes in the sector (Fig. 1.6).

The *Lincoln Center for Performing Arts* is the largest performing arts complex in the United States. According to the *New York Times*, the myriads of problems that have beleaguered the organization have resulted in a state of turmoil. The chain of events and challenges (see Fig. 1.7) are the hallmarks of crisis that call for the development and implementation of recreation type of change to realign the organization with the environment. As we will discuss in subsequent chapters, one of the top issues in strategic change that is focused on recreation in nonprofit organizations was captured by insight of one of the clients of the Lincoln Center

Today, with the arts facing the increasing challenges of developing new audiences and balancing budgets, we need Lincoln Center more than ever to remain focused on its original mission of supporting its great resident companies. Peter Gelb, General Manager of the Met Opera

Episodic and Continuous Change

To wrap up our overview of the types of change, we present a conceptualization of types of change that speaks to the tempo of change. Weick and Quinn (1999) explained that although the content and process of change

Crisis and Change at Lincoln Center

The issues that underlie the crisis and the need for recreation change at Lincoln Center are:

- Lack of strategic focus
- Financial difficulties (decreasing revenue)
- Frequently changing priorities
- Cancellation of programs and delays in projects
- Executive leadership turnover (4 CEOs in 5 years)

Fig. 1.7 Crisis and the need for recreation change at the Lincoln Center (Source Cooper and Pogrebin 2018)

are important, it is also meaningful to understand change in terms of its tempo characterized by the rate, rhythm, and pattern of change. They proposed two broad types of change: episodic and continuous.

Episodic

An episodic change is infrequent, discontinuous, and intentional change. It is generally the result of an attempt by the organization to ensure that it is aligned with the changing factors in the external or internal environment. Episodic change is therefore likely to occur at periodic intervals influenced by the change in the external or internal environment. The focus is on short-term adaptability. A good example of episodic change is the update of software technology after the introduction of a new operating system. The departure of a key executive leader can also be the driver of episodic change.

Continuous

A continuous change is a change that is ongoing, evolving, and cumulative. It typically involves emerging practices which suggest that the introduction of a new element or pattern to the organization. Continuous change is therefore aimed at ongoing, evolving, and cumulative process improvements and updates. The interminable characteristic of continuous change means that the organization is dealing with and effectively responding to instability in the general and industry environment. From an OD perspective, this means that the interaction and feedback loop that facilitate the learning embedded in continuous

change are the key drivers of organizational process change and innovation (Van de Ven and Poole 1995). In strategy, the outcome of persistent improvements and updates is the scaling up of the cumulative impact and learning to bring about sustainable change. Thus, continuous change is also about innovation to respond to contingencies and emerging needs in the community.

Continuous and episodic change fundamentally explains the character and dimensions of change through the lens of time and pace. It is pertinent to note that it is not uncommon for an organization to develop and implement a change that combines elements of different types of change.

DRIVERS OF CHANGE

When change is implemented, the outcome depends significantly on the extent to which the drivers that are in play and those deployed to effect the change are managed. While there are different explanations of what constitutes a driver of change, there appears to be a consensus that drivers include the forces, factors, behaviors, and activities in the external and internal environment that shape the dimensions, content, and tempo of change. Whelan-Berry et al. (2003) described drivers as events, activities, or behaviors that facilitate the implementation of change. The numerous factors and forces that could be drivers of change are as diverse as the environment and activities of an organization. From the little shifts in the environment to fundamental redefinition of the context, the trends in the external environment are the prime forces that drive the need for organizational change. Although the internal factors of the organization play an important role in shaping the need, process, and outcome of change, it is generally as a result of and in conjunction with the external environment factors. For example, if the need of the community or the nature of competition in a market should change, how the organization effectively manages the change driven by this external shift will depend on internal factors such as how managers allocate resources, deploy the tools, and implement the change process. In short, both the drivers in the external and internal environment combine to determine the need for and impact the outcomes of change (Pettigrew 1987).

To explain change drivers, we draw on research to present a brief overview of some of the major drivers that have been highlighted in the external and internal environment. In Chapter 2, we will discuss the drivers in relation to the context of nonprofit organizations.

External Environment Factors

Political Environment

The political factors are ever-present drivers in the general environment of organizations. These include government legislation, public policy, the political system and the legal environment. Also included in the political factors is the public expectation as expressed in the ballot and polls. The influence of political factors on organizations is vast and wide-ranging. Irrespective of the global size or national relevance of a company, the organization cannot have full control of political factors. All components of the organization including systems, structure, and processes are susceptible to the impact of the political environment on an ongoing basis. Therefore, political factors are significantly powerful drivers of change. Political factors play a multifaceted role in the determination of the content, process, dimension, and tempo of change.

The current *trade war* initiated by the US government is an example of public policy driving change in many organizations across countries and continents. While experts have expressed reservation and the debate continues about the end goal of the trade war (Gongloff 2018), the organizations that are directly and indirectly affected by the policy have already started to implement change management strategies. For example, *Harley Davidson*, the motorcycle manufacturer announced that it was moving production of its Europe-bound motorcycles overseas in order to avoid the substantial cost of retaliatory tariffs enacted by the European Union in response to the Trump administration's tariffs on steel and aluminum imports to the United States (Stewart 2018). Another major example of a political factor that has been drawing attention in recent years is *Brexit*. In June 2016, the UK voted to exit the European Union. The decision and the subsequent triggering of Article 50 of the European Union marked the beginning of a massive spate of organizational change across Europe and the world. The change is expected to continue for decades. While the negotiation of the separation is playing out in the political arena, many global companies and small- and medium-sized enterprises (SMEs) have implemented major organizational change initiatives in relation to Brexit (Brown and Wilson 2018; *New York Times* 2017). An empirical study by Brown et al. (2018) found that Brexit will affect the future strategic intentions of SMEs, in other words, it will shape the nature of strategic change in these organizations.

Economic Environment

The economic activities in a country including globalization are the key factors in competition, product quality and innovation. Beyond the exchange rate of the local currency, globalization means that the economy is no longer local but integrated across the world. Thus, the components of the value chain—the entire activities involved in the value-adding process of an organization—including customer service and human resources management are in the global space. For example, employees can be working in different countries across the globe. Therefore, when organizations consider the impact of the economy, they must analyze the global trends as well as the state and direction of the nation's economy. Managers must understand how the multifaceted economic factors impose the need for change on the organization at multiple levels. The implications of economic factors for organizational change could range from incremental change that involves tuning or adaptation to discontinuous change that requires frame bending reorientation or frame-breaking recreation (Nadler and Tushman 1995). A supposedly simple shift in the demand for a product as a result of the downturn in the economy can result in the implementation of a major change that will involve different functions and levels of the organization. Similar impacts are pervasive due to major shifts in the economic environment such as the *Brexit* example discussed above. Regardless of the scope, managers need to implement change to align the organization with the economic environment.

At the macro level, the gross domestic product (GDP), unemployment, the housing market, and interest rate are a few examples of economic factors that could contribute to organizational change. A good industry-specific example is the case of the pharmaceutical industry. For years, many of the companies in the industry sustained their earnings and recorded massive profits on the back of exclusive rights to top-selling drugs in the market. *Sanofi Canada* is typical of this example. In order to adapt to the prevailing economic environment after the expiration of the exclusive rights to a portfolio of top selling drugs, the company introduced strategic change to address the revenue losses that resulted from the change (Desjardine 2014).

Social and Demographic Environment

On the social and demographic fronts, many factors are moving simultaneously to create an environment that continuously requires organizations to adapt to change. For example, as a result of demographics, the

age progression of baby boomers is continuously shaping the market for products and the management of organizations. Major change in business strategies, human resources practices and marketing, for example, have been implemented in organizations as a direct response to or due in part to the role of the baby boomer generation as a change driver. A major demographic shift that will have significant change impact was released by the *US Census Bureau* in March, 2018. The agency's release indicated that the population projection of the United States forecast more older people than children for the first in the history of the country by the year 2030. This suggests that managers must pay attention, to understand, and continuously analyze how the demographic factors could impact the organization especially in the management of change. Some impacts of the baby boomer generation are already playing out in the frontline of management. One workplace survey concluded that

the biggest issues for powering future business growth in the changing economy are the differences in the perspective around leadership, development and accessible online tools for ongoing development and collaboration. (Williams 2015)

Other demographic factors such as level of education and immigration are also major factors in organizational change.

Social and cultural factors are equally deterministic to organizations. The characteristics of the family are often in the background of employee relations. When organizations develop HR practices and policies, norms, and emerging understanding of families are important part of the analysis. Research has highlighted questions about diversity as change drivers from different angles of the organization. For example, diversity has been shown to be a key element of strategy for market competition and a requirement in executive performance management (Thomas 2004). Furthermore, organizations are part of and reflect the shared values that characterize the social and cultural institutions of the society. This suggests that any shift in the social and cultural factors is likely to contribute to change in organizations. As evidenced by the *#Metoo* movement against sexual assault and harassment especially in the workplace, how organizations adapt to social and cultural factors is always evolving in line with the dynamics of society. From products to marketing and HR practices, it is not uncommon for organizations to be playing catch up to develop change initiatives to leverage the emerging social and cultural trends.

Technology

More than ever before, technology is changing the core elements of organizations in ways previously assumed to be implausible. From basic *office software*, *data analytics*, to *machine learning*, *artificial intelligence* and *nanotechnology*, technology is changing the environment to the extent that organizations must not only adapt but must adapt quickly in order to have any chance of survival. The technological innovations are driving a new age in which machines are learning to perform human functions, strategy will be based on simulation and feedback, and brands will become platforms for collaboration in which marketers use *Application Programming Interfaces* (API's) and *Software Development Kits* (SDK's) to court outside developers (Satell 2013).

Accordingly, technology is a prime driver of organizational change. Although it appeared to have received less attention than the economic environment in the organizational change literature prior to the 1990s, technology is now a leading change driver. It is also intertwined with other environmental factors to contribute to change in organizations. A synopsis of three papers published over the past three decades highlights how the impacts of technology on organizational change has become more fundamental.

1990: Technology and Personnel Database

Technology enabled line management to access personnel database and also enhanced the position of management in relation to the workforce. The introduction of computerized personnel systems was related to organizational culture (Ashburner 1990).

2007: Technology, Strategy, Business Models and Implications

In order to adapt to the new technology environment, organizations will have to consider new business models, policies, and sources of competitive advantage. For example, nanotechnology could affect industry life cycles, strategic groups, and environmental forces. Organizations should leverage research and development in nanotechnology to advance quality, efficiency, and customer satisfaction (Kessler and Charles 2007).

2010–2018: Leveraging Technology, Information Resources, Artificial Learning and Redefining Organizations

Accumulating, sharing and using information through technology platforms. Enhanced individual capabilities, organizational processes, and

provide sophisticated analysis and decision support by customizing technology for individuals and organizations (Pinkham et al. 2010).

The access and sharing of information with virtually anyone, anywhere, anytime about anything in a continuous, interactive, and unrestricted manner illustrate how technology is transforming organizations. Managers are implementing strategies to adapt to the technology environment (Dhurkari 2017) (Fig. 1.8).

With the unprecedented pace of technological advancement, one implication for organizational change is that technology is not only driving change, it is the change. Technology is shaping systems and processes of organizations. The way organizations manufacture products, deliver services, raise capital, reach customers, enhance employee performance, and foster knowledge management for example, are all continuously being redefined with the help of technology. A whitepaper succinctly captured technology such as workflow automation tools, data intelligence, natural language processing (NLP) as some of the automation tools organizations are deploying into organizational processes to drive change (accept360). Today, the reality that many organizations transition and transform from one change to the next is evidence of the competencies they have developed to adapt to technology as a change driver.

Technology Change in Toronto Hospitals

What started as a simple collaboration between two health care organizations in downtown Toronto less than four years ago has grown to 15 active participants throughout the Greater Toronto Area.

The group works on integrating projects across all participating organizations, which include acute, rehabilitation, community, complex continuing and long-term care facilities.

In addition to confidentially sharing patient information online to improve referrals, SIMS partners are enhancing patient safety through the elimination of transcription errors and reducing the amount of time patients have to wait to receive services.

Fig. 1.8 Technology driver of change in Toronto Hospitals (*Source* Sunnybrook and St. Michael's Hospital join SIMS Partnership, September 12, 2008. <https://sunnybrook.ca/education/media/item.asp?c=1&ci=194&page=36538>)

Internal Environment Factors

Although the external environment factors discussed above are important change drivers, their impact must be considered in conjunction with internal factors in order to understand the full gamut of factors that contribute to change. Moreover, understanding the combination of external and internal drivers emphasizes the systems perspective that underlies change. The internal environment factors are within the organization. Thus, what is most unique about internal drivers of change is that they are within the control or at a minimum, some level of direct influence of the organization.

However, as noted in the *paradox of change* above, change is not always straight forward. The critical nature of a specific internal environment change driver does not exclude the relevance of the external environment in any change situation. Perhaps, it could be that the gap in the internal environment factor was accentuated by the challenges stemming from shifts in the external environment. For example, although research suggests that the leadership of a principal could be an internal change driver to improve student and systems outcomes in an educational setting, the social-cultural factors and government policy especially relating to the focus on short-term teaching or long-term school development functions are example of two external environment drivers that will underlie the importance of principal leadership (Beycioglu and Kondakci 2014). Fundamentally, the external environment is often in play when internal factors are the drivers of change in organizations. Thus, the internal and external environment must be considered together as components of one system. We draw on research to highlight the following major change drivers in the internal environment of organizations (see Akingbola 2017; Whelan-Berry and Somerville 2010). The overview incorporates and adapts a summary prepared by Whelan-Berry and Somerville (2010).

Change Vision

A vision is a critical driver of change from the internal environment. There are two elements of vision as a change driver. First, the organization must articulate a coherent, compelling and clear vision of change to address the need for change in the environment (Akingbola 2015). The vision, that is, strategy, actions and steps, would highlight the sense of

urgency and the specific outcomes of the change. The change vision is an acknowledgment that the organization has decided to implement specific actions to address the shift in the environment. Thus, given this understanding, the vision will guide how the organization intends to respond to the change. Second, it is very important for employees and other stakeholders to accept the change vision (Whelan-Berry and Somerville 2010). It is good to have a compelling change vision. However, the vision is meaningless if it is not accepted by the employees and stakeholders who will implement it. The employees and stakeholders must see the vision as a positive direction for the organization and be willing to invest their commitment in the vision.

Leadership

Leaders make strategic choices on behalf of the organization. The choices that they make are critical decisions that influence whether and how the organization will grow or survive. Leaders motivate people, facilitate the interactions with the external environment, and allocate resources based on their strategic choices. Thus, leadership is a core driver of change in the internal environment of organizations. The actions of leaders in making strategic and operational choices are central in developing the vision for and implementing change in organizations. Moreover, as research has shown, leadership in change management is shared at all levels and areas of the organization. It is not only based on formal leadership roles (Whelan-Berry and Somerville 2010). In fact, organizations need shared leadership as a core responsibility of everyone in the organization to effectively implement change. Also important is, the way leaders interact with employees and stakeholders in the implementation of change.

Communication

Organizational change is often a long process involving multiple phases. This means that the need to effectively communicate is not limited to the “why” and vision of change. Communication during each phase throughout the change process is paramount. Communication has therefore been highlighted as a key change driver in the internal environment of organizations. Research has consistently identified different dimensions of communication as leading factors in change (Richardson and

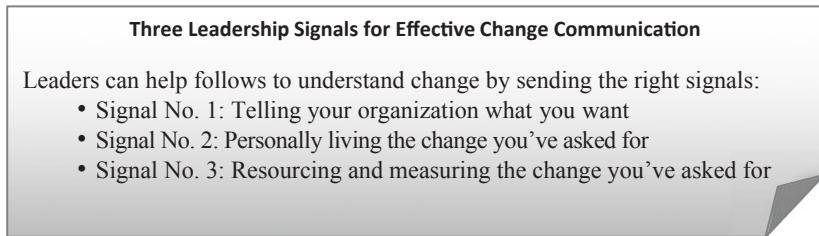


Fig. 1.9 Effective leadership communication for change (*Source* Johnson 2017)

Denton 1996). To understand these dimensions, we explain the ways in which communication plays a critical role in organizational change. One, at the pre-change phase, the leaders must clearly communicate why the need for change is critical. The role of communication here is to simplify the analysis of the factors in the environment that necessitate the change in a way that makes sense to the average employee and stakeholder. This would also include a clear explanation of why inaction or the status quo is detrimental to the organization (Fig. 1.9).

Two, once the vision for the change has been created, communication is essential to inform employees what the change vision is and how it will be achieved. Communication is the tool for developing the core message about the vision and helping employees to understand that the change vision is the best approach for managing the shifts in the environment. When employees vaguely understand the rationale and vision for change, they are more likely to be susceptible to rumors and to develop resistance to change (Klein 1996). Three, leaders need to use effective communication to gain employee buy-in and commitment in the implementation of the change vision. Communication is important to foster the job attitudes and commitment that must be in play to make the change a success. One can sum up that an effective strategy for change must include communicate, communicate, and communicate.

HRM Practices

HR practices are major change drivers in organizations. HRM strategies encapsulate how the organization attracts, motivates, and retains employees to achieve its strategic goals. The various HR practices that are part

of the HR strategies such as training, recruitment, performance management, and rewards must be aligned across the HR functions (Akingbola 2015). The congruence between HR practices is known as horizontal alignment while the alignment of the HR practices with the strategy of the organization is called vertical alignment (Becker and Huselid 2006). HR practices are extremely critical to achieve the strategic goals of organizations. How well HR practices align with the environment and the need for change will set the stage for how an organization will deploy the human resources it has to achieve the strategic goals of the organization.

Although HR practices are major change drivers and interact with change from different dimensions and at different levels, the process through which HR practices drive change is broadly often as a result of the change vision. When a change vision is created, it requires that HR practices such as performance management and rewards are aligned with the vision. For example, one of the first questions leaders must ask when creating a change vision is what competencies do we need to implement the change vision? This would likely be followed by another performance-related question; do our employees have the competencies to implement the change vision? The answers to these questions determine how performance management is implemented to reflect the change vision. When employees have the skills required to implement the change vision, the organization will deploy their skills and reward them accordingly. If they lack the skills, the organization will implement strategies to help employees to develop the skills. This could also include recruitment to address the gap in the human capital of the organization. Hence, the questions could also shape recruitment and rewards in the organization. Moreover, the HR practices are important in shaping the behavior and commitment of employees to make the change a success.

Training

One HR practice that has been highlighted with significant emphasis on change management research is training. Although HR practices have a uniquely special role as change drivers, training is one HR function that is central in facilitating the knowledge, skills, and attitudes that are important in change. Training is a change driver because it guarantees that the human capital requirements are in place and are continuously being developed for the change.

- As the first step, training ensures that employees have the basic knowledge about the environment factor(s) that underlie the change and the change vision. Learning about change is the foundation for building the buy-in and commitment of employees to the change vision.
- Secondly, change needs training to equip employees with the knowledge and skills required to implement the change vision. The skills include not only technical job-related competencies, but also the know-how to coordinate processes, facilitate interactions within and between teams and use technology to facilitate the implementation of change.
- Thirdly, training is one of the tools for effective and continuous engagement of employees throughout the change process. Engagement means employees develop a sense of meaningfulness about the change. This influences their willingness to deploy discretionary effort and invest their physical, emotional, and cognitive energy to ensure that the change is effective.

The training function in change has been largely incorporated into OD which is focused on using knowledge of behavioral science to bring about the development and implementation of effective planned change in organizations. The recent implicit biased training that *Starbucks* provided for its employees in the United States and Canada is an example of the use of training to drive organizational change. After the incident involving two African Americans, *Rashon Nelson* and *Donte Robinson* in a Philadelphia Starbucks, the company rolled out the training to “mark the start of weeks, months and years of discussion among its workforce about gender identity, class, language, citizenship, political views and other personal identifiers” (Siegel 2018). From the company’s video (Starbucks Newsroom), the training is one component of the strategy that will help the organization to implement change vision central to its corporate vision of becoming the *Third Place* in the daily lives of the customer (Fig. 1.10).

Organizational Culture

All of the internal change drivers discussed above—leadership, communication, and HR practices including training—are reflective of the culture of an organization. This suggests that the behaviors, assumptions,

Starbucks executive vice president, U.S. Retail, Rossann Williams:

“Our hope is that these learning sessions and discussions will make a difference within and beyond our stores. ... May 29 isn't a solution, it's a first step. By educating ourselves on understanding bias and how it affects our lives and the lives of the people we encounter and serve, we renew our commitment to making the third place welcoming and safe for everyone.”

Fig. 1.10 Starbucks: 5/29 opportunity to renew our commitment to the third place (*Source* Starbucks Newsroom [2018](#))

mindset, and attitudes of the people involved in an organization are part of the culture (Schein [1984](#)). But culture is more. It is a difficult-to-change driver because culture meshes together the *goals, roles, processes, values, communications practices, attitudes and assumptions* (Denning [2011](#)). Culture has been defined as *a pattern of shared basic assumptions, invented, discovered or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and therefore, is to be taught to new members of the group as the correct way to perceive, think and feel in relation to those problems* (Schein [1985](#), p. 86). This definition highlights at least three dimensions of how organizational culture is a major driver of change.

First, it involves shared values, assumptions, and ways of doing things in the organization which emphasizes a collective approach to solving problems. Much of the shared values, beliefs, and assumptions are taken-for-granted and unwritten which reinforces them as important norms in the organization. From this angle, change is perceived as a problem or an opportunity that requires collective effort of employees and managers. The development and implementation of change vision would involve shared leadership. As noted above, change leadership is shared at all levels of the organization ensuring that change is about roles not position (Whelan-Berry and Somerville [2010](#)). Employees and stakeholders genuinely believe and practice shared leadership in the development and implementation of change vision. Everyone at all levels of the organization is involved in the development and implementation of a change vision.

Second, organizational culture can also emphasize learning which could have significant consequences for change. Organizational culture ensures that the leadership and employees are cognisant of the need for change. It means that the employees and managers have the knowledge and skills to monitor and understand the shift in the environment. An organizational culture that incorporates learning is important in creating change readiness. Employees and managers develop the ability to cope, adapt, and integrate change in the organization. By continuously learning and adapting to change, learning makes change and change readiness to become part of the culture of the organization. Through this process, the employees and managers do not only gain the ability to develop and implement change, the organization as a system learns to develop and deploy core competencies that helps it to adapt to external change and integrate change management into its activities. It means that change and managing change are part of the taken-for-granted norms and shared meanings in the organization. It is common and taught in the orientation of new employees, training of current employees, and development of leaders.

Third, organizational culture makes change to be embedded in the perceptual process of employees and managers of the organization. If the organizational culture emphasizes and integrates change into the shared values, norms, and common practices, how employees select and make sense of the change vision, activities, and processes are intrinsically linked to this fact. The behaviors, feelings, and attitudes of employees are therefore motivated to be change positive. That is, they have a correct perception of change as an organizational imperative and deploy desirable behaviors critical for effective change management. Organizational culture as a difficult-to-change driver has a significant influence on the motivation, commitment, and engagement of employees to change in the organization (Fig. 1.11).

In all, the confluences of factors that make organizational culture a major change driver are also responsible for the inherent challenges to change culture (Denning 2011; Roos and Van Eeden 2008). The explanation of the challenges in driving change in organizational culture has been attributed to the characteristics of culture. The same intertwining connection of goals, assumptions, roles, values, attitudes, and practices that make up organizational culture also work together as mutually reinforcing system to prevent any attempt to change it

Frequent Mistakes in Trying to Change Culture

Overuse of the power tools of coercion and underuse of leadership tools.
Beginning with a vision or story, but failing to put in place the management tools that will cement the behavioral changes in place.
Beginning with power tools even before a clear vision or story of the future is in place.

Fig. 1.11 Mistakes in trying to change culture (*Source* Denning 2011)

(Denning 2011). In other words, organizational culture is difficult to change because what makes up culture is also what makes it difficult to change.

CRITICAL PERSPECTIVES ON CHANGE

Much of the discussion of change and organizational change is situated in the domains of mainstream management. This is important and evidently pertinent as managers must be equipped with the knowledge and skills to effectively manage the challenges, especially resistance to change among employees. However, it has been suggested that mainstream management approaches to managing change tend to emphasize oversimplified linear relationships, maintenance of order, and generic recommendations (Wilson 2010). This is underlined by a functionalist perspective. The assumption is that an organization's components and players are working in sync with shared interest, values, and consensus. Work conditions are neutral, objective, and inevitable. As researchers have noted, mainstream management therefore tends to tell the story of successful change cases without highlighting lessons from the challenges that result in the seventy percent failure rate of change efforts (Keller and Aiken 2008; Kotter 1995).

The result is that mainstream discussion of change often fails to examine some of the most pertinent issues that underlie change management such as power, language of change, participation, empowerment, and inequalities. As a result, the critical perspective has emphasized these disconnects and gaps in change management as part

of the attempt to “radically re-construct management so that it no longer reflects what it currently is” (Klikauer 2015, p. 210). The critical perspective aims not only to deconstruct the prevailing understanding of change, it seeks to highlight the deeper issues that precipitate change failure and the topmost human factors that must be transformed to make change effective such as the behavior and attitudes of employees and managers.

This book brings to the forefront the challenges and opportunities of change by combining insights from practice, research, and theories including the critical perspective of change management to examine nonprofit organizations. It incorporates interdisciplinary perspectives to examine the dimensions, determinants, and outcomes of change in nonprofit organizations. Our intention is this book is to highlight the context of nonprofit organizations in order to capture and explain the critical perspective issues.

SUMMARY AND WHAT TO EXPECT

This introductory chapter provides a comprehensive overview of the concept of change in organizations. The chapter defines change as a process with emphasis on a systems perspective. It explains that to really know what change is and to develop the competencies for effective change management, one must understand the factors that are at the core components of any organizational change: paradox, content, process, and context. The chapter examines the types of change and the drivers of change to explain why change is imperative, how change evolves and manifests in organizations. In the following chapters, the book shift gears to focus specifically on change in nonprofit organizations including a discussion of social enterprise as change.

Next, Chapter 2 discusses the nature of change in nonprofit organizations. It highlights the drivers of change, resource characteristics, and the challenges that nonprofit organizations encounter in understanding, planning, and implementing change. Chapter 3 reviews popular models of change and presents a model of change management for nonprofit organizations that draws on a variety of perspectives in organizational theory. Chapter 4 explores the principles, methods, and process of change management with emphasis on driving employee behavior and performance improvement to help the organization.

In Chapter 5, the book looks at the role, process, and challenges of managing volunteers in change. It outlines strategies for managing and engaging volunteers as part of planned change management. Chapter 6 explores the influence, role, and impact of board of directors of non-profit organizations in change management. It discusses how the board can help to guide the vision for change, mitigate resistance to change, and help the organization to develop change readiness competencies. The characteristics and challenges of social enterprise as a change strategy is the focus in Chapter 7. The overview is intended to highlight the relationship between social enterprise and change in nonprofit organizations.

In the final section, the book focuses on the change implementation process. Chapter 8 outlines how to diagnose change. It highlights the steps, tools, and strategies that nonprofit managers may deploy to determine the need for change. Chapter 9 examines the how-to of change including strategies, key activities, communication, and tools that can be used to implement change in nonprofit organizations. Chapter 10 reviews the tools nonprofit organizations can use to evaluate change and the impacts of change strategies. Chapter 11 concludes the book with an illustrative case to provide a compressive example of change in a nonprofit organization.

DISCUSSION QUESTIONS

1. In your own words, how would you describe change to a planning committee comprised of middle managers and few frontline employees?
2. Why should the planning committee be concerned about change as part of their planning process?
3. Describe the four factors one must understand to learn about any organizational change. How will the understanding of the factors help the planning committee?
4. What are the major types of change that are common in organizations?
5. Change does not happen without a reason, discuss any four external environment drivers of change in an organization that you know very well.
6. Explain why managers should also consider internal change drivers when planning and implementing change.
7. What are some of the issues the critical perspective identified as missing in the mainstream discussion of change?

REFERENCES

- Accept360. *Why Technology Is Important for Organizational Change*, February 20, 2018. <http://www.accept360.com/technology-important-organization-al-change/>. Retrieved July 20, 2018.
- Akingbola, K. (2015). *Managing Human Resources for Nonprofits*. New York: Routledge.
- Akingbola, K. (2017). Employee Engagement and Job Satisfaction. In J. Sowa & J. Word (Eds.), *The Nonprofit Human Resource Management Handbook: From Theory to Practice*. New York: Routledge.
- Argyris, C. (1991). Teaching Smart People How to Learn. *Harvard Business Review*, 69(3), 99–109.
- Argyris, C., & Schon, D. (1978). *Organizational Learning*. Reading, MA: Addison-Wesley.
- Armenakis, A. A., & Bedeian, A. G. (1999). Organizational Change: A Review of Theory and Research in the 1990's. *Journal of Management*, 25(3), 293–330.
- Ashburner, L. (1990). Impact of Technological and Organisational Change. *Personnel Review*, 19(2), 16–20. <https://doi.org/10.1108/00483489010143285>.
- Bartunek, J. M., & Moch, M. K. (1987). First-Order, Second-Order, and Third-Order Change and Organization Development Interventions: A Cognitive Approach. *The Journal of Applied Behavioral Science*, 23(4), 483–500.
- Becker, B. E., & Huselid, M. A. (2006). Strategic Human Resource Management: Where Do We Go from Here? *Journal of Management*, 32(6), 898–925.
- Beycioglu, K., & Kondakci, Y. (2014). Principal Leadership and Organizational Change in Schools: A Cross-Cultural Perspective. *Journal of Organizational Change Management*, 27(3). <https://doi.org/10.1108/JOCM-06-2014-0111>.
- Brown, R., & Wilson, J. O. S. (2018, January 26). Brexit's Impact on Small Businesses: The Experts May Be Spot on After All. *The Conversation*. <https://theconversation.com/brexit-s-impact-on-small-businesses-the-experts-may-be-spot-on-after-all-90561>. Retrieved July 14, 2018.
- Brown, R., Zegarra, J. L. & Wilson, J. O. S. (2018). *What Happens if the Rules Change? The Impact of Brexit on the Future Strategic Intentions of UK SMEs* (Working Paper No. 18-009, 2nd Quarter 2018). St Andrews: Centre for Responsible Banking and Finance, School of Management, University of St Andrews.
- Cawsey, T. F., & Deszca, G. (2007). *Toolkit for Organizational Change*. Thousand Oaks, CA: Sage.
- Cooper, M., & Pogrebin, R. (2018). Turmoil at Lincoln Center: Infighting, Money Troubles, Scrapped Projects. *New York Times*. <https://www.nytimes.com/2018/07/01/arts/lincoln-center-troubles.html>. Retrieved July 8, 2018.

- Denning, S. (2011, July 23). How Do You Change An Organizational Culture? *Forbes*. <https://www.forbes.com/sites/stevedenning/2011/07/23/how-do-you-change-an-organizational-culture/#6e5a087d39dc>. Retrieved July 8, 2018.
- DesJardine, M. (2014, July–August). Leading Employees Through Major Organizational Change. *Ivey Business Journal*. <https://iveybusinessjournal.com/publication/leading-employees-through-major-organizational-change/>.
- Dhurkari, R. (2017). Information Technology and Organizational Change: Review of Theories and Application to a Case of Indian Railways. *Management and Labour Studies*, 42(2), 135–151.
- Finkelstein, S. (2016). Why These Three Questions Can Solve Any Problem. *BBC*. <http://www.bbc.com/capital/story/20160406whythesethreequestion-scansolveanyproblem>. Retrieved April 7, 2016.
- Gongloff, M. (2018, July 13). Trump Doesn't Understand His Own Trade War. *Bloomberg*. <https://www.bloomberg.com/view/articles/2018-07-13/trump-s-trade-war-is-a-bunch-of-misunderstandings>. Retrieved July 13, 2018.
- Hilson, G. (2017). CIBC Leads Canadian Banks in Online Functionality. *IT World Canada*. <https://www.itworldcanada.com/article/cibc-leads-canadian-banks-in-online-functionality/396373>. Retrieved February 13, 2018.
- Johnson, E. (2017, June 13). How to Communicate Clearly During Organizational Change. *Harvard Business Review*. <https://hbr.org/2017/06/how-to-communicate-clearly-during-organizational-change>. Retrieved June 13, 2018.
- Katz, D., & Kahn, R. (1978). *The Social Psychology of Organizations* (2nd ed.). New York: Wiley.
- Katzenbach, J. R., Steffen, I., & Kronley, C. (2012, July–August). Cultural Change That Sticks. *Harvard Business Review*.
- Keller, S., & Aiken, C. (2008). The Inconvenient Truth About Change Management. *McKinsey Q*. 7.
- Kessler, E. H., & Charles, M. (2007). Strategic Implications of Nanotechnology. *Business Strategy Series*, 8(6), 401–408. <https://doi.org/10.1108/17515630710684619>.
- Klein, S. M. (1996). A Management Communication Strategy for Change. *Journal of Organizational Change Management*, 9(2), 32–46.
- Klikauer, T. (2015). Critical Management Studies and Critical Theory: A Review. *Capital & Class*, 39(2), 192–220.
- Kotter, J. (1995). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review*, 73(2), 59–67.
- Kovacs, M. (2017). CIBC Unveils Voice Commands in Mobile App to Simplify Navigation. *IT World Canada*. <https://www.itworldcanada.com/article/cibc-unveils-voice-commands-in-mobile-app-to-simplify-navigation/392237>. Retrieved February 13, 2018.

- Marler, J. H. (2012, May). Strategic Human Resource Management: An International Perspective. *Academy of Management Perspectives*, 26(2), 6–11.
- Nadler, D. A., & Tushman, M. L. (1989). Organizational Frame Bending: Principles for Managing Reorientation. *Academy of Management Executive*, 3(3), 194–204.
- Nadler, D. A., & Tushman, M. L. (1995). Type of Organizational Change: From Incremental Improvement to Discontinuous Transformation. In D. A. Nadler, R. B. Shaw, & A. E. Walton (Eds.), *Discontinuous Change: Leading Organizational Transformation* (pp. 14–33). San Francisco: Jossey-Bass.
- Newman, K. L. (2000). Organizational Transformation During Institutional Upheaval. *Academy of Management Review*, 23(3), 602–619.
- New York Times*. (2017). How ‘Brexit’ Could Change Business in Britain. <https://www.nytimes.com/interactive/2016/business/international/brexit-uk-what-happens-business.html>. Retrieved July 14, 2018.
- Palmer, I., Dunford, R., & Akin, G. (2006). *Managing Organizational Change. A Multi Perspective Approach*. Toronto: McGraw-Hill Irwin.
- Pettigrew, A. (1987). Context and Action in the Transformation of the Firm. *Journal of Management Studies*, 24(6), 649–670.
- Pfeffer, J., & Salancik, G. R. (2003). *The External Control of Organizations: A Resource Dependence Perspective*. Stanford, CA: Stanford University Press.
- Pinkham, B. C., Picken, J. C., & Dess, G. G. (2010). Creating Value in the Modern Organization: The Role of Leveraging Technology. *Organizational Dynamics*, 39(3), 226–239.
- Rajagopalan, N., & Spreitzer, G. M. (1997, January). Towards a Theory of Strategic Change: A Multi-Lens Perspective and Integrative Framework. *Academy of Management Review*, 22(1), 48–79.
- Richardson, P., & Denton, D. (1996). Communicating Change. *Human Resource Management*, 35(2), 203–216.
- Roos, W., & Van Eeden, R. (2008). The Relationship Between Employee Motivation, Job Satisfaction and Corporate Culture. *South African Journal of Industrial Psychology*, 34(1), 54–63.
- Satell, G. (2013, June 8). How Technology Is Changing the Way Organizations Learn. *Forbes*. <https://www.forbes.com/sites/gregsatell/2013/06/08/how-technology-is-changing-the-way-organizations-learn/#5f04462e5e14>. Retrieved February 13, 2018.
- Schein, E. H. (1984, Winter). Coming to a New Awareness of Organizational Culture. *Sloans Management Review*, 25(2), 3–16.
- Schein, E. H. (1985). *Organizational Culture and Leadership*. San Francisco: Jossey-Bass.
- Self, D. R., Armenakis, A., & Schraeder, M. (2007). Organizational Change Content, Process, and Context: A Simultaneous Analysis of Employee Reactions. *Journal of Change Management*, 7, 211–229. <https://doi.org/10.1080/14697010701461129>.

- Siegel, R. (2018, May 29). Here's What to Expect from Today's Starbucks Racial Bias Training. *Washington Post*. https://www.washingtonpost.com/news/business/wp/2018/05/23/not-who-we-aspire-to-be-starbucks-previews-next-weeks-racial-bias-training-for-8000-employees/?noredirect=on&utm_term=.a6a51dfa5ec9.
- Starbucks Newsroom. (2018, May 23). *A Preview of the May 29 Curriculum for 175,000 Starbucks Partners Across the Country*. <https://news.starbucks.com/news/starbucks-curriculum-preview-for-may-29>.
- Stewart, E. (2018, June 25). Harley-Davidson Is a Loser in Trump's Trade War: Harley-Davidson Is Shifting Production of Its European-Bound Motorcycles Overseas Because of Tariffs. *Vox*. <https://www.vox.com/2018/6/25/17501436/harley-davidson-europe-tariffs-trade-war>. Retrieved February 13, 2018.
- Thomas, D. (2004, September). Diversity as Strategy. *Harvard Business Review*, pp. 98–108.
- Valenti, J. (2018, April 12). 'Our Bodies, Ourselves'? It's Shelved. *New York Times*. <https://www.nytimes.com/2018/04/12/style/our-bodies-ourselves-book-publishing.html>.
- Van de Ven, A. H., & Poole, M. S. (1995). Explaining Development and Change in Organizations. *Academy of Management Review*, 10(3), 510–540.
- Weick, K. E., & Quinn, R. E. (1999). Organizational Change and Development. *Annual Review of Psychology*, 50, 361–386.
- Whelan-Berry, K., Gordon, J., & Hinings, C. (2003). The Relative Effect of Change Drivers in Large Scale Organizational Change: An Empirical Study. In R. Woodman & W. Pasmore (Eds.), *Research in Organizational Change and Development* (vol. 14, pp. 99–146). Oxford: Elsevier/JAI.
- Whelan-Berry, K., & Somerville, K. A. (2010). Linking Change Drivers and the Organizational Change Process: A Review and Synthesis. *Journal of Change Management*, 10, 175–193. <https://doi.org/10.1080/14697011003795651>.
- Williams, R. (2015, April 6). Get Ready for the Coming Leadership Storm: As Baby Boomers Retire, Gen Y Are Reluctant to Fill Their Shoes. *Financial Post*. <https://business.financialpost.com/executive/leadership/get-ready-for-the-coming-leadership-storm-as-baby-boomers-retire-gen-y-are-reluctant-to-fill-their-shoes>. Retrieved July 13, 2018.
- Wilson, F. M. (2010). Managerial Control & Power. In *Organizational Behaviour & Work: A Critical Introduction* (pp. 301–321). Oxford: Oxford University Press.
- WSIB, Claims Management Update. (2009, February). School Board's Co-operative Inc. *Flash Newsletter*.
- Zimmerman, B. J. (1993). *Strategic Control: Managing Change or Managing Changeability*. Proceedings, *The Chaos Network*, 1993 Conference, St. Paul, pp. 55–60.



CHAPTER 2

Nature of Change in Nonprofit Organizations

CONTEXT OF CHANGE: THE NONPROFIT ORGANIZATION

To start to unravel the context of change in nonprofit organizations, first, it is important to understand what nonprofit organizations are about. Also important are the services that nonprofit organizations provide, their external environmental factors and the systems and processes that define their organization. By necessity, this introduction must also touch upon the people who are critical in the nonprofit organizational context.

Mission and Values

Nonprofit organizations are generally entities established for the primary purpose of achieving a *social mission*. To be clear, social mission is simply another way of saying social purpose (Quarter 1992). Although the nature and characteristics of what can be considered a social mission is endless to some extent, it is typically about meeting the social needs of people, doing good or simply providing social goods and services or access to the social goods and services (Salamon et al. 2000). Nonprofits are therefore established to address emergent problems and issues in the society. The pertinent problems that nonprofit organizations aim to solve are generally those that the government and for-profit business organizations are either unable or unwilling to solve on their own or at all. Since the problems and issues in society are continuously evolving,

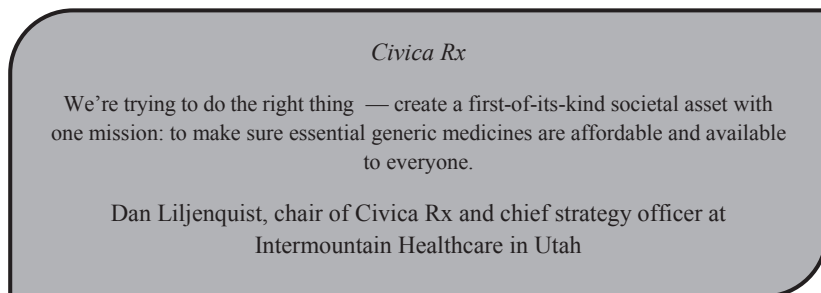


Fig. 2.1 The mission of *Civica Rx* (Source Johnson 2018)

nonprofit organizations must learn and adapt to change to facilitate their mission. So, while having a mission is most critical, the ability of a nonprofit to adapt the mission to the emergent problems in society is equally important. How nonprofit organizations work to combine and manage resources, foster relationship with stakeholders and navigate constant change in the community is fundamental to the mission (Fig. 2.1).

The social mission is the main thing that people think about and emphasize when they talk about a nonprofit organization. Thus, the essence of a nonprofit organization lies in the mission. That is, the good cause the organization is set out to achieve. Take for example *Civica Rx*, the new nonprofit pharmaceutical backed by seven large American healthcare systems and three philanthropic groups, at which the good cause is to provide access to a supply of essential drugs without which patient safety is threatened and to do this with price transparency (Betz 2018). To achieve this social mission, *Civica* plans to manufacture the drugs or subcontract with reputable drug manufacturers.

Nonprofit organizations are also about *values*. To facilitate the mission that constitutes the essence of the organization, nonprofits incorporate shared values that are derived from the shared norms and concerns in the community (Smith and Lipsky 1993). The values that nonprofit organizations create through the translation of shared values are aimed at solving problems and changing the collective mindset. The values are the core principles and beliefs that guide and underlie the organizational activities and decision-making in nonprofit organizations.

People therefore see nonprofit organizations as organizations that provide opportunities for individuals such as employees, volunteers, and other stakeholders to actualize their values and commitments through participation in the activities of the organization (Jeavons 1992). Typically, the values of the stakeholders and the nonprofit are aligned at the start of their interaction. However, due to change, a nonprofit can diversify and embrace new values that may not be consistent with the values of the employees, volunteers, and other stakeholders over time. The example *Civica Rx* is also illustrative in this scenario. When Martin VanTrieste, the CEO of *Civica Rx* came out of retirement to join the organization, he had to two requirements: (i) he will be an unpaid employee; and (ii) the organization must be focused on patients (Johnson 2018). Basically, Martin VanTrieste emphasized that he is attracted to the organization by the values of *Civica* and the organization must focus on the values.

This suggests that the number one issue for the managers and employees of any nonprofit organization is how to ensure that the organization is positioned to achieve the mission. This means doing the good the organization sets out to do is paramount (Anheier 2009). The mission and values are more than mere corporate statements. The mission is the basis of the systems, processes, and interactions that are central to the services and meeting the expectations of the stakeholders including employees and volunteers. Thus, the mission and values are essential to analyze, understand, and facilitate the ability of a nonprofit organization to adapt to change.

Services and Roles

The mission of nonprofit organizations is translated into diverse social goods and services that are developed to meet the needs of the community. As noted above, the services that nonprofit organizations provide are often those the government and for-profit business organizations are unable or unwilling to provide in areas such as social services, education, health, social justice, environment, and community economic development (Anheier 2005). The specific services may include homeless services, mental health, disaster relief, youth, women, and senior services.

Nonprofit organizations are also the primary players in social enterprises. To illustrate their diverse scope of services, Table 2.1 shows the mission and an overview of the services of three nonprofit organizations in the USA, Canada, and the UK.

Table 2.1 Services of nonprofit organizations

Organization	Mission	Services
Providence House, Cleveland, Ohio	Protects at-risk children and supports families through crisis, strengthening communities to end child abuse and neglect	<u>For children</u> Emergency shelter Direct care services Medical care and monitoring <u>For parents and families</u> Case management/aftercare Parent support and education Family trauma services
Warden Woods Community Centre, Toronto, Ontario		<u>Seniors Health and Wellness</u> Health and outreach support Health and recreation services <u>Community Development</u> Food security and drop-in Micro loan programme
Turning Point Scotland	Specialises in supporting people facing the most complex and challenging situations. Our ‘people centred’ ethos places the people we support first in our thinking and ensures that our staff convert their passion into great services. TPS delivers improvement in Scotland’s social care sector through high quality services, leadership and innovation	<u>Range of Support</u> Housing support Care at home Residential care Crisis intervention Community rehabilitation Social enterprise

In addition to their services, nonprofit organizations are active in *political advocacy* especially for people who are marginalized and vulnerable such as seniors, children, visible minorities, LGBTQ, and people with disabilities. This role is particularly important because it emphasizes nonprofit organizations as change agents not only in terms of their mission but also their contribution to driving social change by advocating for public policy. While nonprofit organizations in different countries have variation in the degree of advocacy for the purpose of public policy, direct or indirect partnership with the government is an inherent characteristic of nonprofit organizations.

Nonprofit organizations are also the major players in the building of *social capital* in the community. This essentially describes how people build “social networks and the norms of reciprocity and trust worthiness that arise from them” (Putnam 2000, p. 19). Social capital is enhanced by civic engagement or participation and it is the basis of *community building*. Along the same line, nonprofit organizations are actively involved in connecting people to the political process which makes them an important player in the democratic process (Moulton and Eckerd 2012). Altogether, the benefits of social capital and community building are a boon for the society including for-profit business organizations.

The services and roles of nonprofit organizations emphasize their critical role in the social, political, and economic institutions in society. These general environment factors including demography and culture are more or less industry factors for many nonprofit organizations because they directly affect the activities of the organization. Understanding the services and roles of nonprofit organizations and how they impact the core institutions of society is essential to understand change in the sector. The analysis of the process, content, and competencies of change must include the interrelated dimensions of the roles and services of nonprofit organizations.

Organizational Processes

Nonprofit organizations are extremely diverse organizations. Irrespective of the type of public goods and services the organization provides, the social mission is the core characteristic that is consistent in all nonprofit organization. Similarly, regardless of whether the mission of a nonprofit is intended to be an *expressive function* in which it serves the members or stakeholders in the organization or an *instrumental function* that is

aimed at benefitting people regardless of whether they are members of the organization or not (Gordon and Babchuk 1959), nonprofit organizations are unique and dynamic entities. The organizational processes of a nonprofit are characterized largely by the need to: (i) engage, (ii) collaborate, and (iii) adapt.

The *service delivery* process of nonprofit organizations emphasizes identifying the needs of clients with the inputs and active engagement of the clients. Hence, nonprofit services are not generally developed and delivered without the clients having some say in the process. Likewise, nonprofit organizations work closely with clients and stakeholders in their planning and strategic management process (Akingbola 2006; McHatton et al. 2011). The emphasis on engagement and collaboration with clients ensures that the process of service delivery is consistent with the egalitarian values of nonprofit organizations. From the perspective of change, it is an important tool that can help to position nonprofit organizations to be able to identify the need for change.

Funding is an inherently participatory process for many nonprofit organizations. Although mainstream nonprofit organizations generate less funding from individual philanthropy and corporations than from government in many developed countries, the process of fundraising involves significant engagement of all players. Nonprofit organizations engage corporate and individual donors by keeping them abreast of relevant developments in the organization, especially in their services. In the funding relationship with the government and foundations, the interaction requires nonprofit organizations to engage the funder in the formal contractual working relationship. The ability of a nonprofit to build a collaborative partnership with the funding organization is important in order to overcome the challenges of funding. Also important is the roles of such collaborative relationship in the effort of the nonprofit to adapt to the continuous change in the funding environment.

Governance and management processes perhaps most exemplify the core ways nonprofit organizations are unique in addition to the mission and values. In governance, decision-making typically involves stakeholders who have an important role in the decision that is being made such as employees, frontline volunteers, and clients. A good nonprofit board of directors must understand that nothing disengages stakeholders more than excluding those who are directly accountable and/or impacted by the decision of a small or midsize nonprofit organization. The levels of

“Even though there are people who aren’t involved, they’re ecstatic just to know who is involved and what the decision-making process entails,” “They feel more engaged just from understanding something that had been opaque to them before.”

Joyce McGee, the executive director of the Justice Project, an advocacy nonprofit

Fig. 2.2 Involvement in decision-making (*Source* Huggett 2008)

involvement in governance decision-making in a nonprofit could range from having a seat at the board to having a channel to offer suggestions. Even if the stakeholders are only informed about the issue or problem and then asked to provide information that will help the decision-making, there is some level of involvement in the process. As the executive director in Fig. 2.2 noted, merely knowing about involvement is good enough to energize people about governance and management decision in nonprofit organizations.

Management decision-making in nonprofit organizations is based on the premise of involvement and participatory feedback. The decision-making processes on critical issues such as service delivery and the funding of the organization generally involves employees and the board of directors. These processes not only highlight involvement as an effective method of decision-making, it is also consistent with the mission and values of nonprofit organizations. It helps to remove barriers in terms of leveraging the human and social capital of the employees and volunteers for the decision. As we will explain in subsequent chapters, the need to understand and effectively manage change requires the direct involvement of employees, volunteers, and other stakeholders.

NONPROFIT HUMAN RESOURCES

To understand the complexity of change and how to foster the ability of a nonprofit organization to manage change, it is important to understand the people who are critical in these organizations. The employees, volunteers, and stakeholders are the human resources of nonprofit

organizations. The people are the ones who will analyze the external environment to define change, explain the sense of urgency to stakeholders, develop and implement change, and manage the vision and strategy of the organization. In addition, the rapid pace of change in the sector in recent decades has amplified the need for nonprofit organizations to focus on the management of human resources in order to effectively manage change. Also relevant is the reality that the human resources management is also impacted by the change.

Employees and Volunteers

For the quintessential nonprofit, the core human resources of the organization are *volunteers*, *employees* and *volunteer members* of the board of directors. Employees and volunteers are the core of the human capital that the nonprofit deploys to identify the community needs to develop into services, to navigate funding relationships, to engage stakeholders and to guide the strategy that fosters the mission. The volunteers provide governance for effective oversight of the management of nonprofit organizations. The employees and volunteers are arguably the most important players in understanding and managing change in nonprofit organizations. Change management in nonprofit organizations is practically impossible without the knowledge, skills and abilities as well as the commitment of the employees and volunteers. The competencies of the employees and volunteers will shape the ability of a nonprofit to adapt to change.

The importance of employees and volunteers in nonprofit organizations suggest that a different type of relationship and interactions are involved in change. From the analysis of change drivers to developing and implementing change strategies, the role and importance of employees and volunteers are multifaceted and essential not only in order to drive change but also to enhance the effectiveness of change by engaging the right players in the process.

Roles in Change Management

To help us to explain the diverse and overlapping roles of employees and volunteers in change in nonprofit organizations, we will draw on the Cawsey and Deszca's (2007) classification of roles in change: change initiators, change implementers, change facilitators, and change recipients.

Change initiators. Similar to organizations in the for-profit business and public sectors, change in nonprofit organizations is generally initiated and promoted by individuals seeking to realign the organization with the shift in the external environment. Employees including managers and volunteers advocate the need for change and spearhead the change visioning process. This role and process often involve and result from interactions with the stakeholders especially clients and representatives of funding organizations. Irrespective of the type of change, nonprofit managers and the board of directors have to buy-into the need for the change and provide leadership. Often, it is the leadership that initiates the change based on the information provided by employees and volunteers. In this scenario, they are *change sponsors* as well as change initiators. Change sponsor is a de facto leadership role in change management.

Change implementers. Making change happen is an all involving process in nonprofit organizations. Employees, including managers and volunteers, are solely responsible for making the change to work. They coordinate and manage the process of making the need for change apparent beyond the vision by taking over from the initiators. They create processes and implement the strategies that are developed to actualize change. The change implementers are also responsible for institutionalizing change to ensure that the organization sustains the change. Change must stick to become part of the standard operating procedure and culture of the nonprofit. The role of change implementers includes preventing a relapse to the old practices and the erosion of change over time. Employees and volunteers either as initiators or implementers of change are the *change agents* in nonprofit organizations.

Change facilitators. The role of change facilitators is fluid in nonprofit organizations. Typically, change facilitators are internal and external players who bring perspectives and best practices to assist the organization with the change process. They have the knowledge and skills to help the change initiators and change implementers to transcend people issues such as personality and power. It is important for change facilitators to have skills to stay above the fray that characterizes change process. Although this role is often the domain of consultants in the for-profit and public sectors, resource challenged nonprofit organizations may use the services of volunteers or community members. Employees who have the competencies in change management can also facilitate change to support the organization.

Change recipients. In nonprofit organizations, everyone is a change recipient. However, the degree to which change impacts a stakeholder group varies. Employees and volunteers are arguably the ones who are on the frontline in terms of change. The recipients make change possible by accepting, resisting, or deploying a combination of these behaviors. What employees and volunteers experience in terms of range of perception and emotional response to the change including anxiety and uncertainty are relevant determining factors in change resistance. It is important for recipients to be engaged in the change process especially employees and volunteers of nonprofit organizations who are attracted to the sector based on the espoused values of participation (Besley and Ghathak 2017).

The core characteristics of nonprofit organizations in terms of what they are about, the services that they provide and the processes involved in their activities are the foundation of change in the sector. How nonprofit organizations monitor the environment, understand the need for change, and develop and implement change strategies must also emphasize the centrality of employees and volunteers as the core players not only in terms of human capital but also the initiators, implementers, and the recipients of change in the organization. Change in nonprofit organizations must understand these fundamentals as the foundation of change management process in the sector.

DRIVERS OF CHANGE IN NONPROFIT ORGANIZATIONS

Nonprofit organizations are inherently complex systems (Golden-Biddle et al. 2007). This distinctive element of the sector is defined mainly by the core characteristics discussed above and the industry factors in the external environment of the organization. As complex systems, nonprofit organizations are susceptible to the powerful forces of multidimensional change factors driven by a combination of the distinctive characteristics of the organization, internal, and industry factors.

Moreover, the general and competitive environment factors that we examined in Chapter 1 are relevant to understand the full picture of change in nonprofit organizations. General environment factors such as the economy, political, and sociocultural factors highlight how the broader environment trends are particularly important drivers of change in nonprofit organizations. These factors are the underlying forces that coalesce with the industry indicators to define the need for and type of

change in a nonprofit organization. The nonprofit must develop and implement change to adapt to these factors in the external environment. In this section, the chapter will review the external environment factors including the general and industry as well as the internal forces that constitute the drivers of change in nonprofit organizations.

Community Needs

Community needs are continuously evolving. Driven by a variety of factors including demographic, social, and economic trends, community needs influence the mission and strategic direction of nonprofit organizations. The demographic factors such as age, level of education, income level, where people live, the family status of the people, and diversity define the type and level of community needs that influence the demand for the services of nonprofit organizations. Since nonprofit organizations are the products of the shared values and problem-solving needs of the society (Smith and Lipsky 1993), what the community determines to be pertinent problems and the values they emphasize shape the services of nonprofit organizations. Thus, change in nonprofit organizations is driven by change in the needs and values of the community among other factors. To adapt to change in the community, nonprofit organizations must develop new services to address the emerging community needs. For example, the advocacy nonprofit *Public Banking Institute* has been raising awareness about the excesses of the financial services in the United States and calling for the establishment of public banks across the country (Fig. 2.3). They raise awareness for public policy to reflect the needs and leverage the funding and revenue opportunities that are introduced to support the needs.

The same trends that define community needs also underlie factors in the internal environment of nonprofit organizations. For example, demographic trends determine the pool of human resources available to nonprofit organizations for service delivery, management, and governance. In effect, the quality of the human capital that nonprofit organizations need to deploy to manage change is dependent on the same factors that shape community needs. The need to pay close attention to community needs is equally important in terms of developing services that meet the emerging trends in society as well as information on demographic and other factors that ultimately define the pool of human resources available to the organization to deploy to manage change.

Why Public Banks

Today, cities and states put their money in Wall Street banks. Those banks leverage our public funds in order to dominate the financialized speculative economy rather than reinvesting them in our communities. At the same time, cities and states borrow money from Wall Street institutions and bondholders at high interest rates and pay large fees to keep money in their banks. This is not a cost-effective way to do business. Cities and states could be keeping their public dollars and leveraging them for their own community needs.

With city and state-owned banks, we cut out Wall Street middlemen. Our community's cash stays home to benefit us! Bank fees are eliminated, interest costs drop, and public bank profits are reinvested into our communities.

Public banks can help us create the communities we want. We want parks, good roads, safe bridges, clean energy, and housing we can afford. We want lower interest rates for local small business loans, local control of our tax dollars, investment in our local communities, and ethical and transparent financial institutions managing our public funds. Public banks can be the financial engine that makes this happen for our communities.

Fig. 2.3 Public Banking Institute (Source <http://www.publicbankinginstitute.org/>)

Economy

The economy is a major change driver for nonprofit organizations. What makes the economy to be unique in the nonprofit sector is that it can drive change at multiple revenue dimensions of the organization. In fundraising, the state of the economy directly impacts the revenue of a nonprofit in terms of donation from individuals and corporations. The earnings of corporations and the giving ability of individuals are dependent on the state of the economy. For example, the 2008 recession necessitated many nonprofit organizations to implement fundraising change strategies in order to adapt to the emerging challenges and shift in their operating environment (Hall 2009). As illustrated in the experience of the *United Way of Southern Michigan*, at the peak of the

Trouble in Michigan

The foundering fortunes of the nation's automakers have similarly triggered spinoff financial concerns at a range of charities. Last year, the Big 3 — GM, Ford and Chrysler — accounted for roughly 40% of overall giving through workplace fundraising pledges to the United Way for Southeastern Michigan, says Doug Plant, the non-profit's vice president of fund development. This year, as the pledge season gets into full swing, the goal's been cut to 35%.

Fig. 2.4 Recession and nonprofit revenue (*Source* McCoy and Dorell 2008)

recession, many nonprofit organizations lost up to half of their revenue (Fig. 2.4).

Similarly, the downturn in the economy means less tax revenue for the government. Although the role of the government as a change driver in nonprofit organizations is discussed below, it is important to note here that there is a direct link between government revenue and the ability of many nonprofit to provide services (Foster and Meinhard 2002). Many foundations also tighten their funding during economic downturns. The cumulative effect of the economy on funding of nonprofit organizations is that multiple revenue sources are affected at the same time. As a result, the downturn in the economy is more than a temporary revenue threat to the cash flow of a nonprofit but an existential threat to the mission of the organization. The economy is therefore a major change driver in nonprofit organizations in terms of rebalancing the funding strategies of the organization.

The economic downturn is also a change driver in terms of services. Ironically, the downturn in the economy means that nonprofit organizations are more likely to experience an upsurge in the demand for services such as homeless shelters and food banks. Since economic downturns such as a recession often affect the most vulnerable in society, this suggests that it is during economic downturns that nonprofit organizations may need additional funding to manage the increase in demand for services. In essence, as Akingbola (2015) noted, the economy drives change

in nonprofit organizations in terms of strategy and operations including funding, philanthropy, and services.

Government Policy

For many nonprofit organizations, the government is the single most important stakeholder apart from the clients and the community. This close relationship between nonprofit organizations and government is a key factor in the mission, the type of services and the strategy that nonprofit organizations develop and implement. In effect, the government is a major driver of change in nonprofit organizations. How the government drives change in nonprofit organizations is multifaceted and multilayered. It is often the case that the policy of the government in one domain will overlap with another policy area to drive change in nonprofit organizations. To explain this many-sided role of government as a change driver in nonprofit organizations, this chapter will illustrate their impact using three overlapping elements: funding; measure of performance; and accountability.

Funding. Government funding is the largest source of revenue for many nonprofit organizations (Boris et al. 2010). The significant level of dependence on the government is a result of the public goods and services that nonprofit organizations provide. Moreover, research has consistently highlighted that the increased scope of the nonprofit sector is a by-product of the downloading of services that were previously provided by the government (Bennett and Savani 2011). It is therefore not a surprise that the dependence on government funding is manifested in multiple elements of a nonprofit organization including services, strategy and human resources management. However, it is through change in the characteristics, systems, and processes of the nonprofit that government funding drives the need for the organization to adapt. A change in government policy has been consistently highlighted as a major change driver in nonprofit organizations. A report by the Urban Institute found that 82% of nonprofit organizations in the study introduced change in response to decrease in local, state, and federal government funding (Boris et al. 2010). Table 2.2 provides some examples of how government funding has resulted in change in the services, systems, and processes of nonprofit organizations. Since research has consistently shown that nonprofit organizations implement a plethora of change including their structure, governance, administration, HR practices, as a result of

Table 2.2 Government funding and change in nonprofit organizations

<i>Organization systems and practices</i>	<i>Government funding change impact</i>
Services	Services focused on funding Clear objectives Mission realignment Mission creep
Organizational structure	Structure required by funding Change in structure Organizational hierarchy
Governance	Merging operation and governance roles Types of governance systems Governance resources focus on funding
Administration	Financial management Bureaucratization Higher administrative cost Administrative inefficiencies
Human resource practices	Targeted recruitment Training focus on funding requirements Compensation tied to funding Contingency staffing practices
Performance	Quality standards Benchmarking Aligned with public policy

government funding, the role of government funding as a change driver cannot be overemphasized.

Performance standards. A standout in the way government funding drives change in nonprofit organizations is the measures of performance. Respective federal, state, and local governments tend to move the goal-post of performance measures they attach to funding of nonprofit organizations in line with their values and agenda. They dictate the types of performance measures nonprofit organizations are required to use for reporting (Alexander et al. 2010). Often, the changes in performance measures are inconsistent with available empirical evidence and the standards currently used by nonprofit organizations. The implication is that nonprofit managers must implement change in terms of what and how they measure the performance of their services for the different levels of government and continuously adapt to new measures of performance depending on the agenda of the political party in power.

Accountability. The need for nonprofit organizations to adapt to change in terms of accountability is an upshot of the impact of government on performance measures and outcomes of nonprofit organizations discussed above. To meet the requirements of government funding on reporting, nonprofit organizations develop and implement change in the administrative systems and processes of the organization. However, the scope of accountability that has evolved has engendered a shift in the culture of nonprofit organizations and the nature of the relationship with the government. Thus, accountability is another distinct way government is a major change driver in nonprofit organizations. Accountability drives change beyond performance measures especially in financial management and the focus of the board of directors. Although it has contributed to the awareness about quality management in nonprofit organizations, the real and lingering questions about the cost of accountability is a major challenge in change for most nonprofit organizations. The city of Los Angeles became the first government in the United States to acknowledge the challenge about the cost of accountability by approving a motion to develop new guidelines on reimbursement of administrative costs to nonprofit organizations that are contracted to deliver services on behalf of the government (Hrywna 2015).

Funding, performance standards, and accountability highlight how governments drive change in nonprofit organizations. Although there are diverse ways that the relationship between the government and nonprofit organizations drive change in the sector, the three dimensions of their interaction emphasize that government is an important source of change in nonprofit organizations. Government is also a factor in most of the other general and competitive environment factors that drive change in nonprofit organizations.

Competition

Irrespective of perspective and perception of the emerging dynamics of the sector, the operating environment of nonprofit organizations has become increasingly competitive (Castaneda et al. 2008; Chetkovich and Frumkin 2003). Nonprofit organizations compete for government funding, foundation grants, donation from individuals and corporations and even for the attention of the community. This means that nonprofit managers must pay particular attention to how the convergence of general environment factors such as the economy, government policies and sociocultural trends and industry factors create competition among

nonprofit organizations. They must also understand the areas in which they compete with for-profit business organizations in addition to their nonprofit counterparts. Competition is therefore a critical change driver for nonprofit organizations. It requires continuous alignment of services, internal systems and processes in order to gain competitive advantage. As a consequence, developing and implementing change to adapt is a key responsibility of nonprofit managers. It also means that the board of directors must be equipped with the competencies to understand and provide governance on strategic change that could address competition. This is why it has been suggested that competition enhances the quality of governance in nonprofit organizations (Glaeser 2003). Perhaps most important, competition drives change in human resources and how the nonprofit deploys human capital to gain competitive advantage.

Technology

Almost no organization can escape the pace and widespread impact of technology today. However, the role of technology has been largely absent in the discourse about efficiency and effectiveness of nonprofit organizations. A survey by *NetChange Consulting* on technology use by nonprofit organizations reported that “only 11 percent indicated that the way their organization manages digital is highly effective” (Mogus and Levihn-Coon 2018). This lack of emphasis does not mean that nonprofit organizations can discount technology as a change driver. To the contrary, the social mission of nonprofit organizations emphasizes the importance of communication between clients, employees, and volunteers to facilitate service delivery. Since the way clients and other stakeholders communicate is changing due to technology, nonprofit organizations have to adapt in order to connect with clients to create awareness, identify emergent needs, and engage the stakeholders to facilitate the mission. Moreover, nonprofit organizations must leverage technology to enhance the quality of internal communication with teams on the frontline and working groups that are established to develop plans to manage projects and processes.

The impact of technology on nonprofit organizations is therefore all-encompassing. Figure 2.5 shows a case highlighted by consultant *Doug Kelly* about the need for nonprofit organizations to fully embrace digital technology in order to effectively manage the collection, analysis, and use of data as well as information technology infrastructure (Laporte et al. 2018).

Nonprofit Embrace Technology

DanChurchAid, a Danish aid organization that works with poor people worldwide, has established a learning lab to address the issue of a non-digitally-oriented culture head on. They know they need to innovate in order to stay competitive. They've set up a forum to explore, develop, and implement blended approaches to capacity development without a large budget. For example, in one year, they developed and tested cost-effective mobile learning solutions on mine risk education, cash transfer programs, and village saving and loans associations..

Fig. 2.5 Technology and nonprofit change (*Source* Laporte et al. 2018)

Technology drives change at multiple levels of the mission, strategy, systems, and processes of nonprofit organizations. From social media use in service delivery, fundraising and advocacy to data analytics for decision-making in operations, human resources management and strategy, technology is the harbinger of significant change in nonprofit organizations. It can help the organization to better adapt, manage, and innovate with digital trends. Technology is an important tool in the toolbox for achieving operational efficiency through change.

Organizational Factors

Organizational factors play a critical role in driving and shaping the nature of change in nonprofit organizations. Although not often on the front burner of change, organizational factors make it possible for the nonprofit to contemplate the need for change. However, organizational factors generally work in conjunction with the general environmental factors discussed above to drive change. The role of organizational factors is to realign the components of the organization with the shift in the external environment or to provide the basis for the change strategy to be developed and implemented. This can come about through the process of planning to identify opportunities, challenges, and threats to the mission of the nonprofit organization. Thus, it is relevant to discuss some of the organizational factors that drive change in nonprofit organizations.

Stakeholders. The stakeholders of nonprofit organizations are attracted to the organization by the mission and values of the organization. They have their perception and expectation of what the nonprofit should focus on and how it should be managed which are relative and open to the interpretation of the respective stakeholder. It has been suggested that the diversity and differences in expectations and goals indicate that what is considered to be the performance measure of a nonprofit is open to the viewpoint of stakeholders (Herman and Renz 2004). For example, volunteers may deem the services and performance of a nonprofit to be inadequate while employees may have a different take on the performance of the organization. Therefore, the role of stakeholders such as volunteers, employees, and board members is important to identify the need for change and implement change.

Strategic change, new services, and revised processes are influenced in part by the orientation and goals of the stakeholders. The need for and decision about change are reflective of the intentions, choices, and actions of the stakeholders. They are the gatekeepers of change in nonprofit organizations. They ensure that the change vision and processes are aligned with the mission and values of the organization. Thus, they are continuously juggling conflicting expectations and values to keep the organization focused on the mission and the public good.

Leadership. Formal and informal leaders play an important role in nonprofit change. Leaders are in the forefront of helping the organization to understand the need for change in nonprofit organizations. They make strategic choices on behalf of the organization. Leaders identify, assess, and create a sense of urgency about change. With the approval of the board of directors, they initiate and facilitate strategic change. The competencies of leaders in change management are fundamental to the effectiveness of change in nonprofit organizations. Decisions at every stage of change especially related to the clarity of the change vision and during implementation when momentum may be stagnated require management skills to navigate the challenges. Management leadership must effectively deploy their human capital, allocate resources, and manage the relationship with stakeholders to drive change. Nonprofit leaders therefore drive change by helping the organization to create a vision and develop and implement management practices that are designed to facilitate the ability of the nonprofit to adapt.

Life cycle. It is important to note that the perception of change, the ability of the organization to adapt and the role of management

leadership in driving change are related to the life cycle of the nonprofit. Nonprofit organizations that are young and small with minimal resources and limited access to a rich source of human and social capital are particularly vulnerable to the damaging impact of change in the general and industry environment. This does not suggest that large and well-established nonprofit organizations are immune to the vagaries of change. All nonprofit organizations irrespective of size, scope, and life cycle, must manage the opportunities and challenges that emerge in the continuously shifting environment of the organization. The point about the life cycle stage of the organization is that it could impact the ability of the organization to effectively manage change. In addition to resources and capabilities, the life cycle stage could influence the perception and therefore, change readiness of the organization. An organization that is focused on building structure and stability will not necessarily be quick to identify and align itself with the shifting forces in the environment. The leadership must therefore understand the life cycle stage of the organization and incorporate it as a factor in the change process. The degree to which managers understand the relationship between the life cycle stage and change can enhance the development of change strategies that reflect the context of the nonprofit.

Organizational factors are particularly important change drivers in nonprofit organizations. The perception and expectation of stakeholders, strategic choices of the leadership comprising the board of directors and managers and the life cycle stage of the organization are important factors that contribute to change and the ability of the nonprofit to adapt. The organizational factors are critical to identify opportunities and threats that could drive change in nonprofit organizations. Once the need for change has been identified, organizational factors are the primary drivers of the change vision and the implementation of the change that aligns the systems and processes of the organization.

TYPES OF CHANGE IN NONPROFIT ORGANIZATIONS

Nonprofit organizations are diverse in scope, size, and mission. Also, the context of each organization varies depending on some of the factors discussed previously in the chapter. The depth of the interaction between nonprofit organizations and the external environment particularly in relations to the social, political, and the economy, emphasizes that nonprofit organizations are susceptible to different types of environmental forces.

Moreover, nonprofit organizations are continuously innovating in services to address the emergent and existing problems in society. Nonprofit organizations find solutions often with limited or no resources except the passion and commitment of stakeholders. These characteristics and contextual factors underlie the different types of change that nonprofit organizations experience.

The fundamental types of change in nonprofit organizations that have been identified in research are reviewed below. While there are different perspectives and significant change in nonprofit organizations, the types of change noted in this chapter have been consistently reported in nonprofit research. Moreover, the general classification of the types of change in nonprofit organizations runs the gamut of the two major typologies of change examined in Chapter 1: first-order and second-order change (Bartunek and Moch 1987) and; the *incremental/discontinuous* and *anticipatory/reactive* change matrix (Nadler and Tushman 1995). The specific change is relative to the context of each nonprofit organization.

Demand for Services

The demand for many of the services of nonprofit organizations has been increasing consistently for many years. As a result of demographic, sociocultural, economic, and political factors, services for seniors, community healthcare, and social housing, for example, have grown significantly (Smith and Phillips 2016). The change has led to emergent services and redesign of existing services. Also, the increase in demand has contributed to change in how nonprofit organizations run their organization, manage people and interact with the community. For example, the demand for the services of *Big Brothers Big Sisters* of Central Minnesota contributed to a major rebranding of the organization (Fig. 2.6).

According to the report in the Saint Cloud Times, the organization wants “every community member to feel the same urgency they do” (Dickrell 2018). The increased demand for services is fueling reorientation for many nonprofit organizations.

Funding

Funding has been arguably the most impactful change in nonprofit organizations. The basic model of funding has become contract-based with narrow service scope and short-term focus typically with annual

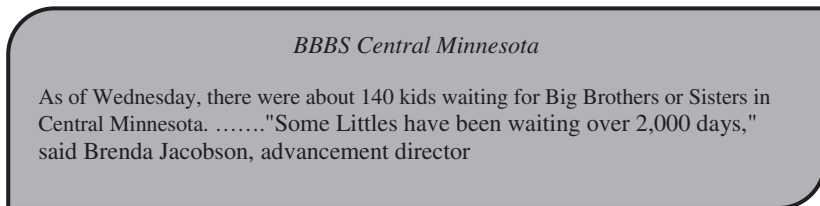


Fig. 2.6 Demand for BBBS services (*Source* Dickrell 2018)

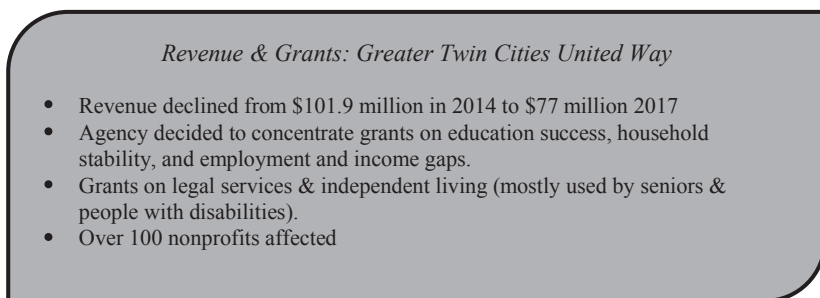


Fig. 2.7 Revenue and United Way grant change (*Source* Prather 2018)

competitive renewal (Smith and Lipsky 1993). For many nonprofit organizations, the funding change has resulted in a perpetual state of funding crisis. Even the reliable United Way funding has seen changes in priorities which require many nonprofit organizations to adapt (see Fig. 2.7). The implication is that the change strategy required to adapt to the funding environment is continuously revised to keep up with the changing requirements of the funders. Importantly, the funding change has in turn become a major change driver in many organizational practices, systems and processes of nonprofit organizations. For example, the impact of funding has played out in the HR practices of nonprofit organizations such as staffing, training, and compensation. These organizational practices are prone to constant change based on the contingency of funding. As a result, a practice or process implemented in one year based on the requirements of a specific funding may need to

be replaced the next year to meet the expectations of another funding organization.

Government Relations

The notion that government relations is a change factor in nonprofit organizations is not borne out of only the change in the political scene in terms of the government of the day. Government is change on two inter-related fronts. One, for many nonprofit organizations, the government is perhaps is the most critical stakeholder and partner in the delivery of public goods and services (Scott 2003). Nonprofit human services such as community healthcare, homeless, senior, and youth services are provided in partnership based on government policy and programs. Two, the government is the primary source of funding for many nonprofit organizations in the USA, Canada, and the UK. The change initiatives brought about as a result of either or both of these interrelated shifts in the relationship between the government and nonprofit organizations are continuously evolving. The significant downloading of public services and the partnership in the delivery of such services has required nonprofit organizations to be more reactive to the interests and whims of the government based on their political stripes (Frumkin and Andre-Clark 2000). Nonprofit organizations provide services emphasized by government policy. If there is a change in government policy, the nonprofit organization must change the service they offer in order to adapt. In addition, the impact of the change in government relations include increased need for compliance, financial management and government dictated accountability. In effect, the organizational practices, roles, and responsibilities of nonprofit organizations are adapted to align with the change in government relations. Typically, these processes will involve tensions between employees, management, and members of the board of directors.

Professionalism

Nonprofit organizations have experienced an unprecedented wave of professionalism over the past number of years. Often one of the less discussed types of change in nonprofit organizations, professionalism is driven by a variety of factors including funding requirements,

competition, and the influence of board members who are professionals (Parsons and Broadbridge 2004). The professionalism change has impacted how nonprofit organizations operate, interact with stakeholders, and the marketing of the services of the organization. Professionalism has been a source of benefits and tensions for nonprofit organizations. On the one hand, it has contributed to the development of the sector as a whole (Leete 2006). Professionalism is also the major driving force behind the significant increase in educational and training programs that focus specifically on nonprofit organizations and the formalization of organizational processes in many small nonprofit organizations. A study found that professionalism in terms of managerial practices is related to employee satisfaction (Melnik et al. 2013). On the other hand, professionalism has contributed to the increased bureaucracy in the day-to-day activities and adoption of management practices from for-profit business organizations. It has also been highlighted as a factor in the tension between a focus on the mission and the bottom-line. Professionalism is a change that continues to shape different components of nonprofit organizations including the role of volunteers.

Mission and Sustainability

Nonprofit organizations are established to achieve a mission. The mission translates the ideals and problems that underlie the organization into concrete goals and scope of services. However, in recent years, one of the major changes in nonprofit organizations has been the tension or conflict between the focus on the mission and sustainability of the organization. In other words, it is about whether the mission must guide all strategies, practices, and interactions of the organization or can the organization make decisions based on operational needs and sustainability without emphasizing the mission. Although this is often related to the financial bottom-line, it is not always the case. Mission and sustainability change can also be attributed to disconnect with the mission (Fox 2013). Specifically, managers and board members may be amenable to relevant services or direction that may not be directly in line with the mission. It can also be a controversial decision or partnership designed to help the organization to advance the mission in new areas. For example, the collaboration between the *Metropolitan Museum of Art*, *Museum of Modern Art*, *Brooklyn Museum* and Saudi Arabia's new King Abdulaziz Center for World Culture (known as Ithra) on the Arab Art Education

Initiative raised questions about mission, values and money after the murder of journalist *Jamal Khashoggi* (Levine 2018). Either driven by funding reality or a soft emphasis on the mission, the change is the same for the organization. Research sometimes calls this practice mission creep. But the change is not only about mission creep. It is a change that is based on the constant tension about practicality (Rosenbaum et al. 2017), whether to stick strictly to the mission or make strategic choices which are not necessarily consistent with the mission and even values of the nonprofit organization. The constant tension between the mission and sustainability (or survival) is an ongoing change for many nonprofit organizations. The centrality of mission and values means that this change has implications for the strategy and operations of a nonprofit organization.

Social Enterprise

Research has repeatedly highlighted that nonprofit organizations have embraced social enterprise as a major change strategy (Mosley et al. 2012). This could range from all an out social business to different forms of commercial hybrid ventures developed to increase revenue (Carroll and Stater 2009). However, since it combines the need to sustain the mission and diversify the revenue sources of the organization, social enterprise initiatives of nonprofit organizations have become one of the major change strategies in the sector. Small and large nonprofit organizations alike have embraced social enterprise as a key change. The impacts of social enterprise as change in nonprofit organizations are multidimensional (Mosley et al. 2012). They identified three top impacts:

1. Nonprofit organizations draw on this change to diversify their services. The service introduced as part of the change may not necessarily be directly related to the existing services of the organization.
2. Social enterprise change enhances the organizational flexibility of the nonprofit. The earned income from the enterprise provides the organization more leverage to better respond to the shifts in the environment while emphasizing the mission and the important stakeholders.
3. Social enterprise change is a leading contributory factor in the ability of a nonprofit to be self-sufficient. At least to some extent, it helps the nonprofit organization to be in the driver's seat in terms

of its strategic choices and operations. Social enterprise as a change strategy also helps the organization to mitigate the hit-or-miss of funding which has become the number one challenge for many nonprofit organizations.

However, social enterprise change has also been a source of tension for nonprofit organizations. The change could be a challenge for the typically resource deficit nonprofit organizations because it diverts limited resources to enterprise ventures that are prone to business risks. The financial and reputation losses from social enterprise can affect the nonprofit in other areas. Also, many nonprofit organizations have experienced difficulty transitioning the services they provide to a social enterprise model (Smith and Phillips 2016). Another challenge for some nonprofit organizations is the inability to raise the capital and develop the human resources required to support their social enterprise initiative.

Performance Measures

One of the distinguishing characteristics of nonprofit organizations is the lack of a universally accepted measure of performance. The mission of each organization is the core performance indicator of the nonprofit (Bradach et al. 2008). There are no nonprofit equivalents of quarterly earnings and return on equity. In effect, the measures of organizational performance are relative to the services of the nonprofit. Often, the measures are qualitative indicators of client's well-being. However, the practice in terms of performance measures has changed significantly in recent years. The change is that the performance measures are different, they are continuously evolving and are dictated by funders. In Fig. 2.8, Fox (2017) succinctly captures the challenges of performance measures in the sector. Nonprofit organizations are required to meet rigorous performance measures that are based on outcomes determined by the funder. The measures may not be consistent with the mission and outcomes of the nonprofit organization.

Change means there are questions about whether the performance measures are measuring indicators that are important to the nonprofit, their clients and other stakeholders. Also, there are questions about how to measure and report the indicators of service outcomes. Change also means that many nonprofit organizations are regularly in flux about the

Challenges of Nonprofit Performance Measures

Any nonprofit leader who's ever completed a report to a funder understands the difficulty inherent in measuring impact. Changing lives or social structures doesn't happen in neat quarterly increments. Up-front investments may take years to show payoff.

Fig. 2.8 Nonprofit performance measures (*Source* Fox 2017)

performance measures that are applicable to their programs. In addition, change could also trigger tension among stakeholders about the measures that should be emphasized. For many small nonprofit organizations, the performance measures are a major financial and human resources challenge for the organization.

Together, these changes are transforming the nonprofit sector. Although there are other changes in nonprofit organizations, each one is intrinsically linked to the changes discussed above. The ability of a nonprofit to develop a change vision and implement strategies to help the organization to adapt to these changes is critical to the effectiveness of the organization. Moreover, since the changes are related to the performance expectations of stakeholders, they are an imperative for the nonprofit organization. Thus, nonprofit managers must understand the importance of change readiness and the need to integrate change with the systems and processes of the nonprofit.

NONPROFIT CHANGE STRATEGIES

Nonprofit organizations are continuously developing diverse strategies to adapt to change in their environment. Although each nonprofit is different in terms of the mission, scope, and size, the challenges of change are consistent across the sector. Also, while the context of each organization may vary in relation to the drivers of change, the need to develop and implement change strategies is not diminished. Nonprofit organizations are finding adaptive solutions irrespective of their limited capacity. Bearing in mind that the complex and continuously changing external environment makes the ability of nonprofit organizations

to adapt to change particularly constrained, the combination of emerging competition and the unpredictability of access to resources further heighten the challenges. In this final part of the chapter, we provide an overview of the change management strategies that nonprofit organizations have implemented to adapt to change and position the organization for change readiness (Alexander 2000; Akingbola 2006; Mosley et al. 2012).

Strategic Expansion

Nonprofit organizations are increasingly using strategic expansion to add new services and new geographic areas in order to adapt to change in demand for services. The organizations deploy service expansion as a growth strategy often as a response to the availability of new funding. Many nonprofit organizations implement strategic expansion and target funding to support the new services. Regardless of the drivers of the strategy, nonprofit organizations that expand services to adapt to change must implement HRM practices to support the growth strategy. For example, recruitment and training must be aligned with the strategic expansion (Fig. 2.9).

Strategic Partnership

Nonprofit organizations are collaborating to adapt to change. The organizations collaborate with other nonprofit organizations to combine the limited resources of each partner including human capital and funding. Nonprofit organizations also collaborate with the government

Olive Branch Mission Adapts to Change

After noticing significant change including growing need, shrinking resources and a shift in the face of homelessness from male panhandlers to entire families, Olive Branch adapted by offering services to meet the needs of clients and realigning the priorities of the organization. The mission provides meals, beds, addiction treatment and employment and housing assistance.

Fig. 2.9 Shelter adapts to change (Source Ryan 2010)

and advocacy groups to manage change in the external environment. Strategic partnerships enhance the collective ability of the organizations to respond to the emergent needs of the community. It has also been a major factor in driving social innovation in the sector. For many nonprofit organizations, strategic partnership is needed in order to survive. Whether the goal is survival, innovation or simply responding to emergent demands in the community, strategic partnership has become one of the leading strategies nonprofit organizations implement to adapt to change. For example, the *New Americans Campaign* partnership created by six grantmakers to highlight the contributions of immigrants to communities and the economy has led to innovation and partnerships at the local level (Cha et al. 2017). Many nonprofit organizations also implement strategic partnership as a growth strategy.

Strategic Resizing

The challenge of change is overwhelming for many nonprofit organizations. Irrespective of the size and scope of the organization, change has heightened the need for efficiency in the sector. Therefore, it is not rare to find a nonprofit that implements strategic resizing in order to adapt to change. Strategic resizing involves restructuring and downsizing of the organization as a key component of a change strategy. The use of strategic resizing of has become standard practice for some nonprofit organizations. Moreover, the funding regime in which nonprofit organizations are likely to be forced to cut services and staffing level in order to adapt to the needs of funders has contributed to the use of strategic resizing in change management. Often the use of strategic resizing may result from declining demand for the services of the nonprofit or an end to a partnership that has provided a reliable source of demand for the services. Thus by necessity, the affected nonprofit organizations must deploy cost cutting to adapt to the change. Take for example the recently announced decision to end the relationship between the *Boy Scout of America* and the *Mormon Church* (Wamsley 2018). The reports indicate that both organizations separately are addressing the needs to adapt to change in their external environment (Schmidt 2018). Importantly, since the *Mormon Church* is the single largest source of participants for the Boy Scouts in the United States representing about 18.5% of the 2.3 million youth in the organization (Wamsley 2018), it is expected that the end of the relationship will cost the Boy Scouts financially and also in terms

of human capital. Hence, one would expect that the change is likely to result in strategic resizing within the Boy Scouts organization down the road.

Revenue Diversification

Nonprofit organizations have also adopted revenue diversification as a change strategy. The focus of this strategy is to ensure that the organization can mitigate the dependence on one or two major sources of funding. Although revenue diversification is likely to be linked to new services or extending current services to new areas which could provide opportunities to access additional funding, the strategy may not necessarily involve the addition of new services. A nonprofit can diversify revenue by seeking additional sources of funding for its current services. The key emphasis in revenue diversification as a change strategy is to maintain a balance between the need of the organization to adapt to change and the importance of the mission. It is a risk management strategy that can help the organization to cushion the effects of uncertainty. For example, if a major funder decides to pull the plug out of the blue due to a change in funding focus. This scenario was highlighted as part of the factors that contributed to the demise of *Federation Employment and Guidance Services* (FEGS), a New York nonprofit that provides services to the most vulnerable in society after the organization reported an unexpected loss of \$19.4 million the previous year (Agovino 2015). Diversification helps nonprofit organizations to protect the mission from the impact of change especially in funding. For example, during the 2008 recession, many nonprofit organizations were able to continue to deliver services to the most vulnerable in the society due to the diversification of revenue sources. As highlighted earlier in the chapter, many funding bodies including the *United Way* reduced funding to nonprofit organizations as a result of the recession. Revenue diversification is not only an important change readiness strategy but also an element of best practices and continuous improvement in funding.

Leveraging Advocacy

Advocacy and facilitating social change are central to the *raison d'être* of nonprofit organizations. The different drivers of change in the sector such as increased demand for services and funding change require

nonprofit organizations to take a stand. Nonprofit organizations need to take a stand and speak out loudly to make a difference for the vulnerable and the marginalized in society. As community organizations, many nonprofit organizations actualize grassroots values and structure in their activities. In times of change, it is not a surprise to see that many nonprofit organizations have drawn on this strength of their organization to adapt. Nonprofit organizations deploy advocacy to adapt to the change in two overlapping ways. First, nonprofit organizations advocate for their clients or draw attention to issues relating to their mission and services in order to address the problems of society. This could lead to new avenues for funding which the nonprofit can tap into and use to expand its services (Mosley et al. 2012). Second, nonprofit organizations deploy advocacy to counteract and resist funding cuts especially by the government. The use of advocacy as change strategy could start as a result of the specific decision of the funder that directly affects the nonprofit. The organization could also build on existing advocacy efforts to help mitigate the impact of change. Since advocacy requires resources, research has suggested that large nonprofit organizations are more likely to use this strategy (Mosley 2010). The impact of this strategy is that the nonprofit can lead change by being ahead of the pack through advocacy.

In all, nonprofit organizations are deploying diverse strategies to adapt to change. The change strategies that are adopted in each nonprofit are relative to factors such as the mission and specific contextual factors including the size, age, and the board of directors of the organization.

CONCLUSION

Change pervades the environment of nonprofit organizations. It is a reality that nonprofit organizations cannot afford to ignore. The reality of change means that nonprofit organizations must understand change in the external environment and position the organization to effectively adapt in a timely manner. This chapter examines the nature and drivers of change in nonprofit organizations. It offers a comprehensive insight into why change in nonprofit organizations is unique and the contextual factors that shape the dynamics of change in the sector. Also, it highlights the specific characteristics of change and the strategies that nonprofit organizations implement to manage change. Throughout the chapter, the challenges that underlie change and play an important role

in the ability of the organization to adapt such as lack of resources and dependence on government were discussed. Together, the elements of change discussed in this chapter emphasize the need for change processes and tools to consider and incorporate the factors that define the unique context of nonprofit organizations.

DISCUSSION QUESTIONS

A nonprofit organization has contracted you to complete an analysis of major change issues in its environment.

1. What are the basic characteristics of nonprofit organizations that you will highlight?
2. Who are the important stakeholders in the operations of a nonprofit organization?
3. What factors would you consider as the drivers of change in the nonprofit organization?
4. Identify some of the challenges you will recommend the nonprofit organization to plan to manage.
5. Discuss two strategies you will suggest for the nonprofit organization to adopt to manage change and explain why.

REFERENCES

- Agovino, T. (2015, January 30). Major Social-Service Nonprofit to Shut Down. *Crain's*. <https://www.crainsnewyork.com/article/20150130/NON-PROFITS/150139985/major-social-service-nonprofit-to-shut-down>. Retrieved from January 2018.
- Akingbola, K. (2006). Strategic Choices and Change in Non-profit Organizations. *Journal of Strategic Change*, 15(6), 265–281.
- Akingbola, K. (2015). *Managing Human Resources for Nonprofits*. New York: Routledge.
- Alexander, J. (2000). Adaptive Strategies of Nonprofit Human Service Organizations in the Era of Devolution and New Public Management. *Nonprofit Management and Leadership*, 10(3), 287–303.
- Alexander, J., Brudney, J., & Yang, K. (2010). Introduction to the Symposium: Accountability and Performance Measurement: The Evolving Role of Nonprofits in the Hollow State. *Nonprofit Management and Leadership*, 39(4), 565–570.

- Anheier, H. (2005). *Nonprofit Organizations Theory Management Policy*. London: Routledge.
- Anheier, H. K. (2009). What Kind of Nonprofit Sector, What Kind of Society? Comparative Policy Reflections. *American Behavioral Scientist*, 52, 1082–1094.
- Bartunek, J. M., & Moch, M. K. (1987). First-Order, Second-Order, and Third-Order Change and Organization Development Interventions: A Cognitive Approach. *The Journal of Applied Behavioral Science*, 23(4), 483–500.
- Bennett, R., & Savani, S. (2011). Surviving Mission Drift: How Charities Can Turn Dependence on Government Contract Funding to Their Own Advantage. *Nonprofit Management and Leadership*, 22(2), 217–231.
- Besley, T., & Ghathak, M. (2017). Profit with Purpose? A Theory of Social Enterprise. *American Economic Journal: Economic Policy*, 9(3), 19–58.
- Betz, M. (2018, September 12). The New Nonprofit Pharmaceutical World: What's Up with That? *Nonprofits Quarterly*. <https://nonprofitquarterly.org/2018/09/12/the-new-nonprofit-pharmaceutical-world-whats-up-with-that/>.
- Boris, E. T., de Leon, E., Roeger, K. L., & Nikolova, M. (2010). Human Service Nonprofits and Government Collaboration. *Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants*. The Urban Institute. <http://www.urban.org/uploadedpdf/412228-nonprofit-government-contracting.pdf>. Retrieved from December 2013.
- Bradach, J. L., Tierney, T. J., & Stone, N. (2008, December). Delivering on the Promise of Nonprofits. *Harvard Business Review*, 86, 1–10.
- Carroll, D. A., & Stater, K. J. (2009). Revenue Diversification in Nonprofit Organizations: Does It Lead to Financial Stability? *Journal of Public Administration Research and Theory*, 19(4), 947–966.
- Castaneda, M. A., Garen, J., & Thornton, J. (2008). Competition, Contractibility, and the Market for Donors to Nonprofits. *Journal of Law, Economics, and Organization*, 24(1), 215–246.
- Cawsey, T. F., & Deszca, G. (2007). *Toolkit for Organizational Change*. Thousand Oaks, CA: Sage.
- Cha, C., Cheng, A., Dorosin, L., & Mannion, G. (2017). By Teaming to Help Immigrants Become Citizens, Grant Makers Can Reject Today's Vitriol. *The Chronicle of Philanthropy*. <https://www.philanthropy.com/article/Opinion-How-a-Philanthropic/240194>. Accessed November 2018.
- Chetkovich, C., & Frumkin, P. (2003). Balancing Margin and Mission: Nonprofit Competition in Charitable Versus Fee-Based Programs. *Administration & Society*, 35(5), 564–596.
- Dickrell, S. (2018, October 31). Our Kids Needed You Yesterday': Nonprofit Rebrands, Gets Bolder with Requests for Bigs. *Saint Cloud Times*. <https://www.sctimes.com/story/news/local/2018/10/31/minnesota-big-brothers-big-sisters-new-brand/1525391002/>. Accessed November 2018.

- Foster, M. K., & Meinhard, A. (2002). A Contingency View of the Responses of Voluntary Social Service Organizations in Ontario to Government Cutbacks. *Canadian Journal of Administrative Sciences*, 19(1), 27–41.
- Fox, H. L. (2013). The Promise of Organizational Development in Nonprofit Human Services Organizations. *Organization Development Journal*, 31(2), 72–80.
- Fox, J. (2017, November 20). Does the Nonprofit Sector Need Its Own Dow Index? *Nonprofit Quarterly*. <https://nonprofitquarterly.org/2017/11/20/nonprofit-sector-need-dow-index/>. Accessed October 2018.
- Frumkin, P., & Andre-Clark, A. (2000). When Missions, Markets, and Politics Collide: Values and Strategy in the Nonprofit Human Services. *Nonprofit and Voluntary Sector Quarterly*, 29(1), 141–163.
- Glaeser, E. L. (2003). *The Governance of Not-for-Profit Organizations*. Chicago: University of Chicago Press.
- Golden-Biddle, K., Germann, K., Reay, T., & Procyshen, G. (2007). Creating and Sustaining Positive Organizational Relationships: A Cultural Perspective. In J. E. Dutton & B. R. Ragins (Eds.), *Exploring Positive Relationships at Work: Building a Theoretical and Research Foundation* (pp. 289–306). Mahwah, NJ: Lawrence Erlbaum.
- Gordon, C. W., & Babchuk, N. (1959). A Typology of Voluntary Associations. *American Sociological Review*, 24, 22–29.
- Hall, H. (2009, March 31). Half of Charity Campaigns Plan to Extend the Length of the Drive, Survey Finds. *Chronicle of Philanthropy*. <http://philanthropy.com/blogs/conference/half-of-charity-campaigns-plan-to-extend-the-length-of-the-drive-survey-finds/10505>.
- Herman, R. D., & Renz, D. O. (2004). *Investigating the Relation Between Good Management, Financial Outcomes and Stakeholder Judgement of Effectiveness in Donative and Commercial Nonprofit Organizations*. Paper presented at the Annual Conference of the Association for Research on Nonprofit Organizations and Voluntary Action, Los Angeles.
- Hrywna, M. (2015). Los Angeles OKs Paying Full Cost of Contracted Services. *The Nonprofit Times*. <http://www.thenonprofitimes.com/news-articles/los-angeles-oks-paying-full-cost-of-contracted-services/>.
- Huggett, J. (2008). Who Decides? Mapping Power and Decision Making in Nonprofits. *Nonprofit Quarterly*. <https://nonprofitquarterly.org/2008/09/21/who-decides-mapping-power-and-decision-making-in-nonprofits/>.
- Jeavons, T. (1992). When the Management Is the Message: Relating Values to Management Practice in Nonprofit Organizations. *Nonprofit Management and Leadership*, 2, 403–417.
- Johnson, C. Y. (2018). Hospitals Are Fed Up with Drug Companies, so They're Starting Their Own. *Washington Post*. <https://www.washingtonpost.com/national/health-science/hospitals-are-fed-up-with-drug-companies-so-theyre-starting-their-own/2018/09/05/61c27ec4-b111-11e8-9a6a->

- [565d92a3585d_story.html?noredirect=on&utm_term=.1f40ffbe564d](https://www.yale.edu/insights/565d92a3585d_story.html?noredirect=on&utm_term=.1f40ffbe564d). Accessed September 2018.
- Laporte, S., Kelly, D., & Agbabiaka, T. (2018). Can Technology Transform the Nonprofit Sector? *Yale Insights*. <https://insights.som.yale.edu/insights/can-technology-transform-the-nonprofit-sector>. Accessed September 2018.
- Leete, L. (2006). Work in the Nonprofit Sector. In W. Powell & R. Steinberg (Eds.), *The Non-profit Sector: A Research Handbook*. New Haven and London: Yale University Press.
- Levine, M. (2018, November 1). When Money, Mission, and Values Collide: Another Story from Museumland. *Nonprofit Quarterly*. https://nonprofitquarterly.org/2018/11/06/when-money-mission-and-values-collide-another-story-from-museumland/?utm_source=NPQ+Newsletters&utm_campaign=81b3d01ae8-EMAIL_CAMPAIGN_2018_01_11_COPY_01&utm_medium=email&utm_term=0_94063a1d17-81b3d01ae8-12325517&mc_cid=81b3d01ae8&mc_cid=ade6362326. Accessed November 10, 2018.
- McCoy, K., & Dorell, O. (2008). It's a Hard Time to Be a Charity. *USA TODAY*. https://usatoday30.usatoday.com/money/economy/services/2008-10-26-fund-raising-crisis-donations-charities_N.htm. Accessed January 2018.
- McHatton, P. A., Bradshaw, W., Gallagher, P. A., & Reeves, R. (2011). Results from a Strategic Planning Process: Benefits for a Nonprofit Organization. *Nonprofit Management and Leadership*, 22(2), 233–249.
- Melnik, E., Petrella, F., & Richez-Battesti, N. (2013). Does the Professionalism of Management Practices in Nonprofits and For-Profits Affect Job Satisfaction? *The International Journal of Human Resource Management*, 24(6), 1300–1321.
- Mogus, J., & Levihn-Coon, A. (2018, February 6). What Makes Nonprofit Digital Teams Successful Today? *Stanford Social Innovation Review*. https://ssir.org/articles/entry/what_makes_nonprofit_digital_teams_successful_today. Accessed September 28, 2018.
- Mosley, J. E. (2010). Organizational Resources and Environmental Incentives: Understanding the Policy Advocacy Involvement of Human Service Nonprofits. *Social Service Review*, 84(1), 57–76.
- Mosley, J. E., Maronick, M. P., & Katz, H. (2012). How Organizational Characteristics Affect the Adaptive Tactics Used by Human Service Nonprofit Managers Confronting Financial Uncertainty. *Nonprofit Management and Leadership*, 22(3), 281–303.
- Moulton, S., & Eckerd, A. (2012). Preserving the Publicness of the Nonprofit Sector: Resources, Roles, and Public Values. *Nonprofit and Voluntary Sector Quarterly*, 41(4), 656–685.
- Nadler, D. A., & Tushman, M. L. (1995). Type of Organizational Change: From Incremental Improvement to Discontinuous Transformation. In D. A. Nadler, R. B. Shaw, & A. E. Walton (Eds.), *Discontinuous Change: Leading Organizational Transformation* (pp. 14–33). San Francisco: Jossey-Bass.

- Parsons, E., & Broadbridge, A. (2004). Managing Change in Nonprofit Organizations: Insights from the UK Charity Retail Sector. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 15(3), 227–242.
- Prather, S. (2018, October 18). Greater Twin Cities United Way Narrows Focus of Its Grantmaking. *Star Tribune*. <http://www.startribune.com/greater-twin-cities-united-way-narrows-focus-of-its-grantmaking/497973751/>. Accessed October 31, 2018.
- Putnam, R. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster.
- Quarter, J. (1992). *Canada's Social Economy: Co-operatives, Nonprofits and Other Community Enterprises*. Toronto: James Lorimer & Company.
- Rosenbaum, D., More, E., & Steane, P. (2017). A Longitudinal Qualitative Case Study of Change in Nonprofits: Suggesting a New Approach to the Management of Change. *Journal of Management & Organization*, 23(1), 74–91.
- Ryan, A. (2010). Chicago Mission on Front Lines of Homeless Crisis. *USA Today*. https://usatoday30.usatoday.com/news/nation/2010-02-15-Chicago-mission_N.htm. Accessed October 15, 2018.
- Salamon, L. M., Hems, L. C., & Chinnock, K. (2000). *The Nonprofit Sector: For What and for Whom?* (Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project No. 37). Baltimore, MD: The Johns Hopkins Center for Civil Society Studies.
- Schmidt, S. (2018, May 9). Mormon Church Breaks All Ties with Boy Scouts, Ending 100-Year Relationship. *Washington Post*. https://www.washingtonpost.com/news/morning-mix/wp/2018/05/09/mormon-church-breaks-all-ties-with-boy-scouts-ending-100-year-relationship/?noredirect=on&utm_term=.09d5add05eea. Accessed October 30, 2018.
- Scott, K. (2003). *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations*. Ottawa: Canadian Council on Social Development.
- Smith, R., & Lipsky, M. (1993). *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge: Harvard University Press.
- Smith, S. R., & Phillips, S. D. (2016). The Changing and Challenging Environment of Nonprofit Human Services: Implications for Governance and Program Implementation. *Nonprofit Policy Forum*, 7(1), 63–76.
- Wamsley, L. (2018, May 9). Mormon Church Will Sever Ties with Boy Scouts, Create Own Youth Program. *NPR*. <https://www.npr.org/sections/theway/2018/05/09/609697466/mormon-church-will-sever-ties-with-boy-scouts-create-own-youth-program>. Accessed September 15, 2018.



A Model of Change for Nonprofit Organizations

How can nonprofit organizations plan and implement change? The discussion in Chapter 2 provides in-depth insight into the context of change in nonprofit organizations. The chapter explains the dynamics of change emphasizing how the drivers of change, types of change, and the strategies nonprofit organizations deploy to manage change reflect the characteristics of organizations in the sector. This discourse of what nonprofit organizations experience and do about change highlight one core element of the systems perspective, the interdependence between the nonprofit and the environment including both the external and internal environment of the organization. The previous chapters have enhanced our knowledge of change as uncertainty, volatility and survival imperative that nonprofit organizations must do something about. For example, *Ontario Nature*, a conservation nonprofit organization in Ontario, Canada knew that a change in government policy on climate change will likely impact its mission. To address the change, the organization joined over 60 members of the *Clean Economy Alliance Network* to advocate for a climate change plan that supports the province's growing clean economy (Ontario Nature 2018). This example illustrates the drivers, context, and part of the change strategies of Ontario Nature. However, it does not tell us how the change will happen. This is the second core element of change from a systems perspective and it is equally important.

This chapter discusses how nonprofit organizations can plan and implement change. The focus is on the *process* that an organization can use to facilitate change. How can *change implementers* and *change*

initiators work together as change agents to make change happen for the organization? To explain the process of actualizing change, the chapter offers a model that nonprofit organizations can use to make change happen. Since nonprofit organizations are unique in terms of their characteristics and processes, the model draws on relevant perspectives in organizational and nonprofit management theories to explain how to implement change in a nonprofit organization. First, the chapter will briefly review two leading change management models and offers a conceptualization of the environment of nonprofit organizations. It will explain why a nonprofit change model is necessary before presenting the model.

LEWIN'S THREE-STEP CHANGE MODEL

There are many models of change in management and academic literature. But one element is common in many of these models, they draw in part from the early work of Kurt Lewin (1951). Lewin proposed a three-step model that explains change in terms of a process of modification between opposing forces. On one side, there are forces for stability i.e. status quo and on the other side, the forces for change. The goal is to reach beyond the balance and make change possible by decreasing the forces for stability while increasing the forces for change. Lewin emphasized the importance of a systems perspective including the whole, the context, and the components of the system (Cawsey and Deszca 2007). This change perspective stressed that effective change management must recognize the importance of the complex interplay between the environmental factors that drive change in nonprofit organizations such as funding, government relations, community need, economic and demographic trends and organizational factors (Scott 2009). This point highlights the uniqueness of each change situation in terms of the diverse context, challenges, and people of the organization (Fig. 3.1).

Unfreezing is characterized by the disruption of the status quo that currently exists in the system. This suggests that the fundamental assumptions and practices of the system are questioned and critiqued in



Fig. 3.1 Lewin's three-step change model

order to provide a rationale for the need for change (Cawsey and Deszca 2007). Unfreezing is a prerequisite for change. It is about doing away with the old ways, behaviors, and unlearning in order to be ready to adopt change. Employees must see and buy-into the need for change. For a nonprofit organization in a major city such as Toronto, Canada, changing demography and community needs have contributed to the unfreezing of the status quo in the operating environment of the YMCA of Greater Toronto. The managers of the organization emphasized the impact of the change drivers to create a sense of urgency for the organization (Kotter 1996). This facilitated the disruption of the status quo. The old system in which the services of the nonprofit were constantly determined based on the needs of a small and stable segment of the society was not working. Thus, the need for change was an imperative.

Change in Lewin's model involves the organization determining and formulating a change vision and plan. The change strategies that are possible alternatives are analyzed at this stage to determine the most effective change options for the organization. The determination of the strategies is followed by the implementation. Employees are motivated to actually change their behavior in line with the change vision of the organization. The change phase has many moving parts working in unison to actualize the change including the systems and processes of the organization

Refreezing is about making the change that has been implemented to stick. During this final phase of the transition, the organization must institutionalize the change. The new processes, systems, structure, and behaviors are integrated into the standard operating practices as well as the culture of the organization. They are reinforced as the new way of doing business in the organization. It is important for employees to feel comfortable and safe to use their new behavior without relapsing back to the old ways. Lewis emphasized that it is critical to involve people who are gatekeepers of the system in order for change to succeed. In other words, leadership must ensure that the process is not abandoned after implementation which can result in the erosion of the change.

KOTTER'S CHANGE MODEL

Although most change models are similar, Kotter's eight-stage change model is somewhat unique because it was developed on the basis of findings of what is not working in organizations going through change.

Kotter noted that most change efforts fail with all change initiatives falling somewhere between utter failures and very successful with a “distinct tilt toward the lower end of the scale” (Kotter 1995). Kotter’s model highlights a process for successful organizational change and incorporates planning, implementation, and evaluation. The model integrates the three core elements in most change theories—people, space, and time (Poole 2004). This means that the model encompasses individual, group, and organizational levels of analysis of change. In all, the systems and interdependence between organizational components are fundamental in the change model. Kotter emphasized that successful change is a process that takes time and requires the change agents and stakeholders to effectively manage all the stages in the process.

Beyond being a general process framework, there are two major elements of Kotter’s change model.

- One, the change process has clearly outlined stages that must be implemented sequentially and simultaneously over a period of time.
- Two, failure to manage issues and errors at one stage of the process could have a negative impact for subsequent stages of the process. For example, failure to create a sense of urgency could hamper the ability of the change agents to form a guiding coalition that will include important stakeholders.

Figure 3.2 shows the eight stages followed by an overview of each stage. As noted above, Kotter’s change model is consistent with Lewin’s three-step change model (Johnson and Kavanagh 2018). Stages one to four—creating a sense of urgency to communicating the vision—are consistent with establishing that the old ways are not working and there is a need for change, which is the unfreezing stage in Lewin’s model. Similarly, stages five to seven—empowering others to consolidating wins—are focused on implementing the change in the organization and are consistent with the change phase in Lewin’s model. The final stages in both models—*refreezing* and *institutionalizing* change respectively—are intended to make the change part of the standard practices of the organization.

1. *Establish a sense of urgency.* This is all about establishing the need for change and emphasizing the urgency to see what is going on in the environment as important. For the nonprofit, it could be

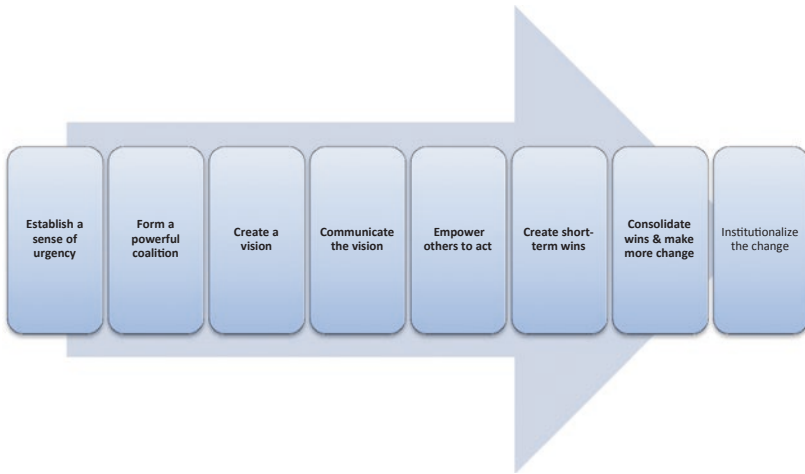


Fig. 3.2 Kotter's eight-stage change model

the emergent community need that is related to the mission of the organization or changes in funding program that could threaten the survival of the nonprofit. The environment, stakeholders, and internal situation of the nonprofit may trigger the sense of urgency. What is important is that individuals or groups in the organization identify and create the sense of urgency for employees, volunteers and the board of directors. The sense of urgency is also about raising awareness and understanding why the change is necessary.

2. *Form a powerful coalition.* Bringing the right people together to facilitate the change is critical to get the efforts off the ground. The powerful coalition must obviously include the leadership. But most importantly, the richness of the coalition depends on the diversity of the members of the group in terms of expertise, relationships, positions, representations, and reputations. The powerful guiding coalition that is assembled will lead and champion the change effort.
3. *Create a vision.* The guiding coalition must develop a vision, that is, a credible mirror of the desired future that is shared among stakeholders. The vision signifies the direction of the organization that is developed with the input of the individuals in the guiding coalition. Also developed with the vision, are the credible strategies

that will help the organization to achieve the change vision. The vision and strategies must be clearly articulated in order for stakeholders to understand and buy into it.

4. *Communicate the vision.* In change, communication must be regular, consistent, and with multiple channels. The guiding coalition must use communication to help employees, volunteers, and other stakeholders to gain an understanding of the change. The leadership must communicate the change vision, strategies, and implementation plan to ensure that the change is effective. Communication is also the key to eliciting support for the change throughout the organization. People will not be committed to a change that they are not intimately aware of and do not agree with the vision that has been laid out by the leadership. Continuous communication about the change vision will help the change agent to explain the context, emphasize the drivers, and outline the impact of the change. It is the source of continuous feedback at each stage of the change process.
5. *Empower others to act.* Change is a collective effort. An organization increases the odds of the outcomes of change by giving people the opportunity to act on the change. The guiding coalition must therefore empower employees, volunteers, and stakeholders to initiate and implement ideas within the change vision to make the change a reality. To help others to act, the leadership must remove barriers that may hinder the ability of employees and volunteers to move the change forward. The level of support that they are given by the leadership to drive the change vision is important to cascade change throughout the organization. The leadership must also carefully manage resistance to change. Resistance is an indispensable component of change that must be leveraged to improve the quality of change outcomes.
6. *Create short-term wins.* As noted previously in the chapter, change takes time. It is therefore important to maintain momentum throughout the change process. Organizational leadership must develop and implement short-term goals within the change vision. Achieving the short-term goals are wins that count toward the change vision. The wins are thresholds to celebrate and to build momentum. They motivate employees, volunteers, and stakeholders to continue to be committed to the change and can potentially help to convert those who have been resisting change.

The short-term wins are low hanging fruits that can be used to reward people for their achievement in the change process and to sustain their engagement with the change.

7. *Consolidate improvements and produce more change.* Once change has been implemented, it is important to consolidate the gains brought about by the change. Organizational leadership must leverage the small wins to embark on bigger goals. For example, small gains such as improved customer satisfaction can be the precursor of a complete overhaul of how the systems and structure of the organization support customer services. Big rock changes that are in line with change vision are introduced periodically to fully complete the implementation process. This stage consolidates the improvements by ensuring that the organization builds upon the strengths of the implemented phases of the change.
8. *Institutionalize new approaches.* The organization must ensure that the change becomes part of the culture of the organization. The leadership must make the change to stick by facilitating the gradual integration of the change into the fabrics of the organization. An important practice at this stage is the need to highlight the link between the behavior of the employees and the performance improvements that have resulted from the change. A performance management system that recognizes, measures and rewards the new attitudes and behaviors must be implemented. Also, managers must live the behaviors and attitudes that are consistent with the change in order to reinforce it as a component of the culture of organization. For example, the support and engagement that were implemented as part of the change must become part of the standard practices at both the organizational and team levels.

Kotter's eight-stage model for successful organizational change is a practical tool that managers can adopt to implement their change efforts. The change model includes steps that will facilitate the planning and implementation of change. Kotter noted that successful change is messy and is vulnerable to surprises. However, a clearly articulated change vision can help to minimize the challenges of errors and surprises. The change process requires sustained momentum to avoid relapse including by leadership successors in the organization. A change that is not followed through by successor leadership is bound not to stick.

COMBINED MODELS OF CHANGE

The different models of change that have been proposed in both the academic and practice literature have significant similarities. This has encouraged the comparison of the models. Table 3.1 presents a comparison of models that were published before and after Kotter’s eight-stage

Table 3.1 Comparison of three models

<i>Beer’s six steps for change (1990)</i>	<i>Kanter et al.’s ten commandments for change (1992)</i>	<i>Luecke’s seven steps for change (2003)</i>
Mobilize commitment to change through joint diagnosis of problems	Analyze the organization and its need for change	Mobilize energy, commitment through joint identification of business problems and their solutions
Develop a shared vision of how to organize and manage for competitiveness	Create a vision and a common direction	Develop a shared vision of how to organize and manage for competitiveness
Foster consensus for the new vision, competence to enact it, and cohesion to move it along	Separate from the past	Identify the leadership
Spread revitalization to all departments without pushing it from the top	Create a sense of urgency	Focus on results, not activities
Institutionalize revitalization through formal policies, systems, and structures	Support a strong leader role	Start change at the periphery, and then let it spread to other units pushing it from the top
Monitor and adjust strategies in response to problems in the revitalization process	Line up political sponsorship	Institutionalize success through formal policies, systems, and structures
	Craft an implementation plan	Monitor and adjust strategies in response to problems in the change process
	Develop enabling structures	
	Communicate, involve people, and be honest	
	Reinforce and institutionalize change	

Source The table is adapted from a comparison of four models by Cawsey and Deszca (2007). They indicated that their table is based on articles by Todnem By (2005) and Beer et al. (1990)

model (Cawsey and Deszca 2007). The comparison of models has influenced the collapsing of the different steps in the respective models into one common model that includes multiple elements from the diverse frameworks. The Advisory Board, a US healthcare management best practices firm developed a model distillation of the well-known change frameworks. The Advisory Board's model has eight steps: (i) define the project; (ii) form a change team; (iii) create a vision of change; (iv) communicate the vision; (v) generate active support; (vi) create progress visibility; (vii) engrain change into culture; and (viii) align organization for success. The model incorporates all the components of the change process including project definition to aligning the change with future organizational progress.

In addition to Lewin's three-step change model and Kotter's eight-stage model reviewed above, the distillation of change models integrates the element of other models in the comparison table. The processes are based on the inevitable role of the change agents to develop and implement the change vision, build commitment, and provide support. As highlighted in the varied models in the comparison that make up the distillation, employees, and stakeholders are not likely to be committed to change without a clear vision and engagement. Regardless of models, change must guide and mobilize people to facilitate system transformation and renewal to achieve new possibilities for the organization.

NONPROFIT CHANGE MODEL

As noted in Chapter 2, nonprofit organizations are unique in terms of their characteristics, change drivers and context. As a result, one can question the suitability of many of the models developed for managing change in organizations with different contexts and factors. In other words, can nonprofit organizations effectively facilitate change with models developed for implementation of a programmatic type of change (Nohria and Khurana 1993) and in organizations that are not focused on social mission, diverse stakeholders, and similar contexts? Although this question has not been explicitly answered in research, evidence on applicability of business management practices in nonprofit organization suggests that the models may not be consistent with the community and social origin of nonprofit organizations (Akingbola 2006). For example, factors specific

to the nonprofit organizations such as multiple stakeholders, government funding, nonmarket exchange of services and coproduction between employees and volunteers are not explicit in the typical change model.

But, change is a serious threat and source of opportunities for nonprofit organizations. The impact of change in the competitive environment of nonprofit organizations can have deeper implications for the quality of the congruence with the environment. The overview of change in nonprofit organizations in chapter two shows that change has the potential to disrupt the mission, existing services, and practices. This emphasizes the need for strategic rethinking and the realignment of factors in the change process with the context of nonprofit organizations.

Drawing on the nonprofit organizational factors, the next section discusses the problems that characterize the environment of nonprofit organizations (Akingbola 2005). The problems are the issues that the leadership including management and volunteer board members in nonprofit organizations must solve to adapt to change. They are the underlying assumptions about the environment of nonprofit organizations and the basis of effective change management. Essentially, the problems are the conceptual explanation of the change drivers examined in Chapter 2. Following the problems, we will propose a change model that focuses specifically on nonprofit organizations. The model highlights the process a nonprofit organization can deploy to implement change. It illustrates how different nonprofit organizations could adapt to change in their environment.

Nonprofit Operating Environment

The operating environment of nonprofit organizations includes factors specific to the sector such as community, government, funding, accountability, and multiple stakeholders. These factors are the important aspects of their environment. The nonprofit operating environment therefore consists of problems that the leadership must solve to help the organization to adapt to change and achieve organizational effectiveness. The problems can be classified into three categories: (1) *Life problems*, (2) *Pertinent problems*, and (3) *Reach problems*. The environmental problems are ordered such to signify their level of importance. In other words, an organization must solve its *Life problems* in order to be effective with its *Pertinent problems*. Moreover, as indicated in the following discussion, there are components of each of these problems that must be addressed by the nonprofit organization (Fig. 3.3).

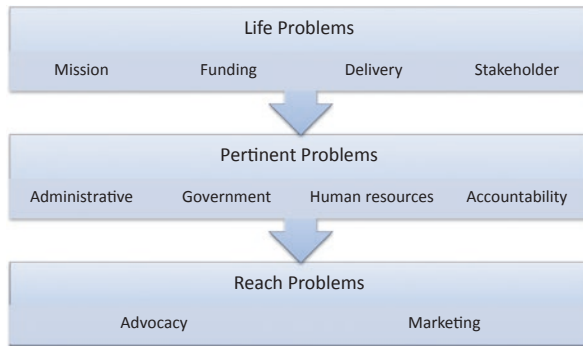


Fig. 3.3 Challenges in nonprofit environments

Life Problems

Life problems are issues and challenges that are most fundamental to the existence of nonprofit organizations. All nonprofit organizations regardless of size, structure, service or program, legal status and values, must solve these challenges. From the small self-help groups to the international nonprofit agencies such as Red Cross and CARE, these issues are basic to their existence. However, large nonprofit organizations in terms of size and scope are more likely to have the formal structure and process to address the problems. The ability of the leadership to solve these problems is not necessarily an indication of change management competencies. Rather, it is about basic survival of the organization. In other words, the guiding coalition within a nonprofit must ensure that the organization could withstand the primary challenges of the operating environment by solving life problems. The life problems of a nonprofit organization are:

- (a) *Mission*: The purpose of the nonprofit must be translated into goods and services. The goods and services could be formal or informal, but most importantly, it must meet the needs identified as part of community problem-solving activities that necessitated the establishment of the nonprofit. The goods and services could also reflect public policy, collective action of a segment of society or global humanitarian objectives.
- (b) *Funding*: The leadership must solve the problem of funding. The definition of funding in this context extends beyond financial

resources; it includes time and labor because most nonprofit organizations depend on the time and labor donated by volunteers to provide services. In more formal nonprofit organizations, funding would include donations from members or participants, individuals, private foundations, and government funding. Because of funding, it can be argued that nonprofit organizations are more susceptible to their environment than organizations in other sectors. The nonprofit leadership must develop strategies to address the funding problem on a continuous basis.

- (c) *Delivery*: A format or process for delivering the services must be developed and implemented as the core operations of the nonprofit organization. The nonprofit leadership must ensure that the service delivery format they adopt is conducive for the clients or members of the organization. The delivery does not necessarily have to involve complex logistics and systems. For example in a small community self-help nonprofit group, it can simply be to agree upon a meeting time and format for discussion. The leadership must also ensure that the service is not muddled or diluted in the process of delivery. In other words, the actual service identified above must be what the process is delivering.
- (d) *Stakeholders*: The leadership must satisfy the primary stakeholders that their activities are aimed at achieving the mission of the nonprofit organization. This problem, which can be described as *core accountability*, is particularly challenging because power struggle and interpersonal differences could overshadow the stated objectives of the nonprofit organization. It is therefore imperative for the leadership to continuously highlight that their activities are consistent with the mission of the nonprofit organization. Often, especially in small self-help groups, the primary stakeholder is the entire group, which consists of the volunteer leadership and the few members who initiated the group.

Pertinent Problems

Problems in this category are important but not basic to the survival of the nonprofit organization. *Pertinent problems* are related to the size and scope of nonprofit organizations—the more formal the nonprofit, the more likely the need for the leadership to solve pertinent problems. Small advocacy, self-help and ethno-cultural groups are less likely to have the problems at this level. Unlike *Life problems*, the ability of the

leadership to solve *Pertinent problems* is an indication that the nonprofit could operate as a formal organization and adapt to the higher level challenges in the environment. In other words, the nonprofit is able to position the organization to adapt to the challenges of change in the operating environment. The *Pertinent problems* that the nonprofit organizations must address are:

- (a) *Administrative*: Similar to the administrative problem in for-profit organizations, the leadership must solve the problem of administrative support structure and process required by nonprofit organizations to operate effectively. By solving administrative problems, the leadership would not only ensure that current issues are addressed but also will establish the support structure for change management. In effect, solving administrative problems could ensure the continuity of the nonprofit. The major nonprofit specific dimension is the need to integrate values and culture into the process of solving administrative problems. It is almost an expectation that nonprofit organizations should be values-based in their decision-making and processes. Thus, management must solve administrative problems in a way that is consistent with the espoused values of the nonprofit organization. The level of administrative problems would relate to the size and scope of the nonprofit.
- (b) *Government*: The larger the size, scope, and formal structure of a nonprofit, the more likely the organization would need to solve government problems. This type of problem could range from legal requirements for registration or incorporation, public policy, to the complex interaction of political and social issues involving nonprofit organizations. Also, depending on the legal environment, government problems can include how nonprofit organizations generate revenue, how the revenue is disbursed and governance. Since governments change, public policy, social, and political issues change with governments. The leadership must solve government problems as they pertain to their nonprofit in order to be a formal organization, access government resources and be positioned to adapt to change due to government factors.
- (c) *Human resources mix*: The problem of the mix of human resources has a unique dimension in nonprofit organizations. Many nonprofit organizations provide services with volunteer

labor with no or few employees. Nonprofit leadership must decide whether employees or volunteers or some combination of both will provide the services of the organization. More importantly, they must continuously solve the human resources mix problem to ensure that there is consistent service delivery and service quality. The need for nonprofit leadership to solve the human resources mix problem has been heightened by the increased dependence on nonprofit organizations to provide public services, the demand for accountability, and concerns about the quality of services by funders. Thus, the ability of the leadership to solve the human resources mix problems could impact change readiness and the change strategies the organization can develop and implement.

- (d) *Accountability*: In addition to satisfying their primary stakeholders, nonprofit organizations are increasingly expected to demonstrate in concrete terms the difference their service is making in the community. In simple terms, the accountability expectation is generally that nonprofit must show in numbers, the link between their revenue, services, and clients' outcomes. Although the requirement is often from funders, the public and other stakeholders have come to expect nonprofit organizations to show the outcomes of their activities in numbers. The leadership, especially in public sector nonprofit organizations (Quarter et al. 2003) must solve the problem of accountability to the public, government, and secondary stakeholders.

Reach Problems

Nonprofit organizations often have to reach out beyond their immediate environment to spread their messages and raise awareness beyond their stakeholders, members, and clients. The main objective of reaching out is either to educate the general public and raise awareness or to advocate for the causes that are relevant to the mission of the nonprofit organization. Recently, nonprofit organizations have started to use reaching out as a way of increasing their client base and the scope of their services. However, a significant number of nonprofit organizations do not reach out because of a variety of factors. Their service could be targeted towards a specific community, group, or problem. If they simply prefer to be small, they don't have to reach out beyond their stakeholders. Alternatively, they may lack the resources to support reaching

out activities. Unlike the *Life* and *Pertinent problems* that the leadership must solve, *Reach problems* are situation specific. Solving *Reach problems* is an indication that the leadership is effectively adapting to their environment by using management techniques.

- (a) *Advocacy*: Since nonprofit organizations provide mainly public services, advocating for their respective cause is an important aspect of their mission. In fact, a number of nonprofit organizations are established as a result of advocacy. However, not all nonprofit organizations are actively engaged in advocacy activities. The reason for this could range from lack of resources to the presence of advocacy groups in their service area. Also, the existence of umbrella organizations representing coalitions of nonprofit organizations would mean that individual organizations do not have to advocate on their own. The leadership, depending on the mission and other relevant factors, may need to solve the problem of advocacy. This need could be heightened if the issue the nonprofit was established to address is significantly below the radar of public attention and public policy.
- (b) *Marketing*: Nonprofit organizations are not known for their marketing, promotion or advertising activities. Unlike for-profit organizations, the objectives of marketing the services of nonprofits extend beyond increasing the client base and branding. While these are important, nonprofit organizations also market their services for the purpose of advocacy, fundraising, and for political objectives. Depending on the size, scope, and mission of the nonprofit organization, the leadership may need to solve marketing problems in order to effectively align the organization with change in the external environment.

The notion that the process of organizational change is complex and dynamic (Weick and Quinn 1999) is further compounded by the additional factors specific to the environment of nonprofit organizations. The external environment of nonprofit organizations can be conceptualized as levels of adaptive change problems. The *Life level problems* are fundamental problems that a nonprofit must solve to operate as a nonprofit organization. *Pertinent level problems* are important but not compulsory. The need to solve these problems is relative to the size, scope, and other factors of the organization. *Reach level problems* are relevant and

can contribute significantly to the ability of nonprofit organizations to adapt to change. The understanding of the explanation of the problems that underlie the drivers of change is important to the change process. However, the problems are not the only requirement for effective change management. The next section illustrates how a nonprofit organization can develop and implement a process that will help the organization to adapt to change in their environment.

NONPROFIT CHANGE MODEL

The conceptualization of the problems in the operating environment of nonprofit organizations emphasizes that change drivers are underscored by unique challenges of the sector. In order to transform mission into services, not only do nonprofit leadership and stakeholders have to source funding for services, they must also ensure that it is consistent with the community needs as defined by their primary stakeholders. These and other problems that are shaped by the environment of nonprofit organizations mean that the leadership cannot simply implement change approaches developed for the purpose of for-profit business organizations.

Drawing on research in organizational and nonprofit management theories, Fig. 3.4 presents a seven-step change model that illustrates the *process* that a nonprofit organization can use to facilitate change. It highlights how the change agents and stakeholders can make change happen for a nonprofit organization. An important assumption of the model is that nonprofit organizations do not have the same level of flexibility as for-profits organizations to implement drastic measures to adapt to change especially in terms of services. For example, nonprofit organizations are likely to respond to the end of funding for a service that is tied to their mission by seeking alternate funding rather than to discontinue the service altogether. Although nonprofit organizations can diversify, services based on their mission are often maintained because the services define the organization. The following are the stages of the nonprofit change process with an explanation of each stage. It is important to note due to characteristics of nonprofit organizations, communication, and engagement must be emphasized in all stages of the change model.

1. *Confirm need for change.* The drivers of change for most nonprofit organizations will relate to factors in the environment that are characterized by *Life* and *Pertinent problems*. Thus, the first task

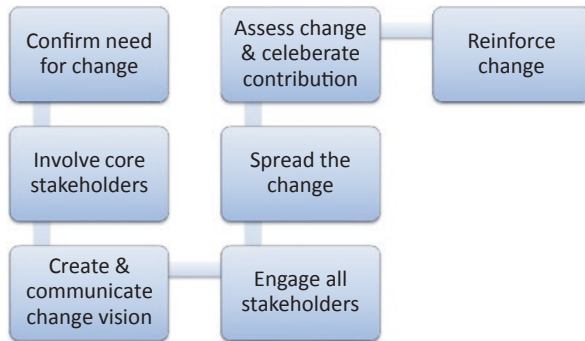


Fig. 3.4 Nonprofit change model

for the leadership is to establish the need for change. They must scan the environment and confirm if there is a shift in the external environment that is a threat or an opportunity that is related to the mission, operations and the core activities of the nonprofit organization. The information and analysis that will inform the need for change can emanate for any of the interactions and processes in the organization including frontline service delivery. It is critical for the leadership to be open to the information flow and to continuously monitor the environment to confirm the need for change. When necessary, the leadership must heighten the need for change flagged by employees and volunteers and make a decision to confirm the need for change. Although it seems to be simple, failure to acknowledge the need for change in a timely manner can cost the organization immeasurably.

2. *Involve core stakeholders.* The leadership must involve key stakeholders especially frontline employees, volunteers, and board members before proceeding further in the change process. The purpose of this involvement is to gain an early buy-in from the stakeholders in order to establish the critical nature of the need for change. Since nonprofit organizations are established to address problems in society, frontline employees and volunteers are in the forefront to assessing the change related to shifts in the external environment. Together with the board of directors, they represent a valuable source of validation of the need for change. The leadership

must ask these stakeholders what they think about the need for change and the potential that if the change is not addressed, what will be the cost of loss of opportunity or failure. The frontline employees and volunteers transmit the values of the organization to and from clients and the community. A need for change that is determined without at least the nonprofit frontline employees and volunteers acting as a sounding board could miss the focus on the clients and mission that are central to the nonprofit.

3. *Create and communicate change vision.* The change vision is a big deal for a nonprofit organization. Similar to the vision of the organization that emphasizes its inspirational purpose, the change vision must paint the picture of the future as a result of the change. To be a compelling change vision, it must be clearly articulated in relation to the change drivers, relevant to the mission and activities of the nonprofit organization. Nonprofit change vision must include inputs from key stakeholders such as employees, volunteers, and board members. It must be all about where exactly the change will take the organization. The leadership must use the change vision to demonstrate that the need for change is an imperative and that there are potential benefits for the organization. Therefore, it is something that everyone can be vested in and stand to benefit from in the short and long term. A change vision must elicit commitment from employees and volunteers of the nonprofit organization.
4. *Engage all stakeholders.* Although engagement should be integrated in each stage of a nonprofit organization change process, to enhance the implementation of change, a nonprofit organization must specifically engage all stakeholders regardless of whether they are involved in the actual change implementation or not. Change requires a collective effort. In addition to employees and volunteers, a nonprofit organization can engage clients and funders in the process depending on the nature of the change. This could be in the form of meetings, creation of specific feedback loop about the change, online resources, training, or a combination of measures to support engagement of stakeholders. Engagement will ensure that the stakeholders know what to expect about the change. Engagement will also help stakeholders to keep an open mind about why the change should happen. It will also enable the change to leverage resources and support beyond those that have direct roles in the change process. The support of colleagues

of employees, volunteers and the backing of the board of directors will help the change agents and recipients to adapt to change. Engagement is particularly important to manage resistance, systems barriers and to cascade change up, down, and across the organization. It is through the engagement of stakeholders that the change agents can ensure that change is aligned with other strategies of the organization to drive innovation.

5. *Spread the change.* There are two phases involved to spread the change. First, the change agents must facilitate a scaled or phased implementation of the change strategies over a period of time. This must include a clear-cut plan that sets goals and provides an enabling structure but trust the employees and volunteers to actualize the change. The change agents must unlock the potential of employees and volunteers to make the change happen by allowing them to determine the how-to and processes with managers providing coaching support. Employees and volunteers must be empowered to initiate and implement ideas consistent with the change vision. In effect, they will not only be applying their competencies to implement the change, employees and volunteers will also be developing additional capabilities that will help the organization to adapt to change down the road. The phasing of change implementation is important to enable employees and volunteers to gradually unlearn old ways and deploy new behaviors. Change implementation takes time, therefore, people need time to adapt to change. Second, to spread change, the leadership must also include a comprehensive multi-channel communication up, down, and across the organization, departments, and teams to reinforce the change vision. This should emphasize regular, consistent and multiple channels communication to employees and volunteers in order to understand who is doing what and when about the change.
6. *Assess change and celebrate contribution.* A key stage in the change process is to assess how the change that has been implemented is working out. As part of the planning process, the leadership must identify the major milestones of the change. These milestones are linked to the process of continuous feedback about the change from stakeholders including clients. Thus, assessing the impact will provide evidence of how well the change is going and the attainment of each milestone. The assessment of impact can be completed through a simple review process and the analysis of relevant

indicators. Assessing impact is an opportunity to identify and celebrate the value-added contribution to the change by individuals and teams. Celebration of value-added contribution based on achievement of a milestone is an opportunity to positively enhance the change dynamics. If the assessment indicates that the change is progressing well and milestones have been achieved, the change agents and recipients will be more motivated to further invest their competencies and energy in the change. Change recipients are also likely to develop a sense of commitment and buy-in to the change. This means that the next component of the change that will be introduced is likely to encounter less resistance and enhance the ability of change agents to build on the previous outcomes of the change.

7. *Reinforce change.* Since nonprofits are generally values-based organizations and are likely to have a strong culture, it could take time to make the implemented change to become part of the culture of the organization. Thus, although change could be well deployed in the systems and processes of a nonprofit organization, it is likely to take time for it to stick. This point emphasizes the need to start to reinforce change that has been implemented in a nonprofit organization as soon as possible. Again, the keys to reinforcing change are communication and engagement. By continuously communicating progress about change that has been implemented, the change agents are fostering it to become part of the standard practices of the organization. Similarly, continuous engagement of stakeholders in a nonprofit organization throughout the change process means that the change agents are facilitating a pathway for the change to become part of the culture of the organization. Employees and volunteers will learn and adopt the new behaviors that are part of the change as the behavioral expectations in the organization. It will help if the change agents can clearly link performance outcomes that have been achieved as a result of the change to individual and team behaviors. Firstly, this will help to facilitate a positive reinforcement of the individual and team behaviors. Since, employees and volunteers know the impact of their new behavior, they are more likely to be committed to the change and sustain the behaviors. Secondly, the relationship between change and the performance outcomes will encourage employees and volunteers to become advocates for the change. Thus, they will facilitate the change to become part of the culture of the organization.

CONCLUSION

The nonprofit change model represents a conceptualization of the process of change in nonprofit organizations. The core feature of the model is the emphasis on communication and engagement of stakeholders in the change process. Together with the conceptualization of the problems that nonprofit leadership must manage, the discussion and stages of the change process provide an indication of how nonprofit organizations can implement a model that is consistent with their operating environment. Nonprofit organizations need to use a process and tools that reflect their characteristics for effective change management. This is also important to ensure the institutionalization of the change. The nonprofit change model presented in this chapter can be used in nonprofit organizations of different sizes and scope.

DISCUSSION QUESTIONS

1. A small nonprofit organization has decided to use the Lewin's three-step change model to change service delivery, describe what they need to do at each step?
2. What does sense of urgency mean for many nonprofit organizations in your country?
3. How would you implement the first three stages of the nonprofit change model in a large nonprofit organization that must implement change due to emerging community needs?
4. What are some of the ways managers can facilitate change readiness with the nonprofit change model?

REFERENCES

- Akingbola, O. (2005). *Strategy, Human Resource Management a Government Funding in Nonprofit Organizations*. Unpublished Doctoral Dissertation. University of Toronto.
- Akingbola, K. (2006). Strategic Choices and Change in Nonprofit Organizations. *Journal of Strategic Change*, 15(6), 265–281.
- Beer, M., Eisenstat, R., & Spector, B. (1990). Why Change Programs Don't Produce Change. *Harvard Business Review*, pp. 158–166.
- Cawsey, T. F., & Deszca, G. (2007). *Toolkit for Organizational Change*. Thousand Oaks, CA: Sage.

- Johnson, R. D., & Kavanagh, M. J. (2018). Change Management and Implementation. In M. J. Kavanagh & R. D. Johnson (Ed.), *Human Resource Information Systems Basics, Applications, and Future Directions* (4th ed.). Thousand Oaks, CA: Sage.
- Kanter, R. M., Stein, B. A., & Jick, T. D. (1992). *The Challenge of Organizational Change*. New York: The Free Press.
- Kotter, J. (1995, March–April). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review*.
- Kotter, J. P. (1996). *Leading Change*. Boston: Harvard Business School Press.
- Lewin, K. (1951). *Field Theory in Social Science*. New York: Harper & Row.
- Luecke, R. (2003). *Managing Change and Transition*. Boston: Harvard Business School Publishing.
- Nohria, N., & Khurana, R. (1993, August 24). Executing Change: Three Generic Strategies. *Harvard Business School Note* 494-039.
- Ontario Nature. (2018, September 13). *Missing: A Climate Change Plan for Ontario*. Ontario Nature Staff Categories. Climate Change. <https://ontario-nature.org/missing-a-climate-change-plan-for-ontario/>. Accessed November 15, 2018.
- Poole, J. (2004). Central Issues in the Study of Change and Innovation. In M. S. Poole & A. H. Van de Ven (Eds.), *Handbook of Organizational Change and Innovation*. Oxford: Oxford University Press.
- Quarter, J., Mook, L., & Richmond, B. J. (2003). *What Counts: Social Accounting for Nonprofits and Cooperatives, Chapter 2*. Upper Saddle River, NJ: Prentice Hall.
- Scott, B. B. (2009). *Organization Development Primer: Change Management, Kurt Lewin and Beyond*. IRC Article Series. Queen’s University IRC.
- Todnem By, R. (2005). Organisational Change Management: A Critical Review. *Journal of Change Management*, 5(4), 369–380.
- Weick, K. E., & Quinn, R. E. (1999). Organizational Change and Development. *Annual Review of Psychology*, 50, 361–386.



CHAPTER 4

Employees and Change Management in Nonprofits

Change is a fact of organizational life. A recent Society for Human Resource Management (SHRM) study found that during a two-year span organizations averaged up to four major change management initiatives, including events like overhauls of processes and systems, facility modifications, organizational culture enhancements, organizational repositioning or re-alignment, diversity and inclusion initiatives, and mergers, among many others (Austin 2015). Effective people management is critical to the success of any organizational change effort, and to nonprofit organizational success more generally. As organizational psychologist Benjamin Schneider (1987) famously argued, “the people make the place” (p. 437). His thesis—which at the time countered mainstream management assumptions that organizational structures and the external environment primarily shaped organizational behavior—was that the human resources and human capital within organizations are what fundamentally define the way organizations look, feel, function, and behave. In other words, people, not processes or structures, are the drivers of long-term organizational success and survival.

This chapter focuses on how to effectively manage people before, during, and after organizational change events in ways that enable successful change outcomes and enhance nonprofit organizational capabilities and performance. First, we will discuss in greater detail why it is essential to consider the role of employees during any organizational change initiative. Next, we will cover key strategies for preparing your employees for change. This section will cover topics like articulating the

need for change and the big picture, managing individual stress, overcoming resistance to change, and building trust and a positive outlook toward new initiatives. Third, our focus will shift to the individual-level employee and we will show how leaders of change can manage and enhance employee capabilities and performance throughout the organizational change cycle. Considerations in this section include the role of employee attitudes; emotions; personality; motivation; training and development; performance management; and compensation and rewards. Finally, we will discuss the importance of creating the conditions needed for successful change management. In this last section, we will explore the role of leadership, organizational culture, and power, in effective change management.

PEOPLE ARE THE KEY TO SUCCESSFUL CHANGE MANAGEMENT

All too often leaders think about their employees only after orchestrating other seemingly more important aspects of a major organizational change, such as performing a cost-benefit analysis or conducting an environmental scan. In his book *Managing the Nonprofit Organization: Principle and Practices* management guru Peter F. Drucker stresses the criticality of human resources: “People are the ultimate – perhaps the only – control of an organization. People determine the performance capacity of an organization” (1990, p. 145). If the people indeed make the place and are a primary determinant of organizational success, then we contend human resources and the knowledge, skills, abilities, and other competencies they stand to contribute toward organizational performance ought to be a chief consideration at the start of any organizational change initiative.

Recent academic articles and business consulting firm white papers place the success rate of organizational change initiatives somewhere between 54 and 80% (Akingbola 2015; PwC 2013). The reasons for change management failure are numerous and include lack of vision, a weak organizational culture that is not aligned with objectives, not enough resources, poor leadership, not enough communication (or too much communication of irrelevant or low-quality information), and so on. But there is another reason that consistently shows up as a key culprit of failed organizational change—not enough buy-in, participation,

and commitment to change on the part of employees. This need not be the case, however, and careful planning and the creation of a people management strategy during organizational change initiatives can help ensure the success of change efforts. On a website dedicated to providing advice to aspiring and current small business owners, the Australian state of Queensland notes that although “Many business leaders approach change management apprehensively...worried about having to persuade reluctant staff,” the fact is that many employees “welcome change...provided they have a chance to collaborate in it” (Queensland Government 2017). We completely agree with this positive framing and in the following sections outline several steps nonprofit leaders can take to effectively guide change management efforts within their organizations.

PREPARING EMPLOYEES FOR ORGANIZATIONAL CHANGE

The most successful change management strategies take steps to prepare the people who will be involved and affected by the change for their new organizational realities. Whether those pending realities entail something as monumental as merging two or more similar nonprofits to enhance the survivability of each and serve populations more efficiently, or something less drastic like transitioning to a new electronic member management system, nonprofit leaders must be proactive about communicating the roles employees will play in the success of change initiatives. Leaders must also be open and honest about potential challenges and stressors employees may face during periods of change and articulate the ways in which they and the organization will provide resources and help its people thrive during and after the implementation of an initiative.

Conveying the Big Picture

Employees are smart (or else they probably should not have been hired in the first place and their retention with the organization ought to be seriously considered). They desire to be informed about what is happening at their workplaces and in their jobs. People tend to be more motivated to perform well and contribute to organizational goals when they have greater knowledge about their jobs and a clearer line of sight between their individual contributions and organizational success (Hackman and Oldham 1976). Nonprofit leaders must be up-front with

their people about the need for a proposed change, why it is happening, how it will impact employees, and how staff members and the organization will be better in the long run as a result of it. Workers who are more upset by or dissatisfied with organizational changes become less productive (Society for Human Resource Management 2018). For any change initiative to be successful organizations need to obtain buy-in from employees—endorsements, and at the very least acceptance, of organizational changes. Buy-in will ease the transition from one state of organizational reality to the next and help build employee commitment to change.

Conveying the big picture and the why and how of organizational change does not mean overloading employees with information and other change-preparation activities. Just as change management planning at the strategic level would involve targeted analysis and focused activities, so too do approaches to preparing employees for change. Change initiatives likely will not affect all employees across the organization in exactly the same way. Some individuals, functions, or departments may be more or less affected. When describing “what is changing?” and “why is it changing?” with employees, nonprofit leaders should take time to tailor the message in ways that are most meaningful to various employees and groups, and most importantly that will gain those employees’ buy-in and enable them to contribute their maximum performance toward individual and organizational goals.

Managing Individual Stress

Organizational change initiatives have the potential to make the already challenging work done in the third sector even more stressful for nonprofit employees. For some, major changes—such as a merger which may bring about consolidation and looming staff reductions—can be downright traumatic. We must remember that while there are some people for whom work is a nonessential and purely leisure activity, the majority of working people *need* to work and are employed to make a living, care for themselves and family, fulfill needs and desires, and so on. The World Health Organization (1994) reports that more than half of the world’s population spends one-third of their adult lives doing work. As such, work tends to become a central part of one’s identity (Pratt et al. 2006) around which people build routines and

become accustomed to. Adept nonprofit leaders must recognize the potential stress organizational change initiatives may present for their employees and take proactive steps to minimize harmful consequences of stress.

In the organizational context, stress has been defined as a dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important (Cooper et al. 2001; Schuler 1980). Stated plainly, stress arises when some thing or event stands to change something of importance to a person in uncertain ways. Stress is associated with both demands and resources (Van Yperen and Janssen 2002) in that demands are the responsibilities and obligations employees face in the workplace, while resources are those things that can help a person resolve and control those demands. Herein lies a golden opportunity for nonprofit managers and leaders of organization change—to empower employees in ways that enable them to cope with the stress of change and continue performing their jobs well and contributing to desired change management outcomes and overall organizational success.

There are many reasons employee stress as a reaction to change management initiatives ought to be high importance to nonprofit leaders. Workplace stress is not only a threat to job performance (Cropanzano et al. 2003) but it can also lead to physiological, psychological, and behavioral consequences. Harmful physiological effects of stress include upper-respiratory illnesses and poor immune system functioning (Schaubroeck et al. 2001). Steffy and Jones (1988) note that job dissatisfaction is the most obvious negative effect of workplace-induced psychological stress, and mention others including tension, anxiety, irritability, boredom, and procrastination. Behavioral consequences include work-related behaviors such as reduced productivity and increased absenteeism and turnover, and non-work behaviors such as changes in eating habits, sleep disorders, and increased smoking or alcohol consumption, among others (Cropanzano et al. 2003; De Croon et al. 2004). In a 2001 report commissioned by the International Labour Organization, Hoel and colleagues estimated that the cost of workplace stress and related violence accounted for about 1.5–3% of GDP in organizational (lost productivity, absenteeism, turnover, etc.) and societal (healthcare and social welfare) costs in developed countries.

In addition to encouraging and perhaps even providing resources for employees to engage in stress-reduction practices such as time management techniques, physical exercise and relaxation, and expanding social support networks (Lawrence-Ell 2002), nonprofit leaders ushering organizational change initiatives should also consider organization-level approaches to helping employees cope with change-related stress. As mentioned earlier, employees want to know more about their role in their work organizations. Greater communication can reduce the uncertainty of organizational change by lessening *role ambiguity* and *role conflict*. Role ambiguity refers to a lack of clarity around what an employee is expected to do, and role conflict occurs when two or more expected behaviors needed to perform a job are incompatible (Tubre and Collins 2000). Giving employees a clearer picture of what will be expected of them during and after a change initiative can help to curtail stressful reactions to change. Goal-setting is another useful approach to managing stress. Individuals perform better when they have specific and challenging goals (Locke and Latham 1990) and receive regular feedback from the job itself (Hackman and Oldham 1976) and from supervisors and peers (Morgeson and Humphrey 2006). Leaders can help employees draw a “line of sight” between their jobs and work activities, the change management initiatives being proposed or implemented, individual performance and achievement, change management success, and the accomplishment of organizational objectives. Doing so will elicit employees’ involvement in the change effort and can help to reduce stress.

Overcoming Employee Resistance to Change

Change is difficult. Even when employees are explained why change ought to occur or are presented with credible evidence for the need for change, they tend to prefer the status quo (Audia and Brion 2007). Resistance to change and a preference for *the way things are* rather than *the way things could be* comes from many sources, including habit, routines, psychological safety, economic security, fear of the unknown, and selective information processing. This resistance also does not surface the same way for every employee; some respond overtly and others implicitly, and some will react immediately while others will have delayed reactions. At the extreme, employees who harbor the most negative feelings about change cope by increasing their use of sick time and leave, consider quitting more frequently, or actually do quit (Fugate et al. 2008).

There are multiple proven strategies for overcoming employee resistance to change. Figure 4.1 outlines these strategies. Kotter and Schlesinger (2008) popularized several tactics for countering resistance, some of which include: education and communication, participation, building support and commitment, developing positive relationships, implementing changes fairly, and selecting people who can accept change. Education and communication simply means articulating the logic of change to the workforce, and doing so reduces resistance on two levels. One, it provides full facts and clear information and fights the effects of misinformation. Two, well-packaged information can help “sell” the need for change (Dutton et al. 2001). Participation refers to involving workers in the change initiative design and decision-making process itself, with the idea that it is harder to reject something that one had a hand in developing themselves. Support and commitment can be built up via new skills training, brief leaves of absence to “adjust” to changes, or other activities that can “fire up” and excite workers about changes (Peccei et al. 2011). Developing positive relationships helps overcome resistance by building trust between employees and managers, and employees are more likely to accept and endorse change if they trust the managers implementing the changes (Kotter 2007). Employees also value fairness in the change process and outcomes, especially when those outcomes are uncertain and may have a negative impact, so it is key that nonprofit leaders implement change initiatives consistently and fairly (Fedor et al. 2006; Foster 2010). Finally, if there is flexibility around staffing nonprofit leaders may be able to hire employees and select worker as managers and influencers who have a higher degree of willingness to accept change. Some evidence suggests that personality is linked to this likelihood and that there are some people who have more positive attitudes toward change events, are more willing to take risks, and are more flexible in their behaviors (Oreg 2006). Given the right circumstances, any one or combination of two or more of these tactics may prove effective for overcoming employee resistance to change.

Building Trust and a Positive Outlook

As mentioned earlier, employees are less resistant to change when they trust the leaders implementing organizational change. But it is not just trust in leadership that is important. Employees must trust that the process will not harm their work identities or endanger their jobs, that their

Education and Communication	Articulate an organizational change and the reasons behind it. This approach gets the full facts and clear details to organization members, which helps against misinformation and rumors which could hurt the change effort. A well-packaged information campaign can also help “sell” employees on the proposed changed.
Participation	Involve employees in the change effort from the beginning, including the early design and decision-making stages. It is harder for individuals to reject or stonewall efforts they themselves had a hand in creating.
Building Support and Commitment	Offer activities and resources that make workers excited and “fired up” about change, and that help them adjust. Examples include providing training to develop their knowledge and skills, celebratory events or rallies to mark milestones or achievements, or brief leaves of absence to prevent individuals from becoming burnt out.
Developing Positive Relationships	Employees are more likely to accept change if they trust their manager and the leaders responsible for implementing organization change. Thus, it is crucial that organizations foster trust among the workforce. Being honest and transparent about change efforts, and providing timely information and updates, are ways to gain employee trust.
Implementing Changes Fairly	Ensure that the change process, as well as the distributed results and outcomes of change, are perceived to be fair by employees. If changes will negatively impact the equity perceptions of some employees, be honest and clear about how the proposed change will affect them, and provide other resources to help them adjust.
Hiring Employees More Likely to Accept Change	Certain people are naturally more willing to accept change, have more positive attitudes toward change events, are more willing to take risks, and are more flexible in their behaviors. If hiring is occurring before or during a change effort, or if the organization frequently experiences change, leaders might consider making flexibility and the ability to adapt to change part of the employee selection criteria.

Fig. 4.1 Strategies for overcoming employee resistance to organizational change

concerns and fears are taken seriously and will be addressed, that their coworkers (who are also oftentimes their close friends) will also fare well at the end of a change effort, and that their work organization and the population it serves will benefit as a result of the initiative. Building trust and a positive outlook is perhaps the most important step nonprofit managers can take in leading organizational change—more than articulating the big picture, helping employees manage stress, or overcoming worker resistance to change. This is because cynicism is one of the biggest threats to employee commitment to organizational change (Meyer and Hamilton 2013). When an employee does not believe in the change (or generally anything at work for that matter), there is practically no hope for securing buy-in and the attitudes and behaviors necessary to implement change.

Consider a theoretical example in which a community organization is upgrading to a new donor and membership management software in an effort to more effectively engage its existing member base, and also in anticipation of expanding its reach and attracting new members. For staff members, particularly ones with long tenure, using the existing software might have become a central part of their work identity and their habit and everyday routine. Perhaps they list their know-how of the existing program on their resume and take pride in being able to navigate it quickly during the workday (even if it is objectively slower or more inefficient compared to newer off-the-shelf products in today's market). A shift to a new system is a potential shock to their work worldview, and a potential trigger for stress and resistance. If this community organization's employees do not trust that the new software will be better for their members in the long run, that it will enhance the survivability of the organization, and that the organization will provide whatever training is necessary for employees to get "up to speed" on the software and will provide a learning period with relaxed performance expectations, then they might be less willing to exert the energy, effort, and cooperation necessary to usher in a successful cutover between programs. Worse, they may even engage in behaviors that delay or stall success of the change effort, such as influencing coworkers not to learn the new system or slowing down their own work performance (negating potential efficiency gains which served as a main motivator for the switch in the first place).

Luckily there are strategies nonprofit leaders can use to foster trust among employees and develop a positive outlook on organizational change. Many of these are from organizational development (OD), a field that explores ways to improve organizational effectiveness and

individual well-being. OD is rooted in how individuals make sense of their work environments, and its underlying values include respect for people, trust and support, power equalization, honest confrontation, and involvement. Some methods which can be used to develop trust and positive outlook include survey feedback, team building, intergroup development, and appreciative inquiry. Using survey feedback, nonprofit leaders query everyone in the organization about their opinions and attitudes toward change with the goal of identifying potential pitfalls and clarifying information (Edwards and Thomas 1993). Team building is specifically focused on groups of workers who regularly interact or conduct interdependent tasks and includes activities that encourage openness and coordination between individuals (Schein 1999). Intergroup dialogue seeks to build bridges across these various interdependent groups within an organization in an effort to adjust attitudes, stereotypes, and misperceptions about each other (Dyer and Dyer 2013). Appreciative inquiry is an OD approach that accentuates the positive in things and possibilities, rather than looking for problems to fix (Fry et al. 2002). Applied to change management, nonprofit leaders may wish to highlight the potential benefits of change efforts for their affected workforce and even find ways to frame existing employee competencies as necessary for change success.

MANAGING AND ENHANCING EMPLOYEE CAPABILITIES AND PERFORMANCE

Once nonprofit leaders have effectively communicated the big picture need for change to employees, helped employees manage change-related stress, enacted strategies for overcoming resistance to change, and used OD techniques to build trust and a positive outlook toward change among employees, a critical next step is to actually drive organizational performance through people. To do this, leaders need to first understand the drivers of individual performance. That is, they need a clear understanding of how person-specific factors (such as attitudes, emotions and moods, personality, and motivation) and organization-specific factors (such as training and development, performance appraisal, and compensation and rewards) influence individual employee performance. In the next few pages, we discuss the implications of each of these for effective people management during change efforts.

Attitudes

An attitude is a favorable or unfavorable evaluation one feels about some object, person, or event. The reason for understanding the nature of employee attitudes is crucial for effectively managing change is because the eventual result of an attitude is a behavior. Attitudes are comprised of three components: cognition, affect, and behavior (Breckler 1984). First, one comes into the *knowledge or awareness* of something. For example, that their agency will be merged with another. This is the cognitive component of an attitude. Next, one *feels* a certain way about that new information. Some may like the update while others may hate it. This is the affective component of behavior (“affect” is a psychological term that broadly refers to the feelings people experience). These positive or negative feelings will then ultimately guide one’s *actions* and what they do or will not do at work. This eventuality is the behavioral component of an attitude.

An employee’s attitude about some aspect of work will likely influence their workplace behavior and job performance. As such, it is important to understand how organizational change initiatives can potentially positively or negatively shape employee attitudes. Selected major work-related attitudes are discussed in greater detail below.

Job Satisfaction

Job satisfaction is perhaps the most widely studied work-related attitude, perhaps rather simply because it has been shown to relate to so many organizational consequences, not least of which is bottom-line organizational performance. Job satisfaction is the good feeling someone gets about their job as a result of a positive evaluation of the characteristics of that job. Job satisfaction can be conceptualized and measured globally—that is, as a single thing—or it can be broken down into several facets to include pay satisfaction, promotion satisfaction, supervisor satisfaction, coworker satisfaction, and satisfaction with the work itself (Colquitt et al. 2016).

Many factors can influence an employee’s job satisfaction. The nature of the work itself, namely the meaningfulness of the job, the level of responsibility one possesses while performing the job, and the extent to which they are aware of the results of their work can lead to satisfaction (Hackman and Oldham 1976). Additionally, interesting

jobs that provide training, variety, and independence (Barling et al. 2003), the social context of the workplace and interactions with coworkers (Humphrey et al. 2007), and the extent to which a job provides those things you value most in life (Locke 1976) all contribute to one's job satisfaction.

In terms of outcomes, evidence is strong that satisfied workers are more likely to be productive workers. One academic study found that this relationship between job satisfaction and increased performance held across 300-plus other studies (Judge et al. 2001). Satisfaction also leads to more organizational citizenship behaviors (OCBs) from employees. OCBs are discretionary behaviors that are typically not part of a person's job description, but that enhance performance of others and the organization. For example, when a person stops to help a struggling coworker understand how to accomplish some task or spreads positive news about their work organization in public or to others they are said to be performing OCBs. Job satisfaction also has a positive relation to customer service, satisfaction, and loyalty (Koys 2001). In addition to positively influencing desired organizational outcomes, job satisfaction has a squelching effect on negative, undesired outcomes. Employees who are more satisfied with their jobs call in absent to work less frequently, are less likely to quit and leave the organization, and are less likely to engage in counterproductive workplace behaviors such as excessive tardiness, stealing organizational resources, or being toxic to coworkers.

During any organizational change efforts, nonprofit leaders should continually have their finger on the pulse of job satisfaction levels among its workforce, as this attitude can foretell a lot about what employees think about change initiatives and, more importantly, how they might behave in response to those efforts.

Organizational Commitment

When an employee identifies strongly with an organization and its goals and wishes to remain employed there they are said to have high organizational commitment. There is a modest relationship between organizational commitment and employee productivity (Hoffman et al. 2007), and the link between commitment and performance is strongest for newer employees and generally becomes considerably weaker the longer an employee has been with an organization (Wright and Bonett 2002). This latter point is especially noteworthy when leading organizational change efforts, as more recent staff

additions may be more amenable to go along with initiatives due to their increased levels of commitment. Conversely, long time employees may pose special challenges during periods of change; their tenure may be accompanied by habit and comfort with the way things have been done, and they might exhibit greater resistance to change. Like satisfaction, greater organizational commitment results in lower tardiness and absenteeism rates, and less turnover. When planning organizational change, nonprofit managers should be mindful of the extent to which employees are committed to the organization and desire to remain employed there, as this can provide insight into their willingness to contribute to the success of a change initiative.

Perceived Organizational Support

Perceived organizational support, or POS, refers to the degree to which employees believe their work organization values their contributions and cares about their individual well-being. As in life, people want to feel valued and respected by their bosses and employers. People have high POS when the rewards they receive for their work are deemed fair, when they and other employees have a voice in organization decision-making, and when they see their supervisors and leaders as supportive of workers (Rhoades et al. 2001). Employees with strong POS perceptions perform more OCBs, exhibit less withdrawal behaviors such as tardiness, and deliver higher quality service to customers and clients (Vandenberghe et al. 2007). Managers in charge of leading major change initiatives must constantly convey to employees that their work organization is one that values their opinions, cares about their well-being and success, and treats employees fairly.

Employee Engagement

Engagement reflects an employee's involvement and satisfaction with, and enthusiasm for, the actual work that they do each and every day. Basically, it describes how excited one is about the nuts and bolts of their job, the services they provide, and the clients they serve. Highly engaged workers have a passion for their work and feel a deep sense of connection to their employers. Conversely, disengaged workers are "checked-out." They are present in body but not mentally and exert minimal energy into their work. As with the other attitudes discussed, higher levels of engagement result in greater productivity, higher customer service, and lower turnover and work accidents (Harter et al. 2002).

Emotions

Until recently the world of work did not pay much attention to employee emotions as a potential force for organizational performance. Organizations historically held that emotions were the antithesis of rationality (a highly-prized attitude) and disruptive to work performance (Putnam and Mumby 1993). As the reality that emotions are inseparable from everyday life began setting in, organizations increasingly looked for ways that leaders could constructively direct positive emotions in service to organizational achievement and manage negative emotions so that they do not inhibit individual and organizational performance and success.

In the discussion above on attitudes, the term affect was introduced and defined as the feelings people experience broadly. Emotions are a form of affect but are intense feelings specifically directed at someone or something. Additionally, emotions arise in reaction to a person, event, or other stimuli (Ekman and Davidson 1994). The list of proposed emotions is quite long, but many psychologists and organization scholars have agreed upon six universal emotions: anger, fear, sadness, happiness, disgust, and surprise (Weiss and Cropanzano 1996). Emotions are relevant to the discussion of change management because, like attitudes, emotions can influence employee behavior and important organizational outcomes. For example, an employee's emotional state influences the quality of service they provide to customers and clients, and there is even evidence that an employee's emotions can transfer to customers (Tsai and Huang 2002). This phenomenon of emotions "jumping" from person to person or someone "catching" an emotion from others has been dubbed "emotional contagion" (Pugh 2001). Additionally, positive emotions have been linked to enhanced problem-solving skills (Isen 1993), more creativity (Lyubomirsky et al. 2005), greater motivation to perform tasks (Ilies and Judge 2005), and fewer deviant workplace behaviors such as violating established norms or gossiping (Lee and Allen 2002) and workplace injuries (Iverson and Erwin 1997).

Personality

In laymen's terms personality describes what individuals are like. A more formal definition, which reflects one of the most frequently used ones in the organization sciences, describes personality as "the dynamic organization within the individual of those psychophysical systems that determine

his unique adjustments to his environment” (Allport 1937). Another definition says that personality is the sum total of ways in which an individual reacts to and interacts with others, describing it in terms of measurable traits which a person exhibits such as introversion or neuroticism.

Certain personality traits may make employees more or less willing to cooperate with organizational change initiatives. Risk-taking, for example, is a trait that describes a person’s willingness to take chances. High risk-taking employees require less information to make a decision and reach conclusions faster than low risk-taking employees, but reach equal levels of decision accuracy as low risk-takers (Taylor and Dunnette 1974). Nonprofit leaders may be able to achieve buy-in for change more quickly from high risk-taking employees, and then ask them to be ambassadors for change efforts who can influence their lower risk-taking colleagues. Proactivity is another employee personality trait that managers may capitalize upon to drive organizational change. People with proactive personalities show initiative, take action, identify opportunities for success, and create positive change in their environments regardless of, or even in spite of, constraints or obstacles (Seibert et al. 2001). Other potentially useful personality traits include extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience. Managers of nonprofits should be aware of how individual characteristics can help or hurt organizational change efforts.

Motivation

Change managers need people who will show up, commit to a task, and perform. In other words, they need motivated employees. Motivation describes the processes that account for an individual’s intensity, direction, and persistence of effort toward attaining a goal (Pinder 2014). Intensity refers to how hard a person tries when they are performing some task. Direction describes the way in which an employee channels their efforts and whether or not those efforts are consistent with organizational objectives. Persistence measures how long a person can or will maintain effort toward performing some task.

There is a long history of theories of employee motivation, and the more nonprofit leaders are aware of the things they can do to enhance worker intensity, direction, and effort in support of organizational change, the greater the likelihood of success of those change efforts. One such theory is self-determination theory which proposes that people prefer to

feel like they have control over their work actions (Deci and Ryan 2002). When some aspect of work that was previously enjoyed (for example, the existing membership management software from the hypothetical discussed earlier) is changed in a way that makes it feel like an obligation (changing to the new program without proper buy-in and training), motivation is undermined and job performance will suffer. Job engagement is another motivational theory and suggests that employees will invest more of their physical, cognitive, and emotional energies into their work when they believe their jobs are meaningful and that they receive sufficient resources and support from their organizations and leaderships to perform well (Crawford et al. 2010; Kahn 1990).

Expectancy theory (also sometimes referred to as E-I-V theory or Expectancy-Instrumentality-Valence theory) argues that one's motivation to work toward some objective depends on three things: (1) expectancy, or the degree to which they believe they can actually perform some task; (2) instrumentality, or the degree to which performing some task will result in them achieving some stated reward or outcome; and (3) valence, or the degree to which they view the reward or outcome as personally desirable (Vroom 1964). A similar concept is the theory of self-efficacy, also known as a social cognitive theory or social learning theory. Self-efficacy is an individual's belief that they are capable of performing a task (Bandura 1997). The higher one's self-efficacy, the greater their motivation to work on a given task because they are confident they can perform the task well. Bandura (1997) proposes four ways to increase employee self-efficacy: enactive mastery, which involves gaining experience by repeating a task or job; vicarious modeling, or becoming more confident by watching someone else successfully perform a task or job; verbal persuasion, or gaining confidence via someone's encouragement and reassurance; and arousal, or leading someone into an energized state so that they become mentally and emotionally "psyched up" to perform well.

Organizational justice theories also provide important insight into the level of effort employees choose to devote to their work (Colquitt et al. 2001). Distributive justice refers to an employee's perception of the fairness of an organization's distribution of outcomes. It deals with the number and quality of outcomes each person receives. Procedural justice refers to whether or not employees believe the process for determining those amounts was fair. It speaks to the decisions behind distributions, rather than the distributions themselves. Interactional justice refers to the degree

to which employees feel they were treated with dignity, respect, and concern throughout the distribution process. Taken together, employees who feel slighted and like they have been treated unfairly during an organizational change event will be less motivated to perform their jobs well.

Perhaps the most popular motivational theory is the goal-setting theory, initially proposed by Edwin Locke in 1968. A goal is a specific objective that tells the employee what needs to be done and how much effort needs to be exerted. As opposed to “do your best” goals or no goals at all, specific and moderately difficult goals lead to higher employee performance. This is because challenging goals get our attention, help us to focus, are energizing because they force us to work harder to attain them, push us to develop effective performance strategies, and provide self-generated feedback. A popular acronym in circulation today that captures the essence of goal setting is S.M.A.R.T. goals, which encourages individuals to set goals that are specific, measurable, achievable, relevant, and time-bound.

Up to this point we have discussed individual-level, employee attributes that nonprofit leaders and change managers can leverage to ensure the success of organizational change initiatives. Now we turn our attention to three organizational features nonprofit leaders can also leverage for change management success: training and development, performance management, and compensation and rewards. In many ways, these organization-level features interact with the individual-level characteristics to influence employee behavior and performance.

Training and Development

All employees have the capacity to learn. Successful change managers recognize this opportunity and strategically utilize training and development to prepare employees for change, guide them through changes, and ensure that they are able to maximize their performance and organizational contributions after the implementation of a change. Training refers to “planned organizational efforts to facilitate employee learning of job-related knowledge, skills, and behaviors” (Noe et al. 2014, p. 289). Development entails the “acquisition of knowledge, skills, and behaviors that improve an employee’s ability to meet changes in job requirements” (Noe et al. 2014, p. 406). Though similar, there is an important distinction between employee training and employee development. Training is focused on performance in one’s current job. It is present-focused.

Development prepares employees for significant job changes or future roles. It is future-focused. Both present key opportunities for change managers to align the workforce to planned organizational initiatives and to increase the likelihood of success of change efforts.

Training can occur in formal settings involving structured content, informally across a wide range of media channels or via unplanned interactions and social exchanges, or a mix of the two. One aim of training is to enhance employees' explicit and tacit knowledge. Explicit knowledge is what one typically thinks of when discussing knowledge and refers to facts that are well-documented and easily transferrable. Established organization processes are an example of explicit knowledge. Tacit knowledge, on the other hand, is not well-documented because it is difficult to codify. It represents knowledge that is best gained through personal experience and trial and error. All organizations have some measure of tacit knowledge stored in their workforce. Think of that one employee who is the only one in the organization who knows how to coordinate some process or accomplish some task as good as they can do it. Sure, there may be other employees who could stumble their way through the job and eventually produce the deliverable. But that one employee does it as well as they do because they possess tacit knowledge about the job.

Other aims of training include increasing employee skills (that is, their performance proficiency), encouraging creativity, and even developing a motivation to perform well. Training provides the perfect vehicle for change managers and nonprofit leaders to impact the knowledge, skills, and abilities necessary for employees to be ready for and succeed during and after organizational change efforts.

Because the goal of development is not limited to performance in a given job today or of specific tasks, the approaches used to help employees acquire the human capital needed to succeed in future roles include training but also an expanded set of techniques such as coaching, job enlargement and job rotation, and internal mentoring programs (Esen and Collison 2005). Succession planning, preparing employees for promotion or leadership positions, and career development are all aims of employee development activities. As with training, change managers can use development as a tool for preparing employees for organizational change. This is especially true for key workers who can be identified as "high potential" future leaders. These employees may be well positioned to help facilitate change efforts by becoming early adopters and champions and influencing their coworkers and peers.

Performance Management

There is a popular saying currently circulating business and management circles—you get what you measure. The idea is that people work to whatever target is set before them, especially if they are being evaluated on whether or not they hit the target. Addressing the growing concern with corporate CEO's becoming disproportionately obsessed with stock returns, Dan Ariely commented in a 2010 issue of *Harvard Business Review* "CEOs care about stock value because that's how we measure them. If we want to change what they care about, we should change what we measure."

Ariely's point is instructive for nonprofit leaders responsible for change management. When possible and where appropriate, nonprofit organizations might consider linking change management achievements and success to individual appraisal and evaluation. After all, during a change management event, milestones of the initiative become part of the organization's objectives. Further, employees are expected to contribute to the accomplishment of organizational goals. Utilizing performance management to drive organizational change cannot, however, become primarily punitive. As discussed earlier, change initiatives can represent major shocks to an employee's work identity, triggering stress and anxiety and potentially inhibiting performance. Instead, any application of performance management in service to change management must positively appeal to employee attitudes, emotions, personality, and motivation in ways that obtain their buy-in of change efforts and induce them to devote maximum intensity, direction, and persistence of their work effort to the success of the change initiatives and the organization as a whole.

Compensation and Rewards

Our application of pay and incentives to change management is two-fold. First, cash and non-cash benefits can support the aforementioned change management-focused approach to performance management. Pay has a demonstrated ability to energize, direct, sustain, or even control the behavior of employees, and several management theories help to explain how this happens. Reinforcement theory (Thorndike 1933) for example, simply posits that when a behavior is followed by a reward that behavior is more likely to occur again. Importantly, the other side of this coin is that high-quality or desired performance that is not followed up with

a reward becomes less likely to happen again. Change managers must be mindful to be consistent with the rewards they use as part of a performance management scheme. A similar concept is expectancy theory or E-I-V theory, which was described earlier and states that job performance is a function of an employee's ability and motivation to perform.

A third compensation theory especially relevant for change-related performance management is agency theory (also called principal-agent theory). This theory, although initially described in terms of owners (the principals) and managers (the agents who act on behalf of principals) in modern corporations, can be used to consider a wide range of relationships including the one between organization leaders and employees. Agency theory recognizes that different stakeholders can have divergent interests and suggests ways in which compensation can be used to align the interests and goals of two parties. Returning to our theoretical example of the community nonprofit seeking to switch to a new donor and member management software, while organization leaders have the aim of adopting a market-leading product that can streamline processes and maximize efficiency, current employees may wish to continue using an approach they have grown accustomed to and comfortable with especially if they are long-time employees close to retirement for whom learning new skills may not yield career-related return on investment and effort. In other words, the managers and employees in this fictional nonprofit have different interests and value different outcomes. The solution agency theory proposes is to adopt a contracting scheme that can align interests. This does not mean a contract in the formal sense of the word (though in some work arrangements actual contracts are used to integrate the principles of agency theory). Instead, organizations can create performance management agreements that tie incentives to measurable work outcomes and achievements (such as a bonus for the speed of implementation of the new member management system) as well as pay employees for their willingness to take risks and endure uncertainty.

Our second application of compensation to change management acknowledges that pay decisions represent important features of an organization's structure and can have serious consequences for the motivation and performance of employees. These decisions, then, require careful consideration during times of organizational change because of the added expectations and uncertainty thrust upon employees in these periods. Theories of organizational justice as well as equity theory

are especially useful for understanding how pay decisions might affect employee motivation and performance. Distributive justice was described earlier as employee perceptions of how fair pay and rewards distributions are across the workforce. When employees feel as though the compensation they personally receive is not in line with their coworkers relative to the amount of effort they exert at work they may respond by reducing their effort or engaging in counterproductive workplace behaviors such as being tardy or absent more frequently. Equity theory also speaks to this disconnect between pay (outputs) and effort (input) but extends the comparisons to include individuals working in similar jobs in other organizations. The bottom line is that employees are constantly comparing the pay and rewards they receive for their work effort and individual productivity to coworkers both inside and outside of their work organizations. When making compensation decisions nonprofit leaders must be mindful of these dynamics and design pay and benefit systems that complement rather than work against change management initiatives.

CREATING THE CONDITIONS FOR CHANGE MANAGEMENT SUCCESS

In addition to preparing employees for change and leveraging individual and organization-specific characteristics to drive change, nonprofit managers must be skilled at navigating the right mix of environmental conditions that enable and foster successful change management. Namely, effective leadership, organizational culture, and power dynamics can all help to carry change initiatives from ideation to successful implementation and beyond.

Leadership

Leadership theories abound. The goal here is not to provide complete treatises about the many approaches to leadership but rather to briefly discuss how three leading-edge approaches to leading people can facilitate effective change management. These selected theories include situational leadership, charismatic leadership, and transformational leadership. Situational leadership theory (SLT; Hersey et al. 1979) prescribes different leadership styles depending on the competence and motivation (development, or performance readiness) levels of employees and states

that leadership will be most effective when it is properly matched to employee performance readiness levels. Employees can be at one of four stages of development: level one in which their ability is low but they are motivated to work, level two in which they have some competence but relatively low levels of motivation, level three in which they have relatively high ability but variable levels of motivation to perform, and level four in which they are both highly capable of and motivated to perform. According to SLT, level one employees are best met with a “telling or selling” leadership approach in which they are provided clear direction and structure on how to perform their jobs. Because level two employees possess some know-how but lack motivation, they require more of a coaching style of leadership that provides them with both direction and support and encouragement. Level two employees need to be sold on the work to be done and require explanations of how and why. Level three employees also need support but not as much direction since they are highly skilled; thus, a participative or involvement-based leadership style which provides arms-length support is best. Level four employees are highly motivated and competent, can be entrusted to accomplish the job, and are best served by leaders willing to delegate tasks to them and provide them with the independence and flexibility to perform well. Nonprofit leaders and change managers with knowledge of their workforce’s development levels can utilize these situational approaches to maximize individual buy-in and support for change initiatives.

Charisma—or a set of personal qualities that sets one apart from ordinary people and cause them to be treated as though they are endowed with exceptional capabilities (Weber 1947)—may assist leaders with change management efforts. Charismatic leadership describes a situation in which leaders are viewed as heroic and supernatural, especially as a result of observation of their personal behaviors such as the ability to articulate vision, take personal risk, be sensitive to followers’ needs, and act unconventionally (Conger and Kanungo 1988). Relevant for change management, charismatic leaders have a strong ability to positively influence the behavior of followers. They make employees want to perform and “follow the leader” by clearly articulating a vision for the future, conveying a new set of values and expected behaviors, setting example behaviors which employees can imitate, and using emotion and unconventional behavior to demonstrate courage and conviction about and commitment to the vision. While individuals are often born with traits that make them more charismatic than others (House and Howell 1992),

charismatic behaviors can also be trained (Towler 2003). Nonprofit leaders may consider using charismatic behaviors to “fire up” excitement about change management initiatives and obtain the necessary buy-in from employees that will ensure success.

Whereas transactional leadership is a “carrot and sticks” approach in which employees are induced to behave in certain ways for the promise of receiving desired outcomes (pay, promotion, and so on), transformational leaders inspire followers to transcend their individual self-interests for the good of the organization (Bass et al. 2003) and have been shown to have extraordinary effects on employee behavior and performance (Judge and Piccolo 2004). Nonprofit managers cannot do away with transactional leadership. There will always be a need for leaders to establish clear goals, clarify worker roles, and identify task requirements. But transformational leadership can be used to complement the transactional approach and push employees to cooperation, motivation, and performance levels beyond the reach of transactional leadership alone. Transformational leaders elicit higher productivity and morale, greater job satisfaction and adaptability, and lower absenteeism and turnover from employees via four “I’s”—individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence. Transformation leaders show genuine concern for employees all the way down to the individual level, create goals that make sense to people and for organizational success, deliver inspiring messages and encouragement, and set the tone for behavioral expectations. Importantly for change management efforts, employees of transformational leaders become more willing to take risks (Ling et al. 2008) and show greater agreement with organizational goals (Colbert et al. 2008). This leadership approach may be an important tool for nonprofit managers seeking to implement major organizational change.

Organizational Culture

Like people, organizations develop “personal” characteristics that come to describe what they are like and how they tend to operate. For example, some organizations might be considered rigid or flexible, innovative or conservative, or friendly or cold. Culture refers to systems of shared meaning that are held by employees and organization members and which distinguish one organization from another (Schein 1996). Organizational culture influences employee experiences and a workplace’s

way of life by setting norms about expected behaviors, defining organizational boundaries, and conveying a sense of identity and belonging (O'Reilly and Chatman 1996). A strong culture is said to exist when an organization's core values are both intensely held and widely shared among employees (Wiener 1988).

One of the many benefits of organizational culture is that it can help point members in a unified direction toward some organizational objective. Because culture creates a sense of belonging it also has the potential to induce allegiance. By using shared stories, valued rituals, material symbols, and common language, nonprofit leaders can guide leverage an organization's cultural dimensions in ways that motivate employees to buy-into proposed changes and contribute to successful implementation. For example, organizations have successfully shown the ability to use culture to drive improved customer service, better safety, diversity and inclusion initiatives, sustainability, and even enhanced creativity (Schneider et al. 2005). The most successful applications of culture in service to organizational goals involve leaders being sincere and visible role models, building upon employee strengths and capabilities, and committing to enhancing the professional and personal vitality and growth of employees.

Power

The very term change management suggests that personal influence will play some role throughout the process, thus we discuss how power dynamics interact to help or hinder successful implementation of organizational change. Power refers to the *capacity* a person has to influence the behavior of another person (Bass and Stogdill 1990). The way employees perceive the power of nonprofit leaders and even their coworkers can potentially influence their own motivation, commitment, work behaviors, and performance. Power is related to leadership but is distinct in important ways. Unlike leadership which requires some measure of congruence between the goals of leaders and followers, power merely requires dependence. That is, one party (A) simply *needs* the other (B) in some fashion in order for B to possess the capacity to influence A's behavior in accordance with B's desires. And the greater A's dependence on B, the greater B's power in the relationship.

Power originates from one or more sources and can be personal or formal in nature. Personal bases of power emanate from an individual's characteristics and include expert power and referent power.

Expert power is a potential to influence others that derives from expertise, special skills, or knowledge. Fundraisers often possess expert power because of their ability to create large value for organizations. Referent power is based on identification with a person who has desirable traits, resources, or other characteristics and often leads others to want to be like that powerful person. People tend to develop referent power over time through accomplishments and activities that garner the respect, admiration, and loyalty of others.

Formal bases of power come from an individual's position and authority in an organizational structure and include coercive power, reward power, and legitimate power. Unlike the personal bases of power, formal bases of power may or may not be the result of achievement or personal qualities. Coercive power is the potential influence gained by people's fear of negative results from failing to comply with directives. An executive director with the ability to discipline and fire employees holds coercive power over those employees. Reward power is the reverse—the potential to influence comes from a person's ability to produce positive benefits for people. The more valuable the resources a powerful person controls, the greater their power over others. Legitimate power is tied to a person's title and position in the organizational hierarchy. It is influence granted to people simply because of where they sit in an organizational chart. A vice president of HR for a national nonprofit, for example, has greater legitimate power than local affiliate HR managers who report up to her and those local HR managers have greater legitimate power than the HR generalists who work under their leadership at those affiliates.

So, what does power have to do with change management? Everything! A deep understanding of power dynamics in work organizations is essential for effective leadership and the successful management and execution of organizational processes and initiatives. Research suggests that personal sources of power are most effective at eliciting desired behavior from employees. Both expert and referent power are positively related to employee satisfaction with supervision, organizational commitment, and work performance, and coercive, reward, and legitimate power have either no relation or a negative relation to these outcomes (Podsakoff and Schriesheim 1985; Hinkin and Schriesheim 1989; Carson et al. 1993). Additionally, certain “power tactics” nonprofit leaders can use to influence employee behaviors perform better or worse than others and can even backfire and have unintended negative consequences. Using logical arguments and factual evidence during an appeal to perform (rational persuasion), developing emotional commitment

through aspiration-building and appeals to mission and vision (inspirational appeals), and involving employees in the ideation and decision-making stages of a change management effort (consultation) tend to be most effective in obtaining buy-in and driving performance (Yukl 2002). Other tactics—including legitimacy or relying upon your authority to gain compliance, exchange or promising a quid pro quo, making a personal appeal based on loyalty or friendship, ingratiation via flattery or praise, activating coalitions to rally support around an issue, and using direct pressure in the form of warnings or threats—involve greater costs and risks and are less preferred to the “softer” power tactics of rational persuasion, inspiration appeals, and consultation.

CONCLUSION

Successful change management requires nonprofit leaders to be intentional about involving employees in the organization’s change efforts. People are key to the success or failure of any change initiative, and the best leaders will understand this from the beginning and seek ways to leverage their nonprofit’s human capital in service to performance and the achievement of organizational goals. A first step in change management is preparing people for the change. This happens through clear and consistent communication to the workforce about the need for change and how it will affect them, offering resources to help employee cope with change-induced stress, executing strategies designed to allay employee concerns and reduce their resistance to change, and building rapport and trust between management and employees and developing an overall positive outlook. Once employees have been prepared for change initiatives, nonprofit leaders must then carefully mind employee and organization-related characteristics that can help or hinder the implementation of change. Employee attitudes, emotions, personality traits, and motivation levels must be leveraged in ways that obtain worker buy-in and drive employees to want to contribute their performance toward change objectives. Similarly, leaders must be skilled at using training and development, performance management, and pay and incentives in ways that enable successful change management. Lastly, change management success depends upon nonprofit professionals who can enact effective leadership skills, shape positive organizational culture, and meaningfully and positively influence employees in performance-enhancing ways.

REFERENCES

- Akingbola, K. (2015). *Managing Human Resources for Nonprofits*. New York: Routledge.
- Allport, G. W. (1937). *Personality: A Psychological Interpretation*. New York: Rinehart & Winston.
- Ariely, D. (2010). You Are What You Measure. *Harvard Business Review*, 88(6), 38.
- Audia, P. G., & Brion, S. (2007). Reluctant to Change: Self-Enhancing Responses to Diverging Performance Measures. *Organizational Behavior and Human Decision Processes*, 102(2), 255–269.
- Austin, J. (2015). *Leading Effective Change: A Primer for the HR Professional*. SHRM Foundation's Effective Practice Guideline Series. Retrieved September 13, 2018 from <https://www.shrm.org/foundation/ourwork/initiatives/building-an-inclusive-culture/Documents/Leading%20Effective%20Change.pdf>.
- Bandura, A. (1997). *Self-Efficacy: The Exercise of Control*. New York: Freeman.
- Barling, J., Kelloway, E. K., & Iverson, R. D. (2003). High-Quality Work, Job Satisfaction, and Occupational Injuries. *Journal of Applied Psychology*, 88(2), 276.
- Bass, B. M., Avolio, B. J., Jung, D. I., & Berson, Y. (2003). Predicting Unit Performance by Assessing Transformational and Transactional Leadership. *Journal of Applied Psychology*, 88(2), 207.
- Bass, B. M., & Stogdill, R. M. (1990). *Bass & Stogdill's Handbook of Leadership: Theory, Research, and Managerial Applications*. New York: Simon & Schuster.
- Breckler, S. J. (1984). Empirical Validation of Affect, Behavior, and Cognition as Distinct Components of Attitude. *Journal of Personality and Social Psychology*, 47(6), 1191.
- Carson, P. P., Carson, K. D., & Roe, C. W. (1993). Social Power Bases: A Meta-Analytic Examination of Interrelationships and Outcomes. *Journal of Applied Social Psychology*, 23(14), 1150–1169.
- Colbert, A. E., Kristof-Brown, A. L., Bradley, B. H., & Barrick, M. R. (2008). CEO Transformational Leadership: The Role of Goal Importance Congruence in Top Management Teams. *Academy of Management Journal*, 5181–5196. <https://doi.org/10.5465/AMJ.2008.30717744>.
- Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O., & Ng, K. Y. (2001). Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research. *Journal of Applied Psychology*, 86(3), 425.
- Colquitt, J., LePine, J. A., & Wesson, M. J. (2016). *Organizational Behavior: Improving Performance and Commitment in the Workplace* (5th ed.). New York: McGraw-Hill Education.
- Conger, J. A., & Kanungo, R. N. (1988). Behavioral Dimensions of Charismatic Leadership. In J. A. Conger & R. N. Kanungo (Eds.), *The Jossey-Bass Management Series. Charismatic Leadership: The Elusive Factor in Organizational Effectiveness* (pp. 78–97). San Francisco, CA: Jossey-Bass.

- Cooper, C. L., Cooper, C. P., Dewe, P. J., O'Driscoll, M. P., Dewe, P. J., & O'Driscoll, M. P. (2001). *Organizational Stress: A Review and Critique of Theory, Research, and Applications*. Thousand Oaks, CA: Sage.
- Crawford, E. R., LePine, J. A., & Rich, B. L. (2010). Linking Job Demands and Resources to Employee Engagement and Burnout: A Theoretical Extension and Meta-Analytic Test. *Journal of Applied Psychology*, 95(5), 834.
- Cropanzano, R., Rupp, D. E., & Byrne, Z. S. (2003). The Relationship of Emotional Exhaustion to Work Attitudes, Job Performance, and Organizational Citizenship Behaviors. *Journal of Applied Psychology*, 88(1), 160.
- Deci, E. L., & Ryan, R. M. (Eds.). (2002). *Handbook of Self-Determination Research*. Rochester: University of Rochester Press.
- De Croon, E. M., Sluiter, J. K., Blonk, R. W., Broersen, J. P., & Frings-Dresen, M. H. (2004). Stressful Work, Psychological Job Strain, and Turnover: A 2-Year Prospective Cohort Study of Truck Drivers. *Journal of Applied Psychology*, 89(3), 442.
- Drucker, P. (1990). *Managing the Non-profit Organization*. New York: HarperCollins.
- Dutton, J. E., Ashford, S. J., O'Neill, R. M., & Lawrence, K. A. (2001). Moves That Matter: Issue Selling and Organizational Change. *Academy of Management Journal*, 44(4), 716–736.
- Dyer, W. G., & Dyer, J. H. (2013). *Team Building: Proven Strategies for Improving Team Performance*. Hoboken, NJ: Wiley.
- Edwards, J. E., & Thomas, M. D. (1993). The Organizational Survey Process: General Steps and Practical Considerations. *American Behavioral Scientist*, 36(4), 419–442.
- Ekman, P. E., & Davidson, R. J. (1994). *The Nature of Emotion: Fundamental Questions*. New York: Oxford University Press.
- Esen, E., & Collison, J. (2005). *Employee Development: Survey Report*. Alexandria, VA: Society for Human Resource Management.
- Fedor, D. B., Caldwell, S., & Herold, D. M. (2006). The Effects of Organizational Changes on Employee Commitment: A Multilevel Investigation. *Personnel Psychology*, 59(1), 1–29.
- Foster, R. D. (2010). Resistance, Justice, and Commitment to Change. *Human Resource Development Quarterly*, 21(1), 3–39.
- Fry, R. E., Barrett, F., Seiling, J., & Whitney, D. (Eds.). (2002). *Appreciative Inquiry and Organizational Transformation: Reports from the Field*. Westport, CT: Quorum.
- Fugate, M., Kinicki, A. J., & Prussia, G. E. (2008). Employee Coping with Organizational Change: An Examination of Alternative Theoretical Perspectives and Models. *Personnel Psychology*, 61(1), 1–36.
- Hackman, J. R., & Oldham, G. R. (1976). Motivation Through the Design of Work: Test of a Theory. *Organizational Behavior and Human Performance*, 16(2), 250–279.

- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis. *Journal of Applied Psychology*, 87(2), 268.
- Hersey, P., Blanchard, K. H., & Natemeyer, W. E. (1979). Situational Leadership, Perception, and the Impact of Power. *Group & Organization Studies*, 4(4), 418–428.
- Hinkin, T. R., & Schriesheim, C. A. (1989). Development and Application of New Scales to Measure the French and Raven (1959) Bases of Social Power. *Journal of Applied Psychology*, 74(4), 561.
- Hoel, H., Sparks, K., & Cooper, C. L. (2001). *The Cost of Violence/Stress at Work and the Benefits of a Violence/Stress-Free Working Environment* (81pp.). Geneva: International Labour Organization.
- Hoffman, B. J., Blair, C. A., Meriac, J. P., & Woehr, D. J. (2007). Expanding the Criterion Domain? A Quantitative Review of the OCB Literature. *Journal of Applied Psychology*, 92(2), 555.
- House, R. J., & Howell, J. M. (1992). Personality and Charismatic Leadership. *The Leadership Quarterly*, 3(2), 81–108.
- Humphrey, S. E., Nahrgang, J. D., & Morgeson, F. P. (2007). Integrating Motivational, Social, and Contextual Work Design Features: A Meta-Analytic Summary and Theoretical Extension of the Work Design Literature. *Journal of Applied Psychology*, 92(5), 1332.
- Ilies, R., & Judge, T. A. (2005). Goal Regulation Across Time: The Effects of Feedback and Affect. *Journal of Applied Psychology*, 90(3), 453.
- Isen, A. M. (1993). Positive Affect and Decision Making. In M. Lewis & J. M. Haviland (Eds.), *Handbook of Emotions* (pp. 261–277). New York, NY: Guilford Press.
- Iverson, R. D., & Erwin, P. J. (1997). Predicting Occupational Injury: The Role of Affectivity. *Journal of Occupational and Organizational Psychology*, 70(2), 113–128.
- Judge, T. A., & Piccolo, R. F. (2004). Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity. *Journal of Applied Psychology*, 89(5), 755.
- Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The Job Satisfaction–Job Performance Relationship: A Qualitative and Quantitative Review. *Psychological Bulletin*, 127(3), 376.
- Kahn, W. A. (1990). Psychological Conditions of Personal Engagement and Disengagement at Work. *Academy of Management Journal*, 33(4), 692–724.
- Kotter, J. P. (2007). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review*, 85(1), 96–103.
- Kotter, J. P., & Schlesinger, L. A. (2008). Choosing Strategies for Change. *Harvard Business Review*, 86(7–8), 130–139.
- Koys, D. J. (2001). The Effects of Employee Satisfaction, Organizational Citizenship Behavior, and Turnover on Organizational Effectiveness: A Unit-Level, Longitudinal Study. *Personnel Psychology*, 54(1), 101–114.

- Lawrence-Ell, G. (2002). *The Invisible Clock: A Practical Revolution in Finding Time for Everyone and Everything*. Seaside Park, NJ: Kingsland Hall Publishers.
- Lee, K., & Allen, N. J. (2002). Organizational Citizenship Behavior and Workplace Deviance: The Role of Affect and Cognitions. *Journal of Applied Psychology*, 87(1), 131.
- Ling, Y. A. N., Simsek, Z., Lubatkin, M. H., & Veiga, J. F. (2008). Transformational Leadership's Role in Promoting Corporate Entrepreneurship: Examining the CEO-TMT Interface. *Academy of Management Journal*, 51(3), 557–576.
- Locke, E. A. (1968). Toward a Theory of Task Motivation and Incentives. *Organizational Behavior and Human Performance*, 3(2), 157–189.
- Locke, E. A. (1976). The Nature and Causes of Job Satisfaction. In *Handbook of Industrial and Organizational Psychology* (pp. 1291–1343). Chicago: Rand McNally.
- Locke, E. A., & Latham, G. P. (1990). *A Theory of Goal Setting and Task Performance*. Englewood Cliffs, NJ: Prentice Hall.
- Lyubomirsky, S., King, L., & Diener, E. (2005). The Benefits of Frequent Positive Affect: Does Happiness Lead to Success? *Psychological Bulletin*, 131(6), 803.
- Meyer, J., & Hamilton, L. (2013). Commitment to Organizational Change: Theory, Research, Principles, and Practice. In S. Oreg, A. Michel, & R. T. By (Eds.), *The Psychology of Organizational Change: Viewing Change from the Employee's Perspective* (pp. 43–64). Cambridge: Cambridge University Press.
- Morgeson, F. P., & Humphrey, S. E. (2006). The Work Design Questionnaire (WDQ): Developing and Validating a Comprehensive Measure for Assessing Job Design and the Nature of Work. *Journal of Applied Psychology*, 91(6), 1321.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2014). *Human Resource Management: Gaining a Competitive Advantage* (9th ed.). New York: McGraw-Hill Education.
- Oreg, S. (2006). Personality, Context, and Resistance to Organizational Change. *European Journal of Work and Organizational Psychology*, 15(1), 73–101.
- O'Reilly, C. A., & Chatman, J. A. (1996). Culture as Social Control: Corporations, Cults, and Commitment. In B. M. Staw & L. L. Cummings (Eds.), *Research in Organizational Behavior: An Annual Series of Analytical Essays and Critical Reviews* (Vol. 18, pp. 157–200). London: Elsevier Science; Greenwich, CT: JAI Press.
- Peccei, R., Giangreco, A., & Sebastiano, A. (2011). The Role of Organisational Commitment in the Analysis of Resistance to Change: Co-predictor and Moderator Effects. *Personnel Review*, 40(2), 185–204.
- Pinder, C. C. (2014). *Work Motivation in Organizational Behavior*. London: Psychology Press.

- Podsakoff, P. M., & Schriesheim, C. A. (1985). Field Studies of French and Raven's Bases of Power: Critique, Reanalysis, and Suggestions for Future Research. *Psychological Bulletin*, 97(3), 387–411.
- Pratt, M. G., Rockmann, K. W., & Kaufmann, J. B. (2006). Constructing Professional Identity: The Role of Work and Identity Learning Cycles in the Customization of Identity Among Medical Residents. *Academy of Management Journal*, 49(2), 235–262.
- Pugh, S. D. (2001). Service with a Smile: Emotional Contagion in the Service Encounter. *Academy of Management Journal*, 44(5), 1018–1027.
- Putnam, L. L., & Mumby, D. K. (1993). Organizations, Emotion and the Myth of Rationality. *Emotion in Organizations*, 1, 36–57.
- PwC. (2013). *Culture's Role in Enabling Organizational Change*. Retrieved October 2, 2018 from https://www.strategyand.pwc.com/media/file/Strategyand_Cultures-Role-in-Enabling-Organizational-Change.pdf.
- Queensland Government. (2017). *Managing People Through Change*. Retrieved September 22, 2018 from <https://www.business.qld.gov.au/running-business/employing/staff-development/managing-change>.
- Rhoades, L., Eisenberger, R., & Armeli, S. (2001). Affective Commitment to the Organization: The Contribution of Perceived Organizational Support. *Journal of Applied Psychology*, 86(5), 825.
- Schaubroeck, J., Jones, J. R., & Xie, J. L. (2001). Individual Differences in Utilizing Control to Cope with Job Demands: Effects on Susceptibility to Infectious Disease. *Journal of Applied Psychology*, 86(2), 265.
- Schein, E. H. (1996). Culture: The Missing Concept in Organization Studies. *Administrative Science Quarterly*, 41(2), 229–240.
- Schein, E. H. (1999). *Process Consultation Revisited: Building the Helping Relationship*. Reading, MA: Addison-Wesley.
- Schneider, B. (1987). The People Make the Place. *Personnel Psychology*, 40(3), 437–453.
- Schneider, B., Ehrhart, M. G., Mayer, D. M., Saltz, J. L., & Niles-Jolly, K. (2005). Understanding Organization-Customer Links in Service Settings. *Academy of Management Journal*, 48(6), 1017–1032.
- Schuler, R. S. (1980). Definition and Conceptualization of Stress in Organizations. *Organizational Behavior and Human Performance*, 25(2), 184–215.
- Seibert, S. E., Kraimer, M. L., & Crant, J. M. (2001). What Do Proactive People Do? A Longitudinal Model Linking Proactive Personality and Career Success. *Personnel Psychology*, 54(4), 845–874.
- Society for Human Resource Management. (2018). *Managing Organizational Change*. Retrieved September 15, 2018 from <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/managingorganization-alchange.aspx>.

- Steffy, B. D., & Jones, J. W. (1988). Workplace Stress and Indicators of Coronary-Disease Risk. *Academy of Management Journal*, 31(3), 686–698.
- Taylor, R. N., & Dunnette, M. D. (1974). Influence of Dogmatism, Risk-Taking Propensity, and Intelligence on Decision-Making Strategies for a Sample of Industrial Managers. *Journal of Applied Psychology*, 59(4), 420.
- Thorndike, E. L. (1933). A Theory of the Action of the After-Effects of a Connection Upon It. *Psychological Review*, 40(5), 434.
- Towler, A. J. (2003). Effects of Charismatic Influence Training on Attitudes, Behavior, and Performance. *Personnel Psychology*, 56(2), 363–381.
- Tsai, W. C., & Huang, Y. M. (2002). Mechanisms Linking Employee Affective Delivery and Customer Behavioral Intentions. *Journal of Applied Psychology*, 87(5), 1001.
- Tubre, T. C., & Collins, J. M. (2000). Jackson and Schuler (1985) Revisited: A Meta-Analysis of the Relationships Between Role Ambiguity, Role Conflict, and Job Performance. *Journal of Management*, 26(1), 155–169.
- Vandenberghe, C., Bentein, K., Michon, R., Chebat, J. C., Tremblay, M., & Fils, J. F. (2007). An Examination of the Role of Perceived Support and Employee Commitment in Employee-Customer Encounters. *Journal of Applied Psychology*, 92(4), 1177.
- Van Yperen, N. W., & Janssen, O. (2002). Fatigued and Dissatisfied or Fatigued but Satisfied? Goal Orientations and Responses to High Job Demands. *Academy of Management Journal*, 45(6), 1161–1171.
- Vroom, V. H. (1964). *Work and Motivation*. New York: Wiley.
- Weber, M. (1947). *The Theory of Social and Economic Organization* (A. M. Henderson & T. Parsons, Trans.). New York: The Free Press.
- Weiss, H. M., & Cropanzano, R. (1996). Affective Events Theory: A Theoretical Discussion of The Structure, Causes and Consequences of Affective Experiences at Work. In B. M. Staw & L. L. Cummings (Eds.), *Research in Organizational Behavior: An Annual Series of Analytical Essays and Critical Reviews* (Vol. 18, pp. 1–74). US: Elsevier Science/JAI Press.
- Wiener, Y. (1988). Forms of Value Systems: Focus on Organizational Effectiveness and Cultural Change and Maintenance. *Academy of Management Review*, 13(4), 534–545.
- World Health Organization. (1994). *Global Strategy on Occupational Health for All: The Way to Health at Work*. Retrieved October 1, 2018 from http://www.who.int/occupational_health/publications/globstrategy/en/index2.html.
- Wright, T. A., & Bonett, D. G. (2002). The Moderating Effects of Employee Tenure on the Relation Between Organizational Commitment and Job Performance: A Meta-Analysis. *Journal of Applied Psychology*, 87(6), 1183.
- Yukl, G. (2002). *Leadership in Organizations* (5th ed.). Upper Saddle River, NJ: Prentice Hall.



Volunteers and Change Management

Volunteers are the backbone of the third sector and provide a tremendous resource for nonprofit organizations. In the United States, the Corporation for National and Community Service (2018) reported that nearly 63 million residents volunteered 7.9 billion hours of service in 2015. The Independent Sector (2018)—a national membership organization of non-profits, foundations, and corporations—estimated the value of a volunteer hour to be \$24.14 USD in 2017, placing the total economic value of volunteerism in the United States at approximately \$193 billion USD that year. Notwithstanding the sheer volume and economic impact of volunteerism, many nonprofits simply could not accomplish their missions without the contributions of volunteers. Indeed, there are some nonprofits that would not survive at all were it not for the time, talent, and effort of their volunteers.

Given just how critical volunteers are to a nonprofit's success, it is necessary to understand how organizational change events might impact their service and contributions. This chapter considers this issue in two main parts. In order to successfully usher volunteers to, through, and beyond change management efforts, nonprofit leaders must clearly understand why volunteers choose to volunteer in the first place, what keeps them volunteering, and how to maximize the value of their service. As such, part one of this chapter discusses volunteer motivation and performance management and retention.

Part two widens the scope to focus on volunteer management from the perspective of the volunteer administrator and as part of a larger organizational ecosystem. In this part, we introduce strategic volunteer resource management (strategic VRM) and discuss it as an approach to maintaining high volunteer engagement and maximizing volunteer management impact during change management. Strategic VRM refers to volunteer management practices that are optimally aligned with a nonprofit's overall organizational strategy as well as with one another, and that have been shown to enhance volunteer and organizational performance.

MOTIVES FOR VOLUNTEERING AND PERFORMANCE MANAGEMENT AND RETENTION

In order to successfully navigate organizational change, nonprofit leaders must have a deep understanding of the volunteers who freely contribute their time and energy. This section of the chapter discusses motivations for volunteering and volunteer performance management and retention.

Why People Volunteer

In one of the most comprehensive and frequently cited reviews of volunteerism, Smith (1994) categorized the determinants of volunteer participation in terms of contextual, social background, personality, attitudinal, and situational factors. Contextual factors refer to those that characterize a person's environment. In this category, higher volunteer participation has been found among individuals living in higher economic status neighborhoods (Bell and Force 1956), as well as smaller, rural communities (Curtis et al. 1992). Middle managers were also found to be more likely to volunteer when they worked for larger organizations (Houglund and Shepard 1985).

In terms of social background, Lemon et al. (1972) suggested that volunteers tended to be individuals who reflected more preferred or dominant social roles. Some examples of dominant statuses include being employed in a job with high occupational prestige, having high family income and wealth, having school-age children in the household, having a high level of education, and being white and middle-aged (Smith 1994). Multiple studies seem to confirm this "dominant status" theory, finding that the most likely volunteers are in their middle ages, have

higher levels of education, have higher family income levels, work in high occupational prestige jobs, are married, have school-age children in the household, and have resided in their local community for longer periods (Auslander and Litwin 1988; Freeman 1997; Hodgkinson et al. 1992; Palisi and Korn 1989; Schiff 1990; Sundeen 1992). However, some evidence also challenges the dominant status perspective. Florin et al. (1986) and Bobo and Gilliam (1990) found that nonwhites, particularly African-Americans, had higher levels of “sociopolitical” volunteer participation. As for gender, while some studies show that men are more likely to be volunteers (Curtis et al. 1992; Palisi and Korn 1989), others report that women perform more volunteer work (Hodgkinson and Weitzman 1986; Hodgkinson et al. 1992), and yet others find gender to be insignificant (Auslander and Litwin 1988; Berger 1991). Evidence on employment status is also mixed, with some results indicating those holding only part-time jobs participate more in volunteer activities (Hodgkinson and Weitzman 1986; Hodgkinson et al. 1992).

In terms of personality, volunteer participation has been found to be higher for individuals with high efficacy, empathy, morality, emotional stability, and self-esteem (Allen and Rushton 1983). Smith (1994) suggests that this indicates that people with a social orientation are more likely to become volunteers, noting that volunteer activity is positively associated with other forms of social participation, including friendship, church, political, recreation and sport, charitable giving, and neighborhood interaction activities. Unfortunately, however, personality variables do not abound in volunteer participation research. As he observed, “Personal capacities do not seem to be included in the volunteer participation literature. Probably such variables are considered too “psychological” to interest most sociologists. But because psychologists who study capacities show little interest in relating such variables to volunteer participation, nobody does it” (1994, p. 251).

Attitudinal variables have also been found to be significant predictors of volunteerism. People are more likely to volunteer when they view the host organization and its mission as attractive and satisfying (Chacko 1985) and interesting (Hodgkinson and Weitzman 1986; Hodgkinson et al. 1992). Similarly, feeling that a group’s purpose is important and meaningful is positively related to volunteerism (Cook 1984). Perceptions of individual benefits and costs of participation are significantly related to an individual’s decision to become, and to remain, a volunteer (Freeman 1997; Schafer 1979). Hodgkinson and Weitzman (1986)

found that receiving services from an organization was a significant predictor of a person's decision to volunteer with the group, and Hougland and Christenson (1982) found that volunteers displayed higher levels of values related to patriotism, political democracy, and national progress than non-volunteers. In terms of situational variables, already having friends who volunteer for an organization was found to lead to a greater likelihood of an individual volunteering for that organization (Hougland and Wood 1980; Rohs 1986), and being asked to participate was found to be one of the most important predictors of volunteer activity (Freeman 1997).

Our understanding of why people volunteer can also be framed through the lens of sociology, political science, economics, and psychology scholarship. Psychologists tend to focus on the individual pretenses for volunteer behavior and try to uncover the primal bases from which donative behaviors flow. Sociologists, on the other hand, tend to prefer to see volunteer activity as prompted by social determinants and structural pathways. As such, sociological studies of volunteer motives often mirror the review of Smith's (1994) work above—himself a sociologist—and focus on characteristics such as gender, race, age, education, income, employment status, marital and parental status, and religion as the determinants of volunteerism. And economists and political scientists tend to approach volunteer motives as a rational response to incentives and inducements in the case of the former, or interest in and concern for particular issues that “animate political participation” in the case of the latter (Burns et al. 1997, p. 120). In the following paragraphs, we will focus on volunteer motivation from a psychological perspective as it is a domain that has received much recent attention and is the perspective that primarily informs this organizational and managerially focused examination of volunteers and change management.

Among psychologists there seems to be but one axiom when it comes to volunteer motives—there is no clear consensus about why people work for free. Early work by Sills (1957), who studied the volunteers who worked for the National Association for Infantile Paralysis (the precursor to the modern-day March of Dimes) characterized volunteer activity as “triggered” by “self-oriented” and “other-oriented” goals. Subsequently, several scholars have confirmed this self-versus-other characterization in their own work (e.g., Frisch and Gerrard 1981; Hibbert et al. 2003; Hwang et al. 2005; Latting 1990). It is important to note,

however, that these dual categories need not be mutually exclusive—volunteers can be motivated by one or the other, or simultaneously by both (Mayer et al. 2007).

Other psychologists offer a finer-grained approach. Chappell (1999), for example, argued that volunteer motives can be represented by a three-factor solution of self-interest, obligation, and altruism. Self-interest in Chappell's model mirrored self-orientation advanced by Sills (1957) and others, and represents a person's desire to meet new people and make new contacts, learn new things and exercise and develop skills, and accomplish personal goals. The obligation motive referenced not only religious beliefs, but also ties to one's community and heritage. The altruism motive again mirrored the aforementioned two-factor notion of "others," and refers to a desire to contribute to others or to a cause.

Batson et al. (2002) proffered a four-factor explanation of volunteer motives that includes egoism, altruism, collectivism, and principism. Egoism and altruism in Batson's Four Motive theory mirror the self and other orientations of the two-factor theorists, and Chappell's self and altruism elements, described above. Collectivism refers to individual desires to increase the welfare of a group, particularly a group with which the volunteer identifies. For example, a former drug user's desire to work for free at a home for recovering drug addicts may be motivated, in part, by Batson's notion of collectivism. And the principism motive represents one's desire to uphold some moral principle, such as duty or justice.

A widely used instrument to measure volunteer motivation in the organization sciences is the six-factor Volunteer Functional Inventory (VFI; Clary et al. 1998), which, as with the above-discussed psychological perspectives, is based on functionalist theorizing of volunteer motives. Functionalist approaches to the free provision of labor operate from the notion that people engage in volunteerism when they believe it will serve one or more of their psychological needs (Snyder et al. 2000), and that the same act can fulfill different functions for different individuals (Musick and Wilson 2008). Thus, the VFI measures volunteer motives based on six psychological needs—value actualization, learning and experience enhancement, social fulfillment, career development, psychological protection, and personal understanding and growth.

Value-based motives in the VFI refer to a desire of “people [to] remain true to an ideal conception of themselves” (Musick and Wilson 2008, p. 57). Expressions of volunteerism as altruism are also included in this value category. In this way it mirrors the “other” aspect of the previously discussed perspectives; however, additional VFI functions may also include an “other” orientation as well. Enhancement refers to the desire to build and develop one’s own knowledge, skills, and experiences. Social motives reflect an individual’s desires to be part of, and get along with members of, groups that are important to them. In a way, the social construct within the VFI is quite similar to the social identity and self-categorization research also conducted primarily by psychologists. Tajfel and Turner (1986) and Turner (1987) found that individuals create and maintain positive self-image and esteem by casting themselves as members of distinct, personally important categories and groups. Tajfel and Turner (1986) also posited that people who categorize themselves into social groupings have strong preferences for groups that are based on these personally-important categories, and Stephan (1978) demonstrated that people maintain a strong preference to interact with members of their own social group rather than with members of other groups. As Musick and Wilson (2008) stress, “this [social] motivation seems to be behind a lot of volunteer activity” (p. 59).

A fourth motive of the VFI is career-related. While similar in nature to the enhancement function, the career function specifically focuses on developing work skills and contacts that will directly positively impact one’s employment situation. A fifth function—protection—“enables...[volunteers] to deal with inner conflicts, feelings of incompetence, uncertainties about social identity, emotional needs, and the like” (Musick and Wilson 2008, p. 62). An example of this motive can be seen in the work of Chambre (1987), who studied gay men who volunteered to help people living with AIDS as a way to cope with their own fears about the disease, or in the work of Blackstone (2004) who found that many women who volunteered for the Susan G. Komen Race for the Cure Foundation did so as a way to connect with others who shared the experience of being diagnosed with breast cancer. The sixth and final motive, understanding, has to deal with volunteer work as a means of ego-enhancement and personal growth (Snyder et al. 2000). According to this dimension, people volunteer in order to specifically enhance their self-esteem and self-confidence.

None of the aforementioned theories of volunteer motivation provide a silver bullet for understanding why people donate their time, talent, and efforts to nonprofit organizations. Indeed, all of the ones discussed above, along with many others not covered here, provide important insight into the motivation for volunteering. The main take-away for nonprofit leaders seeking to usher change in their organizations is that volunteer motives are complex and dynamic. Having a good grasp of why volunteers show up in the first place can help leaders increase the likelihood that volunteers continuing showing up during and after the turbulence that may be caused by an organizational change event.

Volunteer Performance Management and Retention

Volunteers showing up to contribute their time and energy is an important first step, but it cannot be the last. Once volunteers arrive, nonprofit leaders must ensure that the organizational environment is one that elicits volunteer performance and makes volunteers want to stay and continue serving, and are capable of continuing to serve in a value-adding way. Hence, here we discuss the related topics of volunteer performance management and volunteer retention. Performance management refers to the means through which leaders ensure that employees' activities and outputs are congruent with and contribute to organizational goals (Noe et al. 2014). Effective performance management includes activities such as defining organizational outcomes, developing performance expectations for individuals, appraising performance, and providing feedback and consequences for performance results, and identifying performance improvement needs. It is essential to note that performance management is a process and not a single event. And as Akingbola (2015) notes, individual learning and retention is made possible through effective performance management activities; thus, performance management is necessarily linked to volunteer retention.

The main purposes of organizational performance management systems are threefold: strategic, administrative, and developmental (Noe et al. 2014). The strategic purpose establishes and reinforces a clear connection between what volunteers do and the vision, mission, and objectives of the nonprofit. The administrative purpose allows leaders

to make important managerial decisions such as where volunteers will be placed and what type of duties they will be assigned, recognition and rewards, and retention or even the involuntary “retiring” (i.e., termination) of volunteers. The developmental purpose is aimed at enhancing the capabilities of volunteers and maximizing their contributions to the organization. A critical aspect of the developmental purpose of performance management is not only the identification of performance deficiencies, but also being able to pinpoint the cause of any deficiency. For example, a volunteer’s relatively low performance may be the result of a lack of knowledge or skill, low motivation to perform a particular assigned task, non-organization-related anxiety or stress, or some other factor. Effective performance management would help to address surface- and deep-level factors that influence volunteer performance.

So, what do performance management and retention and the aforementioned discussion of volunteer motivation have to do with organization change management? A lot! Organization change efforts, well, change things. Those changes can be relatively straightforward like a switch to a new computer system or a change in some process. Or they can be major, like expanding or shrinking service areas or a client base, changing the name (and thus, possibly the perceived identity) of the organization, shifts in board personnel and leadership, or a merger. Remember, volunteers join nonprofits for various but specific reasons. Additionally, nonprofits rely on a critical mass of volunteers to choose to remain committed to the organization’s vision, mission, and objectives, and donate their time and energy toward the achievement of organizational goals. Organizational change events have the potential to rock the very foundation of a volunteer’s motivation for joining or their expectations for how they will serve. Leaders, therefore, must be highly skilled in using the performance management process to continually align volunteer performance with the nonprofit’s goals during and after any change efforts. Specific performance management steps nonprofit leaders can take to minimize the negative consequences of organizational change on volunteers include: (1) defining organizational outcomes; (2) developing performance expectations for individuals; (3) appraising performance; and (4) providing feedback and consequences for individual performance information and identifying performance improvement needs. These steps are briefly described below and are outlined in Fig. 5.1.

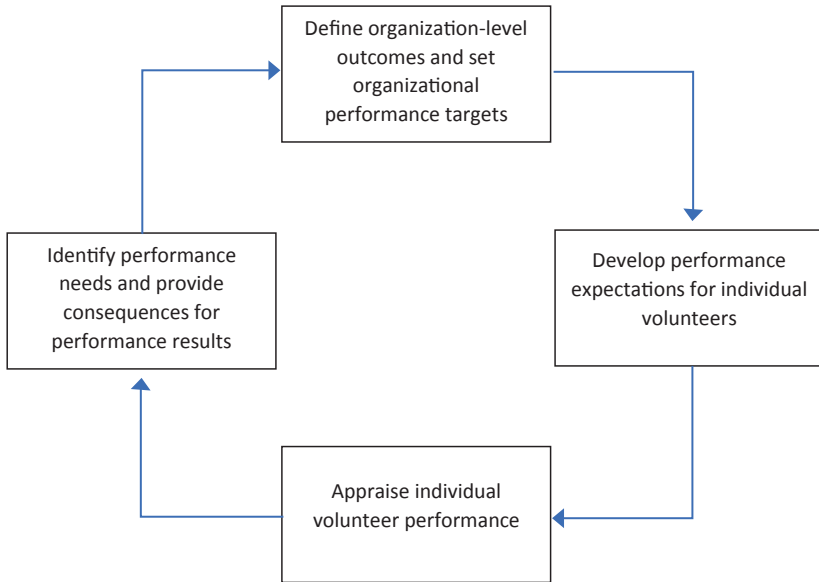


Fig. 5.1 A performance management process for volunteers

Performance Management Step 1: Setting Organizational Performance Targets

As mentioned earlier, one purpose of performance management is to align individual behavior to organizational objectives. In order for that to happen everyone in the organization—executive leadership, board members, managers and supervisors, employees, and volunteers—must be clear and on the same page about what the organization is trying to achieve. This not only entails being familiar with the high-level vision and mission of the nonprofit. Stakeholders must also understand the tactical and operational activities a nonprofit will use to achieve its goals and fulfill the reason for its existence. In smaller nonprofits with few volunteers and relatively simple structures, the linkages between broad organizational strategy and tactical and operational activities can likely be communicated and explicated directly to individuals. In larger matrixed or multi-divisional nonprofits with complex hierarchies, it is better to

build the linkages between strategy and activities into the organizational structure itself. For example, division, department, or group goals should be aligned with the overarching organizational strategy, and monitoring should occur to ensure that performance at these lower levels roll up and support higher-order objectives.

Performance Management Step 2: Developing Volunteer Performance Expectations

Successful performance requires that an individual has the proper knowledge, skills, and abilities (also called *job specifications* or *human capital*) to perform the tasks, duties, and responsibilities (also called *job description*) of the work assigned to them. The connection between job specifications and a job description reflects a volunteer's performance expectations—in addition to the personal fulfillment they derive from volunteering, they are present to donate their human capital in ways that add value to the nonprofit. This value comes in the form of performing assigned tasks, duties, and responsibilities that roll up to higher-order tactical and operational objectives, which ultimately contribute to and support the broader mission and vision. During an organizational change effort, volunteers must be kept in the loop about how they will be involved and affected. They cannot be an afterthought to employees, especially in nonprofits where they perform a significant proportion of the work. If the tasks, duties, and responsibilities they have become used to are to be altered, managers must ensure that volunteers understand the details of changes, are trained on how to perform well under a new system or after change implementation, and are clear about the expectations for their individual performance moving forward.

Performance Management Step 3: Appraising Volunteer Performance

Once organization-level strategic targets are defined and understood throughout the nonprofits, and individual-level expectations for volunteer performance are created and communicated, the next step in the performance management process is to evaluate whether or not volunteers are meeting performance standards. Arguably, this is a touchy subject for volunteer administrators and nonprofit leaders. Some argue that it is too difficult, and possibly not right, to evaluate the performance of an individual who is volunteering their time, talent, and effort for free. While there may be isolated situations in which volunteer performance management might not be the best approach (such as during a time of

catastrophic emergency), we believe that volunteer performance management done well can both benefit nonprofits and help volunteers make the most of their donated time. This is especially true during organizational change events because of the potential negative impact disruptions can have on well-established individual and organizational routines.

There are many approaches to evaluating an individual worker's performance, including the comparative or rankings approach, attribute or behavioral rating approaches, and results and quality approaches. As the name implies, ranking approaches involve comparing a volunteer's performance with that of other volunteers. Rating approaches assess the extent to which volunteers possess certain characteristics (in the case of the attribute approach) or do certain activities (in the case of the behavioral approach) that are deemed necessary for successful performance of assigned work. The results and quality approaches are farther-reaching and assess the extent to which organization-level service, production, or quality targets are achieved. While each approach has pros and cons, rankings tend to present more challenges than benefits for organizations. It is difficult to link rankings to organizational strategy, they have validity and reliability issues and are highly subject to bias, they are oftentimes perceived as unfair by those being rated, and they do not do a good job of providing specific feedback. Plus, just imagine how your volunteers might react if one day you ranked them from best to worst!

On the other hand, the results and quality approaches track very closely onto organizational strategy and are statistically sound in terms of their validity and reliability. But because these approaches are usually tied to the targeted achievement of organization-level metrics, they can be far removed from individual volunteer performance. A lot of non-volunteer-related factors may muddy the link between volunteer performance and organizational targets, resulting in a less than accurate snapshot of a volunteer's actual contribution. For example, imagine the link between museum docents and visitor donations or repeat visits. In this theoretical volunteers surely impact the experience and satisfaction of museum visitors, but so do many other factors. Without intervention, a results or quality-based approach may not be able to accurately isolate volunteer performance. These approaches are most useful if they can be combined with other evaluation techniques that are more proximal to individual volunteer performance. Ratings approaches are an example of such a technique. As noted above, ratings compare a volunteer's attributes or behaviors, or both, to objective standards. Attributes such as whether

a person possesses factual information about a job-related process, or behaviors such as the frequency with which they utilize that knowledge to accomplish work tasks, form the basis of performance appraisal. Managers then evaluate whether volunteers meet the standard or are below or above it, using some predetermined scale such as the four-point example depicted in Fig. 5.2.

For each volunteer attribute or behavior, use the dimensions below to provide a performance rating for each attribute or behavior.	
EXCEPTIONAL:	Always gets results beyond what is required. This rating reflects performance over a sustained period of time that is clearly and consistently superior, and is reserved for volunteers who make extraordinary contributions to the organization which are recognized internal and externally.
EXCEEDS EXPECTATIONS:	Goes above and beyond expectations. This rating reflects performance that more often than not exceeds expectations and service requirements. A rating at this level is reserved for volunteers who are consistently acknowledged for key contributions to the organization.
MEETS EXPECTATIONS:	Assigned tasks, duties, and responsibilities are performed accurately and on time. This rating reflects performance that meets all expectations and service requirements. A rating at this level is for volunteers who perform at or in some cases above standards.
DEVELOPMENT REQUIRED:	Service requirements not consistently completed, or complete late and/or with frequent errors. This rating reflects performance that fails to meet minimum expectations. A rating at this level is used identify volunteers who can benefit from increased supervision, training and development, or role reassignment. Volunteers who consistently require development and are unable to improve their performance should be considered for “involuntary retirement.”

Fig. 5.2 Example of evaluation criteria for volunteer attribute and/or behavioral ratings

Performance Management Step 4: Providing Volunteers with Feedback and Consequences for Performance Results and Identifying Performance Improvement Needs

Appraising a volunteer's performance and determining the extent to which they meet expectations is not the end of the performance management road. In fact, it is not until this stage that leaders can actually use performance information in ways that directly impact volunteer capabilities and maximize their contributions to the organization. Why? Because the results of individual evaluations are what allow managers to make administrative and developmental decisions about volunteers. Once leaders obtain specificity around how volunteer performance compares to carefully determined expectations they can create action plans for managing volunteers. For a high-performing volunteer who is meeting or exceeding expectations, an appropriate action plan could include some form of recognition or asking them to help train and onboard new volunteers. For a volunteer who is not currently meeting performance standards, a manager will want to dig deeper into the possible reasons for low performance. It could be a motivation issue (which is why it is imperative that nonprofit leaders understand the potential bases of volunteer motives discussed earlier). Or perhaps there is a skills mismatch. Volunteers are often brought into nonprofits as generalists and are expected to be able to perform any tasks, duties, or responsibilities handed them. But not everyone is a generalist. In fact, work is rarely organized into general tasks; the entire concept of occupations and professions is built around the division of labor and specialization of work. The hospital volunteer who excels at back office clerical work but struggles during the annual phonathon may simply not have the attitude needed to cheerfully make dozens of calls to potential donors. This fourth step of the performance management process would help that volunteer's administrator know an issue exists, prompting the manager to try and isolate the reason for the performance deficiency. Herein lies the power of performance management when conducted well. As mentioned earlier, there are some who believe volunteer performance cannot or should not be evaluated. In this hospital volunteer hypothetical, ignoring performance management would result in suboptimal outcomes for both the organization and the volunteer. The volunteer loses out because they are tasked to do work they do not perform well and that they may not enjoy. This is particularly problematic because job satisfaction is an important predictor of intention to leave and actual turnover (Judge et al. 2001). And the hospital loses out because a different volunteer who is better suited for working a phonathon may actually solicit more donations.

This hypothetical highlights an important aspect of the final step of the performance management process—feedback. Whether volunteers are doing well or have room for improvement, nonprofit leaders need to tell them so and provide appropriate consequences for their performance results. One way to think about performance is in terms of a volunteer’s *ability* and *motivation* to carry out assigned tasks, duties, and responsibilities (London 1997). Volunteers who are both highly capable and motivated and consistently meet or exceed expectations might be deemed the organization’s solid performers, and should be especially recognized for their contributions and possibly considered for expanded and higher-level opportunities (e.g., a volunteer trainer). When volunteers are high in one and low in the other and do not consistently meet expectations, managers can take steps to enhance either ability or motivation, whichever is low. Low ability may point to a need for skill development, training, or goal setting (discussed in Chapter 4), while low motivation may point to a need for job restructuring or reassignment, frequent and direct performance feedback, or help managing work demands and stress. If a volunteer has low ability and low motivation and rarely meets performance expectations, volunteer administrators and nonprofit leaders must ask difficult questions about that volunteer’s role and future with the organization. If ability-enhancing and motivation-enhancing approaches do not quickly and meaningfully improve performance, these volunteers must be seriously considered for involuntary “retirement.”

In the first part of this chapter, we have discussed how a deep-level understanding volunteer motivation and performance management can help facilitate successful organizational change. The next part considers the role of volunteer administrators and volunteer management strategy in the change management process.

STRATEGIC VOLUNTEER RESOURCE MANAGEMENT

Organizations create value via the contributions of their human resources—that is, their people. Private sector organizations rely on the human capital of employees to help the firms create and sustain competitive advantages in the markets they operate. In addition to employees, nonprofits frequently rely on the donated effort of volunteers to provide critical manpower (and sometimes, nonprofit workforces are entirely

comprised of volunteers). Just as organizations must manage their paid workers in ways that maximize employee commitment, satisfaction, and performance during organizational change events, so too must nonprofit leaders be purposeful when it comes to volunteer management. One way volunteer administrators and nonprofit leaders can actively do this is through strategic VRM.

Strategic VRM builds upon the people-management constructs of strategic human resource management (SHRM; Wright and McMahan 1992), strategic nonprofit human resource management (SNHRM; Akingbola 2013), and the strategic volunteer management model (Akingbola 2015). It is also informed by recent studies that demonstrate positive linkages between nonprofit organizational strategy and characteristics, volunteer management practices, individual volunteer characteristics, and organizational outcomes (Intindola et al. 2016; Rogers et al. 2016). The “strategic” concept in all of the people management constructs mentioned above refers to the extent to which human resource practices are aligned with organizational strategy (this is called *vertical alignment* in that congruence runs north and south between practices and high-level objectives) as well as with one another (this is called *horizontal alignment* as congruence is measured across individual practices or groups of practices).

The gist of strategic VRM is straightforward—the greater the vertical and horizontal alignment within a volunteer management system, the more “strategic” those volunteer management efforts will be and the greater their positive impact on both volunteer and organizational performance. As an example, Rogers and colleagues (2016) found that use of “commitment-enhancing” volunteer management practices (discussed in detail below) had a greater positive effect on volunteer performance and patient satisfaction scores within hospitals that were perceived to espouse a “quality-maximization” strategic orientation, than in hospitals perceived to espouse a “cost-minimization” strategic orientation. Commitment-enhancing refers to practices that represent an investment approach to volunteer management; that is, they actually cost an organization time, effort, and money to do. Conversely, “cost-reduction” practices (Rogers et al. 2016) reflect an approach in which nonprofits manage volunteers because they have to, but primarily seek to keep the cost of volunteer administration low.

Twenty Commitment-Enhancing Practices for Managing Volunteers

Because nonprofits possess different characteristics, operate in different environments, have access to different levels of resources, and are subject to different internal and external constraints, it is impossible to prescribe a one-size-fits-all recommendation for how to conduct strategic VRM. Instead, in Fig. 5.3 we proffer 20 horizontally aligned, commitment-enhancing volunteer management practices (Intindola 2016;

<p>Work Design</p> <ul style="list-style-type: none"> • A formal, written volunteer services function mission statement that volunteers, staff, and organization leaders are familiar with • The volunteer services department/function has explicitly-stated goals that are revisited each year • Written service (job) descriptions for all volunteer positions/roles • Volunteer service-related expenses are paid for directly by the organization, or volunteers are reimbursed • The volunteer service department conducts an annual needs assessment <p>Recruitment and Selection</p> <ul style="list-style-type: none"> • Recruiting occurs via multiple channels (e.g., organizational website, volunteering websites, volunteering recruitment fairs, direct mail, bulletin boards, high school and college campus recruitment, etc.) • In addition to general recruiting, specialized and highly-skilled volunteers are sought after to perform specific tasks • A formal volunteer screening and selection process (e.g., application forms, situational and behavioral interviews, reference checks, background checks, etc.) <p>Training and Development</p> <ul style="list-style-type: none"> • All new volunteers participate in periodic new-volunteer orientations • Ongoing professional development opportunities are available <u>for volunteers</u> • Training is provided to <u>paid staff</u> on how to work effectively alongside volunteers • When paid staff are hired, they are educated on the role of volunteers in the organization (e.g., they receive a “volunteer services” brochure in their new hire package, or the volunteer services director is on their new-hire orientation program, etc.) • There is a budget line item for the volunteer services staff (or at least a volunteer administrator) to participate in professional development activities

Fig. 5.3 20 Commitment-enhancing practices for managing volunteers

Performance Management and Supervision

- An individual dedicated solely (preferred) or primarily responsible for volunteer administration
- Someone representing volunteer services is involved in executive-level organization strategy and planning (e.g., the volunteer administrator has a seat at the table during leadership meetings)
- Volunteers are given an appropriate level of autonomy, flexibility, and independence to accomplish their assigned tasks, duties, and responsibilities
- Every volunteer has an assigned supervisor or contact person

Communication and Recognition

- Volunteers are periodically provided organizational updates and information about events via multiple media (e.g., newsletter, direct mail, email, a volunteer services webpage or social media page, etc.)
- Individual volunteers, and volunteers as a group, receive rewards that recognize their contributions (e.g., “spot” awards, time-in-service awards, an annual volunteer recognition event, etc.)
- Paid staff are recognized for their support for volunteers

Fig. 5.3 (continued)

Rogers et al. 2016) and discuss how they can be used to keep volunteers engaged and motivated during organizational change. These practices are grouped into five focus areas: work design (five practices), recruitment and selection (three practices), training and development (five practices), performance management and supervision (four practices), and communication and recognition (three practices). Also called “high performance work practices” or “HPWPs” (Capelli and Neumark 2001), commitment-enhancing human resource practices such as increased opportunities for training and development, and meaningful recognition and reward programs, have been shown to positively affect individual and firm performance (Batt 2002; Chuang and Liao 2010).

The combined use of these 20 volunteer management practices will greatly benefit nonprofits during organization change events, and we provide a few examples to illustrate how and why. Consider the work design-related practice of maintaining written service descriptions for all volunteer roles. People work at higher levels of performance when there

is role clarity; that is, when there is little ambiguity about the behavior that is expected of them while doing a job (Tubre and Collins 2000). If an organization change event results in significant shifts to an already high-performing volunteer's assigned tasks, duties, and responsibilities, that volunteer is more likely to continue performing well if they are crystal clear about how their role and expectations are morphing as a result of the organizational change. With written service descriptions for volunteers, nonprofit leaders and volunteer administrators can help direct volunteer behavior in ways that enable successful change and contribute to organizational goals.

In the area of recruitment and selection, "strategic staffing" can enable nonprofits to acquire volunteers with specialized knowledge or skills that can add targeted value to the organization during the change. An example of this might include seeking an especially 'tech savvy' volunteer during a transition to a cloud-based membership management system who could help with implementation and training. Regarding training and development, providing ongoing professional development opportunities for volunteer administrators can contribute to the success of organizational change by keeping the individuals responsible for managing volunteers abreast of VRM best practices and strategies and providing them with networking connections and resources. In health-care, for example, the Association for Healthcare Volunteer Resource Professionals (AHVRP) is a nationwide professional membership organization in the United States that provides "support through thought leadership, learning and knowledge sharing, professional development, certification, recognition for personal and professional achievements, networking, collaboration and advocacy resources for leaders in health care volunteer management" (AHVRP 2018). Organization-sponsored opportunities to participate in professional development activities like joining membership groups is yet another way that strategic VRM can assist the successful implementation of organizational change.

The area of performance management and supervision is one that nonprofit leaders can leverage to obtain outsized return on investment from volunteer management, both generally and during organizational change. While the performance management process was described in detail in part one of this chapter, two specific practices include having a point person in the organization who is solely (preferred) or primarily

responsible for volunteer administration, and ensuring that volunteer administrator has a “seat at the table” and is involved in executive-level organization planning and strategy. This chapter began by making the point that volunteers are the backbone of nonprofit organizations. Yet all too often nonprofits do not take volunteer considerations into account or involve the volunteer administrator when making top-level organizational decisions. Remember, in order for nonprofits to maximize the value of volunteer contributions, volunteer performance must be aligned with organizational objectives. This cannot occur if volunteer services are disconnected from the larger vision and mission. The highest performing organizations will consider volunteer administration—the function responsible for managing the “backbone” of the organization—as a key player on the leadership team and a critical part of the nonprofit’s vision, mission, and goals. Finally, regarding communication and recognition, providing volunteers with regular updates regarding the status of organizational change efforts and rewarding their support of change can help ensure successful transitions by reducing uncertainty and incentivizing desired behaviors.

Making the Most of Strategic VRM

Enacting most or all of these strategic VRM practices sounds nice in theory. But the reality is that, because they require time and money, not every nonprofit can equally apply them. In a study of 107 US hospitals, Rogers et al. (2016) found that hospitals with a cost-minimization strategic orientation were apt to use strategic VRM practices to a lesser degree than hospitals that focus on quality more than cost. One interpretation of that finding is simple—nonprofits that can, do. It costs money to hire an employee who will become solely responsible for managing volunteer services, or to host an annual volunteer recognition dinner, for example.

What then are volunteer administrators left to do when they want to enact strategic VRM but do not have resources or capabilities to do so? One step is to assess which of the practices are actually possible to do in the near term (if they are not already being done). Some of the 20 practices cost much less time and effort than others, and some do not cost any more money than the value of a person’s time (if that person is a paid staff member). Writing a volunteer services mission statement

that aligns with the larger mission of the organization, and creating yearly goals to guide volunteer contributions, are among the practices that are low-hanging fruit for resource-strapped nonprofits. Another option is to ensure that volunteer considerations are seriously discussed during senior leadership meetings and are being weaved into the strategic and operational framework of the organization. Related to this, the value of volunteer contributions to the organization must be clearly communicated to decision-makers, and this information must include evidence of *impact* in addition to the more typical ‘descriptives’ of the number of volunteers or volunteer hours (Rogers 2017). Examples of impact typically include metrics around services or products generated by volunteers, such as the number of phone solicitations made during a capital campaign, as well as the estimated value of that work (such as the total money raised as a result of calls made by volunteers). Providing leaders with tangible information and evidence about the effectiveness of volunteers can help make the case for increased investments in the volunteer management function, thereby enabling increased use of strategic VRM.

CONCLUSION

Volunteers provide critical human capital for the nonprofit sector. Indeed, many nonprofits could not achieve what they do, and some would cease to exist, without the contributions of volunteers who donate their time, talent, and effort in support of organizational objectives. In this chapter, we discussed the sociological, political, economic, and psychological motives behind why people volunteer in the first place, and explained how a deep understanding of volunteer motivation can help nonprofit leaders maximize volunteer performance and enhance their organizational commitment. Additionally, we introduced the potential of strategic VRM as a tool for enhancing volunteer capabilities and directing volunteer activities during organizational change. No matter their resources or constraints, nonprofit organizations must appreciate and value the contributions of their volunteers, and must be creating in finding ways to transform the knowledge, skills, and abilities of volunteers into meaningful and measurable organizational impact.

REFERENCES

- AHVRP. *About AHVRP*. Retrieved September 27, 2018 from <http://www.ahvrp.org/about/association.shtml>.
- Akingbola, K. (2013). A Model of Strategic Nonprofit Human Resource Management. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 24(1), 214–240.
- Akingbola, K. (2015). *Managing Human Resources for Nonprofits*. New York: Routledge.
- Allen, N. J., & Rushton, J. P. (1983). Personality Characteristics of Community Mental Health Volunteers: A Review. *Nonprofit and Voluntary Sector Quarterly*, 12(1), 36–49.
- Auslander, G. K., & Litwin, H. (1988). Sociability and Patterns of Participation: Implications for Social Service Policy. *Nonprofit and Voluntary Sector Quarterly*, 17(2), 25–37.
- Batson, C. D., Ahmad, N., & Tsang, J. A. (2002). Four Motives for Community Involvement. *Journal of Social Issues*, 58(3), 429–445.
- Batt, R. (2002). Managing Customer Services: Human Resource Practices, Quit Rates, and Sales Growth. *Academy of Management Journal*, 45, 587–597.
- Bell, W., & Force, M. T. (1956). Urban Neighborhood Types and Participation in Formal Associations. *American Sociological Review*, 21(1), 25–34.
- Berger, G. (1991). *Factors Explaining Volunteering for Organizations in General and for Social Welfare Organizations in Particular* (Unpublished doctoral dissertation). Heller School of Social Welfare, Brandeis University, Waltham.
- Blackstone, A. (2004). “It’s Just About Being Fair”: Activism and the Politics of Volunteering in the Breast Cancer Movement. *Gender & Society*, 18(3), 350–368.
- Bobo, L., & Gilliam, F. D. (1990). Race, Sociopolitical Participation, and Black Empowerment. *The American Political Science Review*, 84(2), 377–393.
- Burns, N., Schlozman, K. L., & Verba, S. (1997). The Public Consequences of Private Inequality: Family Life and Citizen Participation. *American Political Science Review*, 91(2), 373–389.
- Cappelli, P., & Neumark, D. (2001). Do High-Performance Work Practices Improve Establishment-Level Outcomes? *Industrial and Labor Relations Review*, 54, 737–775.
- Chacko, T. I. (1985). Member Participation in Union Activities: Perceptions of Union Priorities, Performance, and Satisfaction. *Journal of Labor Research*, 6(4), 363–373.
- Chambre, S. (1987). *Good Deeds in Old Age*. Lexington, MA: D. C. Health and Company.

- Chappell, N. L. (1999). *Volunteering and Healthy Aging: What We Know*. Toronto: Volunteer Canada.
- Chuang, C.-H., & Liao, H. (2010). Strategic Human Resource Management in Service Context: Taking Care of Business by Taking Care of Employees and Customers. *Personnel Psychology*, 63, 153–196.
- Clary, E. G., Snyder, M., Ridge, R. D., Copeland, J., Stukas, A. A., Haugen, J., et al. (1998). Understanding and Assessing the Motivations of Volunteers: A Functional Approach. *Journal of Personality and Social Psychology*, 74(6), 1516.
- Cook, C. E. (1984). Participation in Public Interest Groups Membership Motivations. *American Politics Research*, 12(4), 409–430.
- Corporation for National and Community Service. (2018). *Volunteering in America*. Retrieved October 7, 2018 from <https://www.nationalservice.gov/serve/via>.
- Curtis, J. E., Grabb, E. G., & Baer, D. E. (1992). Voluntary Association Membership in Fifteen Countries: A Comparative Analysis. *American Sociological Review*, 57(2), 139–152.
- Florin, P., Jones, E., & Wandersman, A. (1986). Black Participation in Voluntary Associations. *Nonprofit and Voluntary Sector Quarterly*, 15(1), 65–86.
- Freeman, R. B. (1997). Working for Nothing: The Supply of Volunteer Labor. *Journal of Labor Economics*, 15(1), S140–S166.
- Frisch, M. B., & Gerrard, M. (1981). Natural Helping Systems: A Survey of Red Cross Volunteers. *American Journal of Community Psychology*, 9(5), 567–579.
- Hibbert, S., Piacentini, M., & Dajani, H. A. (2003). Understanding Volunteer Motivation for Participation in a Community-Based Food Cooperative. *International Journal of Nonprofit and Voluntary Sector Marketing*, 8(1), 30–42.
- Hodgkinson, V. A., & Weitzman, M. S. (1986). *The Charitable Behavior of Americans: A National Survey*. Washington, DC: Independent Sector.
- Hodgkinson, V. A., Weitzman, M. S., Noga, S. M., & Gorski, H. A. (1992). *Giving and Volunteering Among American Teenagers 12 to 17 Years of Age*. Washington, DC: Independent Sector.
- Houglund, J. G., Jr., & Christenson, J. A. (1982). Voluntary Organizations and Dominant American Values. *Journal of Voluntary Action Research*, 11(4), 7–26.
- Houglund, J. G., & Shepard, J. M. (1985). Voluntarism and the Manager: The Impacts of Structural Pressure and Personal Interest on Community Participation. *Nonprofit and Voluntary Sector Quarterly*, 14(2–3), 65–78.
- Houglund, J. G., & Wood, J. R. (1980). Correlates of Participation in Local Churches. *Sociological Focus*, 13(4), 343–358.
- Hwang, M., Grabb, E., & Curtis, J. (2005). Why Get Involved? Reasons for Voluntary-Association Activity Among Americans and Canadians. *Nonprofit and Voluntary Sector Quarterly*, 34(3), 387–403.
- Independent Sector. (2018). *Independent Sector Releases New Value of Volunteer Time of \$24.69 Per Hour*. Retrieved October 7, 2018 from <https://independentsector.org/news-post/value-of-volunteer-time-release/>.

- Intindola, M., Rogers, S., Flinchbaugh, C., & Della Pietra, D. (2016). Hospital Administrative Characteristics and Volunteer Resource Management Practices. *Journal of Health Organization and Management*, 30(3), 372–389.
- Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The Job Satisfaction–Job Performance Relationship: A Qualitative and Quantitative Review. *Psychological Bulletin*, 127(3), 376.
- Latting, J. K. (1990). Motivational Differences Between Black and White Volunteers. *Nonprofit and Voluntary Sector Quarterly*, 19(2), 121–136.
- Lemon, M., Palisi, B. J., & Jacobson, P. E. (1972). Dominant Statuses and Involvement in Formal Voluntary Associations. *Nonprofit and Voluntary Sector Quarterly*, 1(2), 30–42.
- London, M. (1997). *Job Feedback: Giving, Seeking, and Using Feedback for Performance Improvement*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Mayer, B. W., Fraccastoro, K. A., & McNary, L. D. (2007). The Relationship Among Organizational-Based Self-Esteem and Various Factors Motivating Volunteers. *Nonprofit and Voluntary Sector Quarterly*, 36(2), 327–340.
- Musick, M. A., & Wilson, J. (2008). *Volunteers: A Social Profile*. Bloomington: Indiana University Press.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2014). *Human Resource Management: Gaining a Competitive Advantage* (9th ed.). New York: McGraw-Hill Education.
- Palisi, B. J., & Korn, B. (1989). National Trends in Voluntary Association Memberships: 1974–1984. *Nonprofit and Voluntary Sector Quarterly*, 18(2), 179–190.
- Rogers, S. E. (2017). Strategic Management Practices Help Hospitals Get the Most from Volunteers. *Cornell Hospitality Report*, 17(5), 3–9.
- Rogers, S. E., Jiang, K., Rogers, C. M., & Intindola, M. (2016). Strategic Human Resource Management of Volunteers and the Link to Hospital Patient Satisfaction. *Nonprofit and Voluntary Sector Quarterly*, 45(2), 409–424.
- Rohs, F. R. (1986). Social Background, Personality, and Attitudinal Factors Influencing the Decision to Volunteer and Level of Involvement Among Adult 4-H Leaders. *Nonprofit and Voluntary Sector Quarterly*, 15(1), 87–99.
- Schafer, R. B. (1979). Equity in a Relationship Between Individuals and a Fraternal Organization. *Nonprofit and Voluntary Sector Quarterly*, 8(3–4), 12–20.
- Schiff, J. (1990). *Charitable Giving and Government Policy: An Economic Analysis*. Westport, CT: Greenwood Press.
- Sills, D. L. (1957). *The Volunteers: Means and Ends in a National Organization*. New York: Arno Press.
- Smith, D. H. (1994). Determinants of Voluntary Association Participation and Volunteering: A Literature Review. *Nonprofit and Voluntary Sector Quarterly*, 23(3), 243–263.

- Snyder, M., Clary, E. G., & Stukas, A. A. (2000). The Functional Approach to Volunteerism. In G. R. Maio & J. M. Olson (Eds.), *Why We Evaluate: Functions of Attitudes* (pp. 365–393). Mahwah, NJ: Erlbaum.
- Stephan, W. G. (1978). School Desegregation: An Evaluation of Predictions Made in Brown v. Board of Education. *Psychological Bulletin*, 85(2), 214–238.
- Sundeen, R. A. (1992). Differences in Personal Goals and Attitudes Among Volunteers. *Nonprofit and Voluntary Sector Quarterly*, 21(3), 271–291.
- Tajfel, H., & Turner, J. C. (1986). The Social Identity Theory of Intergroup Behavior. In S. Worchel & W. G. Austin (Eds.), *Psychology of Intergroup Relations* (pp. 7–24). Chicago: Nelson-Hall.
- Tubre, T. C., & Collins, J. M. (2000). Jackson and Schuler (1985) Revisited: A Meta-Analysis of the Relationships Between Role Ambiguity, Role Conflict, and Job Performance. *Journal of Management*, 26(1), 155–169.
- Turner, J. C. (1987). *Rediscovering the Social Group: A Self-Categorization Theory*. Oxford: Blackwell.
- Wright, P. M., & McMahan, G. C. (1992). Theoretical Perspectives for Strategic Human Resource Management. *Journal of Management*, 18, 295–320.



CHAPTER 6

Change and Board Governance

NONPROFIT BOARD OF DIRECTORS

Nonprofit organizations are complex entities. One of the numerous factors that contribute to the complexity in the systems, processes, and interactions of nonprofit organizations is the nature of governance of the organization. In the USA, Canada, the UK, and many other countries, a registered nonprofit organization must have a board of directors. The board of directors typically provides governance in nonprofit organizations. This means that they are ultimately legally responsible for the actions of the nonprofit organization (Murray 2006). The board of directors is the custodian of the mission because they must ensure that the organization stays true to its mission. They contribute to the determination of the values, strategy, policies, and practices adopted by the nonprofit organization.

Also, in many ways, the board is the ultimate risk manager of the organization. Board members must ensure that the organization stays on the right side of the laws of the land. The board of directors must consistently help the nonprofit to mitigate, control, and avoid legal liabilities that the organization may encounter. The board of directors is also important in terms of the nonprofit management functions and how organizational practices play out. For example, the decisions of the organization in the choices in terms of allocation resources, financial and human resources management are influenced by the extent of the role of the board.

The core roles of the board of directors therefore suggest that a discussion of change in nonprofit organizations is incomplete without an explanation of the influence, role, and impact of the board of directors in nonprofit change. This chapter provides a brief overview of the types of nonprofit board of directors followed by an overview of the challenges and opportunities that are related to change in the sector. The discussion then proceeds to explore the roles and responsibilities of the board of directors in change. This includes how the board can help to guide the vision for change in the organization.

TYPES OF NONPROFIT BOARD OF DIRECTORS

There are three main types of boards of directors in nonprofit organizations: (1) working boards, (2) policy boards, and (3) mixed boards (Murray 2006). It is possible that a board of directors may combine the characteristics of more than one type of board. Moreover, the type of board of directors could highlight the principles that underlie the activities of a nonprofit and play an important role on how the organization sets out to manage the effects of the interactions and processes between the mission, multiple institutional relationships, social exchange, and operational efficiency.

Working Boards

A working board of directors is a type of board that is directly involved in the day-to-day operations of the nonprofit organization. A working board is characteristic of different types of nonprofit organizations but the structure is more common in small organizations in which there is a minimal distinction between the organization and some of the core stakeholders such as the volunteers, employees and the founder(s). The board is basically the management of the organization. It could also be possible that the role of the board overlaps with the management in the running of the affairs of the organization. One implication of the role of the board is that board members are part of the core management team and human resources of the organization. As a result, they will develop organizational systems and processes such as human resources and financial management to reflect the fact that they are

involved in the day-to-day operations of the organization. The working board governance structure will also tend to reflect the type of principles and values that are the effects of the interactions and processes that give rise to the resources of the nonprofit organization. In other words, the working board will reflect who are the important players involved in the organization, the nature of the social network and interactions that provide the social capital, human capital and financial resource of the organization. The role of the working board also hinges on how well the organization is socially accepted as representing the mission it sets out to represent. This is the basis of the social legitimacy of the organization.

Examples of working boards can be found in incorporated and unincorporated nonprofit organizations that are small, new, or a nonprofit social enterprise such as the Ottawa Farmers' Market Association, in Ontario, Canada. Figure 6.1 shows the mission of the producer-run organization that has vendors from areas within 100 kilometers of the city of Ottawa, the capital of Canada. The by-law of the association indicates that the "affairs of the Association shall be managed by a board of ten directors, each of whom at the time of election, and through his term of office, shall be a Member of the Association in good standing" (Ottawa Farmers' Market 2017). The farmers' market provides an opportunity for the public to buy fresh local produce and is promoted as a community hub to connect with friends, enjoy music from market musicians and demonstrations.

Mission of the Ottawa Farmers' Market

We provide environments where local farmers, specialty food processors, and artisans can flourish by delivering premium quality self-produced goods from within the Ottawa region through vibrant community markets.

Fig. 6.1 The Ottawa Farmers' Market (Source Ottawa Farmers' Market. <https://ottawafarmersmarket.ca/about/>)

Policy Boards

A policy board of directors means the board is focused on strategy, fiscal responsibility, and providing oversight to managers of the nonprofit organization. The strategic leadership role of the nonprofit policy boards suggests that the board must help the organization to develop policies. The policies will facilitate the ability of the organization to gain resources and develop processes that will drive the alignment between the mission, strategy and the external environment. The board must help the nonprofit organization to develop and implement strategy to gain competitive advantage while maintaining the financial health of the organization (Abzug and Galaskiewicz 2001). Organizational systems including human resources and financial management are developed and implemented based on the need for strategic alignment and fiscal responsibilities. The oversight role of the board is defined in terms of ensuring that managers stay within bounds of ethical practices that serve the best interests of the organization. This would include legal risks and mission-related risks. As explained later in the chapter, nonprofit organizations that have policy boards of directors will tend to reflect how the diverse role will impact the change readiness and their ability to adapt to change.

Most medium size and large nonprofit organizations are more likely to have a policy board of directors than a working board or mixed board. The Bayview Foundation, Inc. of Madison, Wisconsin (see Fig. 6.2) is a good example. The affordable housing nonprofit organization that also provides supportive services to low-income community members has a typical nonprofit board of directors that focuses on policy including legal and financial matters.

Mission of the Bayview Foundation Inc.

Bayview's mission is to provide a safe and quality housing in conjunction with meaningful programs and services. Bayview's International Center for Education and Arts provides programs and services that are designed to meet the social, educational, recreational, and cultural needs and interests of the community.

Fig. 6.2 The Bayview Foundation, Inc. (Source Bayview Foundation Inc. (2018) <http://www.bayviewfoundation.org/thefoundation/>)

Mixed Boards

Nonprofit organizations that have mixed boards of directors combine the characteristics of both working and policy boards in that the board provides strategic leadership and also participates in the day to day operations. The board members may have overlapping roles as employees or managers as well as membership of the board of directors. But generally, a mixed board of directors is a by-product of factors such as the life cycle stage of the organization, periods of crises and personalities of the board members (Murray 2006). It emphasizes the importance of external and internal factors that may require board members to play a direct role in management on aspects of the operations simultaneously with their governance responsibilities. For example, a board member who is a certified accountant or human resources professional could be involved in a management role due to the requirement of funders to have a professional in the management decision-making process. This due diligence to meet accountability requirements is particularly common in small nonprofit organizations.

It could also reflect an attempt to align resources and processes based on shared values. From a shared values angle, board members in small nonprofit organizations may work in operational roles for reasons that are beyond limited resources. They want to actualize the values that underlie the mission of the organization through their direct role in service delivery or support roles in the nonprofit. In a way, they want to walk the talk by helping to deliver services and be involved in the decision-making process about the mission. The board members may want to actualize the social good that attracted them to the organization. In addition, it is possible that the board of directors is simply fully involved in the day-to-day management of the organization.

Regardless of the rationale and the nature of the mixed board, the board structure is enshrined in the by-law of many nonprofit organizations especially those established to represent marginalized groups in the community such as people with disabilities, visible minorities, women, and youths. The mixed board structure is an opportunity to give the stakeholders a voice in the decision-making process of the organization. A-Way Express Courier, a nonprofit social enterprise in Toronto, Canada offers a good example of a mixed board of directors (Akingbola 2014) (see Fig. 6.3).

A-Way Express was established in 1987 by consumers/survivors of the mental health system to create jobs that would allow people with mental health issues to work accountably and independently. At A-Way Express, employees are the core of the company. The board of directors is 50% frontline employees and all employees are encouraged to attend the board's monthly meetings.

Fig. 6.3 A-Way Express Courier (*Source* Akingbola [2014])

The mixed board structure of A-Way Express Courier is driven by the need to give the employees a voice as well as to actualize the values of the organization. Bearing in mind that the organization was established with the mission to provide employment for people with psychiatric disabilities who are consumers/survivors of the mental health system, the mixed board roles ensure that the employees and volunteers will gain valuable leadership experience through their involvement in the governance of the organization. Thus, the mixed board of directors is part of the strategies designed to address the challenges that people with psychiatric disabilities experience in the labor market.

Each of the three types of board of directors reflects the values, resources, interactions, and processes of the nonprofit organization. Although there is no best type of board structure (Murray 2004), the type of board of directors in use in a nonprofit influences the systems that evolve in the organization. As a factor that is influenced by the internal and external environment, the type of board of directors reflects the fit between governance structure and the environment of the organization (Bradshaw 2009; Herman et al. 1997). The intentions, choices, and actions of dominant stakeholders are reflected in the structure of the board of directors of a nonprofit organization. However, the multiple social factors that influence the structure of a board could make it difficult to specifically pinpoint how the interactions determine the nature of the board of directors.

However, regardless of the type of board of directors, the board members are important stakeholders that have a critical role to play in shaping the ability of the organization to adapt to change. Generally, there is no question that change in the environment will present challenges and opportunities that could impact the characteristics and responsibilities of the board in a nonprofit organization. Thus, the impact of change for the board of a nonprofit including the challenges and opportunities is the focus of the next section.

CHANGE: CHALLENGES AND OPPORTUNITIES FOR THE BOARD

The external and internal environment factors are the core determinants of a nonprofit organization's systems, processes, and practices. The environment change drivers examined in chapter two such as the economy, community needs, government policy, and funding provide the inputs for the activities of the organization. They drive the change opportunities and challenges that the board must understand. The board must also understand the need to position the organization to adapt to these drivers that are front and center of nonprofit organizational change. The challenges and opportunities of change can affect the role and structure of the board. The examples of the challenges and opportunities of change emphasize why the board of directors must see the relationship between the environment and the organization as the basis of their governance and strategic leadership role.

Impacts of Change

Similar to other major stakeholders, board members must understand that change means the interactions, resources, and the performance of the nonprofit organization can be redefined. It is therefore important for board members to understand change management as an integral part of the governance and strategic leadership roles.

Change Creates Tension

Nonprofit organizations are prone to the tensions inherent in their organizational characteristics. There is the ever-present imperative to balance between the financial survival and sustainability of the organization vis-à-vis the pre-eminence of the mission (Frumkin and Andre-Clark 2000). This is coupled with the tension that results from the values and the institutional relationships which underlies the often conflicting perspective on strategy and outcomes among stakeholders including employees, frontline volunteers, and volunteer members of the board of directors.

What change does is to add additional dimensions and further intensify the tensions in nonprofit organizations. For example, research has found that government funding contributed to the increased roles and responsibilities tension between the management committees of the boards of directors and the employees of nonprofit organizations

(Bernstein 1991). The need to comply with change in government funding has created an environment of persistent tension for many nonprofit organizations and their stakeholders. The inability to manage these change tensions can put the organization in a perpetual crisis mode. Thus, as explained below, managing change tensions is part of the responsibilities of the board of directors.

Change Affects Board Composition

The change drivers in the external environment such as changing economic, political and social priorities as well as intense competition among nonprofits and increased demand for services have placed immense pressure on nonprofit organizations (Steiner et al. 1994). In response, many nonprofit organizations are compelled to review their organizational structure including the composition of the board. Thus, in order to help the organization to better adapt to the needs for change, a nonprofit may change the actual composition of its board (Frumkin 2002). This includes the competencies that board members must possess as well as the role and the structure of the board. Similar to the other components of a nonprofit organization's systems and processes, the board of directors is susceptible to the demands of change. Change is therefore not only an issue or opportunity the board needs to help the organization to manage effectively, change could change the nature and potentially the role of the board of directors.

Change Requires Board Competencies

The challenges, tensions, and the impacts of change on the nonprofit organization require the board of directors to have and use critical competencies for strategic management and their oversight functions. The typical nonprofit organization faces enormous ongoing issues due to funding challenges, competition, and pressure from stakeholders that the board of directors must help the organization to navigate (Smith and Phillips 2016). Change adds to these threats including decreased resources and increased emphasis on accountability. As noted in chapter two, the community demand for services has been increasing steadily and the funders are making specific demands that are onerous for the already stretched nonprofit organizations. Also included in the mix, are the emergent opportunities that a dynamic nonprofit organization must position itself to leverage.

Thus, there is an ever-present need for the nonprofit organization to equip members of the board with the knowledge and skills that are required to manage the oversight component of change. They cannot do this without having a good understanding of strategic management which can help to provide a critical and balanced governance of the plans of the senior leadership team. It is possible that a nonprofit may target recruit for board members with these skills. However, the need to understand the required competencies from the unique context of each organization means that a nonprofit must use a board management strategy that combines recruitment with training to enhance change competencies at the governance level. Board members must continuously use their change governance skills in order to help the nonprofit to effectively manage change.

Change Requires Flexible Governance

As noted above, one of the implications of change is that nonprofit organizations may review the structure and responsibilities of their board of directors. In other words, change is changing the nature of the board of directors. The flip side of this challenge of change is that it offers an opportunity for a nonprofit organization to position the governance structure differently. Nonprofit organizations must use governance structures that are flexible in order to adapt to change (Smith and Phillips 2016). The governance structure must enable the nonprofit organization through the board of directors to be responsive to the needs and dynamics of change. The board must be open to the indicators that point to the need for change and be prepared to use their governance role to facilitate the ability of the nonprofit to be responsive to the shifts in the environment.

Change responsiveness can be explained in terms of two components of the organizational systems and processes both of which must have the imprint of the board of directors.

- First, organizational decision-making must be designed to facilitate responsiveness. The decision-making apparatus must enable the organization to be adept to the need and pace of change with adequate checks and balances. Effective responsiveness means the identified challenges, threats and opportunities must be fast-tracked with detailed analysis to support the decision-making process.

An over-bureaucratized decision-making process can be the bane of responsiveness to the need for change. The board of directors must ensure that the governance role is adequately flexible to address the need for timely and effective decision-making to support responsiveness to change.

- Second, the nonprofit organization must develop and implement human resources management policies and practices that facilitate a culture of responsiveness. Change and organizational development initiatives must be aligned with specific HR practices that will enhance the understanding of the need for change among employees, volunteers, and other stakeholders. The alignment between HRM and change will also enable them to buy-in to the change vision and drive their commitment to the outcome. The alignment is the basis of organizational responsiveness. It enhances responsiveness.

Board governance plays an important role in facilitating the responsiveness. By embracing flexibility, the governance role can facilitate the development and implementation of the policies and practices to support a culture of responsiveness. With change as a constant and ever-present challenge to the nonprofit organization, board members must understand that their role includes facilitating the ability of the nonprofit to be responsive to the shifts in the environment.

Change Requires Engagement

The challenges and demands of change are making engagement of each member of the board of directors in a nonprofit organization to be an imperative. In turn, change is also driving the need for the board of directors to take a leadership role in the engagement of other stakeholders of the nonprofit organization. This role of the board is not new. What is different is that change has intensified the need for the board of directors to be engaged and to engage individual stakeholders. The implication of the goal for the typical nonprofit board of directors is that it will guide the specific objectives that they aim to achieve through an engagement strategy for change. The examples of the objectives are diverse.

- One, the board of directors can set an objective to provide leadership to ensure that engagement measures are included in the change plan and are implemented to facilitate stakeholder's buy-in of the change. This will ensure that governance is used to provide support for the engagement of individuals in the change process.
- Two, the board can also set an objective to use engagement to facilitate employees and volunteers who have specific skills about clients to use it to support the clients in the change process.
- Three, the board can aim to ensure that governance facilitates the engagement of external stakeholders and the community in the change. This is about building a strong connection with the community which can help with feedback about the change, support performance during change and to institutionalize change,

The objectives highlight some examples of the ways the board of directors can drive the goal of engagement to ensure that the organization deploys its resources for change. The impacts of change offer different opportunities and challenges that could shape the roles of the board.

BOARD ROLES IN CHANGE

Similar to for-profit organizations, research suggests that the board of directors of a nonprofit is a key resource that mediates the relationship between the strategy of the organization and how it adapts to change in the external environment (Bradshaw 2009; Herman et al. 1997; Pfeffer and Salancik 1978; Rossheim et al. 1995). In other words, the ability of a nonprofit organization to adapt to change is determined in part by how well an organization can use the board of directors as a resource when developing and implementing the strategies to manage change. This perspective notes that part of the responsibilities of the board is to provide oversight in the formulation and implementation of strategy and facilitate development of the resource base. This includes the human resources pool required to achieve the strategic goals of the organization. However, the extent of the roles and how these responsibilities are performed are contingent on factors such as the type of board (Murray 2004) and board performance issues. For example, Ryan et al. (2018) identified performance problems as part

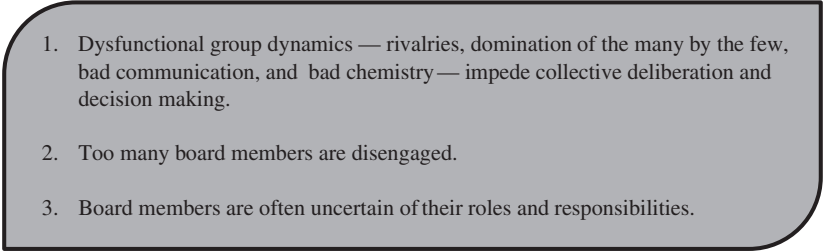
- 
1. Dysfunctional group dynamics — rivalries, domination of the many by the few, bad communication, and bad chemistry— impede collective deliberation and decision making.
 2. Too many board members are disengaged.
 3. Board members are often uncertain of their roles and responsibilities.

Fig. 6.4 Board performance problems (Ryan et al. [2018])

of the major challenges of the board of directors (see Fig. 6.4). This raises the question of the roles of the nonprofit board of directors in change.

Consistent with the discussion in chapter two that reviewed the diverse roles that employees and volunteers can play in change in non-profit organization in which we draw on Cawsey and Deszca's (2007) classification of roles in change, below we discuss the board of directors as: (a) change initiators, (b) change implementers, (c) change facilitators, and (d) change recipients.

Directors as Change Initiators

Similar to managers, employees and other volunteers of the organizations, the board of directors of a nonprofit organization can initiate change. The change initiator role of the board of directors could result from three overlapping ways: (1) from the governance responsibilities of the board; (2) from the operational responsibilities of the board; and (3) from the basic stakeholder roles.

1. *Governance responsibilities.* As discussed above, governance is the core role of the board of directors of a nonprofit organization. In the process of providing governance and oversight on a wide-ranging management and operational activities of the organization such as financial management, human resources management, funding, accountability and complaints about senior management, the board of directors can initiate change in a nonprofit organization. For example, the board approval of a plan either by a committee of the

board or by the senior management to diversify funding with targeted emphasis on major gifts, investment planning and borrowing for major capital projects is the beginning of a major change for the nonprofit organization. The change will include development and implementation of a change vision, new or revised organizational practices and outcomes. This example of the board initiating change is not uncommon in many nonprofit organizations. Also common is when the board of directors initiate change through a major strategic review of a nonprofit organization. The change initiation would involve the creation of committees to lead the strategic review and planning process. A consultant could also be hired to assist with the process.

2. *Operational responsibilities.* Whether by design because the board is a working board, a mixed board or as a result of the operational realities of a nonprofit, members of the board of directors can be involved in the day-to-day operation. The board members can therefore initiate change if they are working as managers, employees or volunteers of the organization. It means that the change initiated by board members in their operational roles will be championed by the members when presented at the board meeting for approval. However, since not all change must be approved by the board, the board members can also initiate change by simply introducing the initiative for the approval of the senior management team. The operational role is also an opportunity for board members to advocate for change.
3. *Stakeholder responsibilities.* The members of the board of directors are first and foremost stakeholders in the nonprofit organization. Thus, they advocate and promote issues that can initiate change in the organization. Stakeholders voice issues that are consistent with the values of the organization and emergent social issues in the community to help the organization to align with the shift in the external environment. They are part of the human resources pool that help the organization to scan and monitor the political, economic, social, and technological trends in the community.

The ability of the board of directors to initiate change could hinge on the understanding of their diverse and overlapping responsibilities in the nonprofit organization. It is through their leadership responsibilities in governance, operations and as stakeholders that they can help the organization to initiate change.

Directors as Change Implementers

Change implementation is an all-encompassing process in a nonprofit organization. Employees and volunteers must deploy specific processes, behaviors, and actions related to the change vision to make the change a reality. Thus, depending on the size, scope, and type of nonprofit board of directors, the board is directly or indirectly involved in the implementation of change. The board structure in terms of whether it is a policy, working or mixed board is relevant to determine the role of the board in change implementation. Thus similar to initiating change, the three overlapping lens of the responsibilities of board members is also useful to examine how they can help the organization to implement change.

1. *Governance responsibilities.* In terms of change implementation, ideally, the governance role of the board should be limited to the oversight of the senior leadership of the organization. The board should support the leadership to ensure the effective implementation of the change. However, as part of their governance role, it is important for the board of directors to facilitate continuous due diligence to mitigate possible risks that are related to change. The board must help the nonprofit organization by fostering risk management and monitoring the controls that are implemented for the change process.
2. *Operational responsibilities.* In a nonprofit organization that has a working or mixed board of directors, the board members are involved directly in the implementation of change beyond their governance role. They coordinate the process with the senior leadership team, participate in committees and work on specific tasks that will actualize the change. As change implementers at the operational level, the members of the board of directors can help to reinforce the change. They can help to model the expected behaviors and assist the organization to implement the policies and practices that are part of the change. Also, their involvement in the implementation of change can add value to the traditional governance role discussed above. However, on the contrary, it could be a source of tension if the board members attempt to manage the implementation without being involved in the day-to-day operations or if they lack the skills required to manage change. This scenario is not uncommon in nonprofit organizations of different sizes and scope.

3. *Stakeholder responsibilities.* The role of board members as stakeholders in change implementation is not dissimilar to other stakeholders. They must offer support to the employees and volunteers who are at the forefront of the implementation. Regardless of whether they are involved in the implementation process through governance or directly in the day-to-day operation to make the change happen, the board of directors must work to champion the change among stakeholders simply by spreading the words about the change.

The board of directors could have an essential role to play in change implementation. Although they should not be directly responsible for the implementation of change, board members can help to mitigate the risks and support the senior leadership team throughout the change process and among other stakeholders. The role of the board of directors is also important to make the change to become part of the culture of the organization.

Directors as Change Facilitators

If there is a core role for the board of directors in change management in a nonprofit organization beyond the governance role stipulated in the by-law, it is to be change facilitators. The change facilitator responsibilities of the board transcend any type of board structure. A policy, working or mixed board of directors must help the organization to facilitate change. As explained in chapter two, change facilitators bring perspectives, knowledge, and expertise to assist the organization with the change process. They use the knowledge, skills, and experience to help the change agents—change initiators and change implementers—to see beyond the people issues such as interpersonal conflict, organizational politics and power that can derail change in any organization. In nonprofit organizations that have a working or mixed board structure, it is likely that board members could be involved in the people issues. However, they must learn to stay above the people wrangling and counterproductive work behavior that are related to resistance to change.

The change facilitator responsibilities of the board are another way they can help the organization to institutionalize change. Board members are in a unique position in the process of making change to become part of the culture of the organization. Their relationship with the senior

leadership on governance, the support they provide to employees and volunteers and their role as representatives of other stakeholders including the community mean that they can foster the process of making the change stick at many levels of interactions of the organization. To ensure that the organization adapts to change and there is no going back to the old practices, they must use the interactions to facilitate how the change is institutionalized. The members of the board of directors are change facilitators who have a critical role in the change process. The board can enhance the efforts of the change agents and the outcomes of change in nonprofit organizations.

Directors as Change Recipients

Similar to employees, volunteers, and other stakeholders, the members of the board of directors are change recipients. Presumably, they are in a better position to influence the change vision and process. However, they are also on the receiving end of change. Thus, board members are prone to the same variation of behavioral reaction to change. They can experience fear, anxiety, and uncertainty about change. They may not clearly understand the objectives of change due to poor communication. They may lack adequate training that could help them to understand change. Ultimately, board members must also accept and support change in a nonprofit organization. The alternative, they can resist change and provide valuable feedback to the change agents on the change vision and the process.

The board of directors can exemplify shared change leadership as recipients of change. Employees, volunteers, and other stakeholders expect them to live their values and model shared leadership in the way they work within the process of change. Everyone at all levels of the nonprofit organization is involved in developing and implementing change. The board of directors must focus on change not only as leaders but also as recipients of change. As a result, they must work to manage organizational resistance as well as their own individual resistance to change.

The central role of the board of directors in change does not mean that members are immune from the people issues that often derail change efforts in organization. The key to managing these challenges of the board in change include the understanding of their roles examined above. Board members need to understand the big picture of the challenges and opportunities of change for the organization and how they must facilitate the ability of the ability to adapt.

CONCLUSION

Change is a constant and ever-present challenge for nonprofit organizations. It also offers opportunities for the nonprofit organization to realign itself with shifts in the external environment. This is particularly important as community needs, funding, and the relationship with the government are adding to the pace of change in nonprofit organizations. The board of directors has a pivotal role in the change process in nonprofit organization. From the first step of determining the need for change to the final phase of institutionalizing the change, the governance and strategic leadership roles of the board are critical to helping the nonprofit organization to adapt and manage change.

This chapter provides an overview of the roles of the board of directors in relation to change. The examples of the challenges and opportunities of change for the board emphasize that change can affect not only the role of the board, but also the characteristics and the competencies they use in governance and strategic leadership. Moreover, the examples of change challenges and opportunities reinforce the need for the board of directors to understand the relationship between the environment and the organization as the basis of their governance and strategic leadership roles.

DISCUSSION QUESTIONS

A board of directors has requested your services to guide them through a major change in their nonprofit organization.

1. What questions would you ask them to understand the type of board structure?
2. Describe examples of the major change drivers, challenges and opportunities that you will present to the board?
3. What would you recommend that the board should focus on? Governance or Strategic Leadership or both?
4. Identify the people issues that you will recommend that the board of directors must plan to manage proactively?
5. Would you recommend that the board should be involved in the operations part of change planning and implementation? Explain the rationale for your recommendation.

REFERENCES

- Abzug, R., & Galaskiewicz, J. (2001). Nonprofit Boards: Crucibles of Expertise or Symbols of Local Identities? *Nonprofit and Voluntary Sector Quarterly*, 30, 51–73.
- Akingbola, K. (2014). When the Business Is People: The Impact of A-Way Express Courier. The Social Human Capital Business: A Case Study of A-Way Courier Express Courier. In J. Quarter & S. Ryan (Eds.), *Social Purpose Enterprises*. Toronto: University of Toronto Press.
- Bernstein, S. (1991). *Managing Contracted Services in the Nonprofit Agency: Administrative, Ethical, and Political Issues*. Philadelphia: Temple University Press.
- Bradshaw, P. (2009). A Contingency Approach to Nonprofit Governance. *Nonprofit Management and Leadership*, 20(1), 61–82.
- Cawsey, T. F., & Deszca, G. (2007). *Toolkit for Organizational Change*. Thousand Oaks, CA: Sage.
- Frumkin, P. (2002). *On Being Nonprofit: A Conceptual and Policy Primer*. Cambridge, MA: Harvard University Press.
- Frumkin, P., & Andre-Clark, A. (2000). When Missions, Markets, and Politics Collide: Values and Strategy in the Nonprofit Human Services. *Nonprofit and Voluntary Sector Quarterly*, 29(1), 141–163.
- Herman, R. D., Renz, D. O., & Heimovics, R. D. (1997). Board Practices and Board Effectiveness in Local Nonprofit Organizations. *Nonprofit Management and Leadership*, 7, 373–386.
- Murray, V. (2004). *Prescriptive and Research-Based Approaches to Nonprofit Boards: Linking Parallel Universes*. Paper presented at the annual conference of the Association for Research on Nonprofit Organizations and Voluntary Action.
- Murray, V. (2006). Managing the Governance Function: Developing Effective Board of Directors. In V. Murray (Ed.), *Management of Nonprofit and Charitable Organizations in Canada* (pp. 387–428). LexisNexis Canada: Markham.
- Ottawa Farmers' Market. (2017). *By-Law. A By-Law Relating Generally to the Transaction of the Affairs of the Ottawa Farmers' Market Association*. Ottawa: Farmers' Market.
- Pfeffer, J., & Salancik, G. R. (1978). *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper & Row.
- Rosshiem, B. N., Kim, P. S., & Ruchelman, L. (1995). Managerial Roles and Entrepreneurship in Nonprofit Urban Art Agencies in Virginia. *Nonprofit and Voluntary Sector Quarterly*, 24(2), 143–166.
- Ryan, W. P., Chait, R. P., & Taylor, B. E. (2018, April 20). Problem Boards or Board Problem? *Nonprofit Quarterly*.

- Smith, S. R., & Phillips, S. D. (2016). The Changing and Challenging Environment of Nonprofit Human Services: Implications for Governance and Program Implementation. *Nonprofit Policy Forum*, 7(1), 63–76.
- Steiner, J. R., Gross, G. M., Ruffolo, M. C., & Murray, J. J. (1994). Strategic Planning in Non-Profits: Profit from It. *Administration in Social Work*, 18(2), 87–106.
- The Bayview Foundation Inc. (2018). <http://www.bayviewfoundation.org/>.



Social Enterprise as Change

Change is a major challenge for nonprofit organizations. To ignore change and do nothing is simply not an option for many organizations in the sector. Thus, similar to for-profit business and public sector organizations, nonprofit organizations deploy different types of generic strategies to adapt to change. Nonprofit organizations may deploy (a) basic fine-tuning designed for continuous improvement, (b) incremental change that is aimed at a component or department of the organization, (c) comprehensive radical change developed to overhaul the entire organizational systems, structure, and processes. A significant body of research has shown that the change drivers examined in Chapter 2 can threaten the survival of the nonprofit entity (Bennett and Savani 2011; Rosenbaum et al. 2017). The characteristics, pace and the varied drivers of change point to the need for nonprofit organizations to explore and at least consider different nonprofit specific change strategies.

One of the leading examples of nonprofit specific change strategy is the adoption of social enterprise to help the organization to adapt to change in the external environment. This chapter provides an overview of the concept of social enterprise in relation to change in nonprofit organizations. The goal is to highlight the characteristics and challenges of social enterprise as a change strategy including the role of the environment that underlies nonprofit organizations. An important factor in the discussion is how external factors have contributed to the development of social enterprise as a strategy to help nonprofit organizations to adapt to change.

WHAT IS SOCIAL ENTERPRISE?

Although there are different understandings of the activities of a social enterprise, the basic meaning of what constitutes a social enterprise is relatively consistent. A social enterprise is a unique form of organization. It is an entity, a venture, or an activity that combines multiple objectives which are typically social and economic (Borzaga and Defourny 2001). The goal of a social enterprise is to serve the social purpose while generating profit at the same time. Lancôt et al. (2012) explain that social enterprises incorporate “a dual mission, one economic which is to provide a needed product or service and one social” (p. 40). However, beyond the general definitions, there are some variations in what constitutes a social enterprise in Canada, the USA, and the UK.

Social Enterprise in United States

The Social Enterprise Alliance, USA defines social enterprises as “businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas.” The alliance has revised the definition to “organizations that address a basic unmet need or solve a social or environmental problem through a market-driven approach” (Social Enterprise Alliance 2018). They explained that social enterprise is a solution for (a) traditional nonprofit organizations, (b) new start-ups—nonprofit and for-profit organizations and (c) traditional businesses (Social Enterprise Alliance 2018). The definition and explanation illustrate the US approach to social enterprise which is inclusive of any form of social enterprise regardless of the source of the mission. This has contributed to the use of the term “hybrid” in the definition of social enterprise. For example, one definition describes social enterprises as “hybrid organizations established for a social purpose using a for-profit business model to generate the financial resources needed to support their social missions” (Miles et al. 2014, p. 549).

While there are no clear estimates of the size of social enterprises in the United States, Social Enterprise Alliance, USA identified three general models of social enterprise: (a) Opportunity Employment Organizations, (b) Transformative Products or Services Organizations,

Greyston's mission is to create thriving communities through the practice and promotion of Open Hiring

- 35 years building inclusive business practices.
- 176 individuals employed through Open Hiring.
- 6.5 Mpounds of brownies baked annually

Fig. 7.1 Greyston social enterprise (*Source* Greyston [2018]. About Greyston. <https://greyston.org/about/>)

and (c) Donate Back Organizations. Figure 7.1 shows the example of a US social enterprise, Greyston. The commercial bakery social enterprise practices a philosophy called Open Hiring in which employees are hired and given opportunity without interviews and background checks in order to eliminate biases.

Social Enterprise in the UK

Social Enterprise, UK describes what a social enterprise is in terms of social and/or environmental purpose as a key distinguishing factor. The network organization defines social enterprises as “businesses have a clear social and/or environmental mission set out in their governing documents, generate the majority of their income through trade, reinvest the majority of their profits, are autonomous of the state, are majority controlled in the interests of the social mission, and are accountable and transparent” (Social Enterprise, UK 2016a). Unlike the US definition, this more specific approach emphasizes criteria that define a social enterprise more or less within the domain of the non-profit sector. Drawing on a comprehensive research report on the state of social enterprise in the country, Social Enterprise, UK noted that social enterprises are booming and outperforming SME businesses on every indicator (Villeneuve-Smith and Temple 2015). Figure 7.2 shows some of the key indicators in the report about the performance of social enterprise in the UK.

Findings on UK Social Enterprises

Close to half (49%) of all social enterprises are 5 years old or less. Growth of social enterprises has been more than three times the proportion of SME start-ups.

50% of social enterprises reported a profit, with 26% breaking even. The social enterprises use the majority of their profit to further their social or environmental goals.

31% of social enterprises are working in the top 20% most deprived communities in the UK.

73% of social enterprises earn more than 75% of their income from trade.

59% of social enterprises do some business with the public sector.

59% of social enterprises introduced a new product or service in the last 12 months.

40% of social enterprises are led by women; 31% have Black Asian Minority Ethnic directors; 40% have a director with a disability.

41% of social enterprises created jobs in the past 12 months. 59% of social enterprises employ at least one person who is disadvantaged in the labour market.

Average pay ratio between social enterprise CEO pay and the lowest paid is just 3.6:1 – for FTSE 100 CEOs, this ratio stands at 150:1.

Fig. 7.2 Social enterprises in the UK (*Source* Villeneuve-Smith and Temple [2015])

Fair for You is a good example of the growing social enterprise sector in the UK. As shown in Fig. 7.3, *Fair for You* is a charity-owned social enterprise that was established to provide personal loans for customers to purchase essential items for their home at affordable credit rates (Social Enterprise UK 2016b). The social enterprise aims to address the practice of poverty premium in which financial institutions especially those

Highlights of the performance of *Fair for You* (FFY)

- It is estimated that customers have saved over £10m compared to the high cost credit providers previously used (Centre for Responsible Credit report)
- Over half customers felt their health had improved as a result of being able to switch to FFY (Centre for Responsible Credit report).
- FFY was voted Consumer Champion at the Consumer Credit Awards in 2017 in only its second year.
- FFY is currently the highest rated personal lender in the UK based on Trustpilot feedback.
- Centre for Responsible Credit report

Fig. 7.3 *Fair for You* social enterprise (Source Social Enterprise, UK [2016b])

that are set up to serve low income customers charge high-interest rate on loans. *Fair for You* offers loans to customers to buy household items from suppliers on their digital high street (*Fair for You* 2017). Social Enterprise, UK notes that the practice of high credit rates is emerging from the credit union sector in the UK.

Social Enterprise in Canada

In Canada, a social enterprise is considered to be a business operated by a nonprofit organization to provide commercial goods and services for the distinct goal of supporting their social mission (Elson and Hall 2013). According to the Social Enterprise Council of Canada (2014), social enterprises are “businesses owned by nonprofit organizations that are directly involved in the production and/or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims.” Although the organizations that are involved in social enterprises include cooperatives, community development organizations, and Indigenous businesses (McMurtry and Brouard 2015), most can broadly be categorized as nonprofit organizations. Thus, social enterprise is primarily but not exclusively the domain of nonprofit organizations in Canada.

The explanation of what is a social enterprise in Canada is consistent with the understanding of social enterprise as an umbrella term for a set of organizational vehicles primarily adopted by nonprofit organizations that use the market to pursue social aims (Dees 1998). In addition, social enterprises in Canada are more likely to combine their initiatives with government programs and policies (Elson and Hall 2013). Canadian social enterprise initiatives are also likely to involve institutional partners such as foundations, and community advocates (McMurtry and Brouard 2015).

Eva's Print Shop is an excellent example of a Canadian social enterprise. The enterprise is an initiative of Eva's, an award-winning nonprofit organization that provides shelter, transitional housing, and programs designed to help homeless and at-risk youth to gain skills, employment, and healthy living (Eva's 2018). Established 25 years ago, Eva's is committed to helping homeless and at-risk youth to reach their potential to lead productive, self-sufficient, and healthy lives. The Print Shop was established as a social enterprise to achieve two objectives: (a) to generate revenues from commercial printing services; (b) to provide training for at-risk youth on critical work, organizational and life skills. Figure 7.4 provides an overview of the mission of Eva's Print Shop and sample outcomes of Eva's including the printing social enterprise.

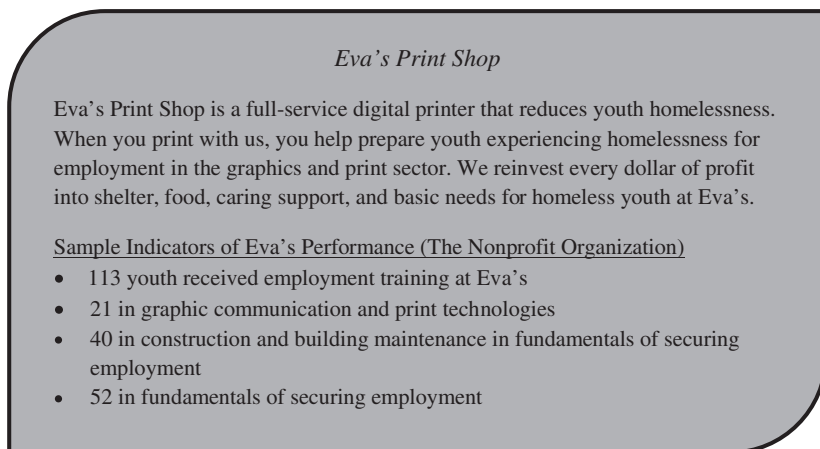


Fig. 7.4 Canadian social enterprise (*Source* Eva's towards a brighter future. Impact and Accountability Report 2017)

Similar to many social enterprises in Canada, the government is a major partner of the parent nonprofit organization. At Eva's, the mission and funding of the parent nonprofit organization are significantly tied to the government. Eva's Print Shop sales contributed \$244,868 (3.1%) to the revenue of the parent organization compared to government funding in the form of Municipal Per Diems \$3,016,232 (38.7%).

Regardless of the nuances in the explanation and perspective of what a social enterprise is, the organizations are essentially in the business of providing goods and services with a dual economic and social mission (Lanctôt et al. 2012). Also basic is the fact that they operate with elements of nonprofit and business organizations including a collective orientation with different types of stakeholders and they take risks based on their activities (Dees 2001; Defourny and Nyssens 2008). In short, a social enterprise is a blended organization that emphasizes a social value proposition.

CHANGE AND SOCIAL ENTERPRISE

More than any other factor, a constant element in the different but inter-related explanations of social enterprise in the USA, Canada, and the UK is the role of change in nonprofit organizations. As an emerging concept and fast-growing sector, social enterprises exemplify change, especially in nonprofit organizations. Thus, beyond the definitions, a relevant question in the discussion of social enterprise is why organizations and groups establish social enterprises? In other words, what factors contribute to the development of social enterprises in nonprofit organizations? To address this question, the chapter will review the major influences that underlie the development of social enterprises and the role of change in the process.

Change Factors in Social Enterprise

In an introduction to social enterprises in Canada, McMurtry and Brouard (2015) offers an overview of external factors that impacts social enterprise development in Canada, the USA, the UK, and continental Europe. The factors they highlighted also considered Indigenous' perspectives and experience of immigrant communities. This chapter draws on the factors McMurtry and Brouard (2015) highlighted to explain the relationship between change and social enterprise. Each of these factors has contributed to the development of social enterprise as a change strategy in nonprofit organizations.

Entrepreneurship and self-sufficiency. The increased focus on the US form of entrepreneurship and individual self-sufficiency has played an important role in enhancing the collective mind-set about social enterprises especially in the English speaking parts of Canada. There are two angles to the role of the increased focus on entrepreneurship and self-sufficiency as a change factor that contributed to the emergence of social enterprise in nonprofit organizations.

- One, nonprofit organizations implemented revenue diversification as a key component of their strategic change. Many nonprofit organizations established stand-alone social enterprise venture to increase revenue to support their mission. In line with the discussion of nonprofit change in Chapter 2, many organizations also incorporated social enterprise components into their existing services. Thus, social enterprise in the nonprofit change strategy is aimed at facilitating self-sufficiency of the organization.
- Two, funding organizations especially the government and foundations emphasized the importance of individual entrepreneurs who have created successful businesses with a social purpose. The funders held up these social purpose businesses as viable examples for nonprofit organizations to emulate. This contributed to the change in public policy, practice and awareness of social enterprise (McMurtry and Brouard 2015). Similar to the efforts of nonprofit organizations, the focus on entrepreneurship by funders was also intended to reduce the dependence of nonprofits on funders. However, the funders particularly the government have downloaded public services to nonprofit organizations. They envisioned that nonprofit organizations will innovate new ways to fund the services. Social enterprise is therefore a change that funders advocated and supported in their strategy, policies, and practices with nonprofit organizations (Weisbrod 1998).

Social enterprise movement. Social enterprises have a long history, especially in the UK. While the idea of social enterprise is broadly similar to the United States, the orientation of the UK social enterprise movement emphasizes a social mission and community development value proposition. The modern UK social enterprise is an upshot of the diminished welfare state system (McMurtry and Brouard 2015). The change in the economic and political environment discussed in Chapter 2 contributed to the

influence of the UK movement on the growing number of social enterprise. The understanding of how the community can benefit that is highlighted in the UK social enterprise movement has contributed to better awareness of the role of nonprofit social enterprise. As a result, governments have enacted policies to support this model of social enterprise. In relation to change, governments are using policies to drive change in favor of this form of social enterprise especially due to its community development component.

Social economy movement. The social economy is a larger construct of organizations than social enterprise. Social economy describes organizations that are established for a “social purpose, can generate economic value—they may produce and market services, employ people, and own valuable assets” (Mook et al. 2010, p. 7). It includes organizations such as cooperatives, cooperatives, market-oriented nonprofit organizations, community development organizations, and business with a social mission. Social economy is arguably another definition of social enterprise albeit with a broader scope (Moulaert and Ailenei 2005). The two concepts describe organizations that are established to achieve a social purpose as their primary goal and can be involved in business activities (Quarter et al. 2009). Similar to Europe where social economy has more prominence, the use of social economy as a movement has been emphasized in Quebec, Canada (Mook et al. 2010). The movement deploys economic activities to drive its social purpose. In both Quebec, Canada and Europe, developing social enterprises has been a core component of the social economy agenda.

Since social movements are about change and transformation, the social economy movement perspective is basically about change. It is intended to help individuals, groups, and organizations to adapt to change in society. As a movement, the social economy offers strategies, resources, and structure to address problems and challenges that affect the community. The influence of the social economy emphasizes the importance of a movement in which the grassroots and solidarity are emphasized (McMurtry and Brouard 2015). The increased understanding of the social economy movement has encouraged organizations and community groups to embrace social enterprises. Nonprofit organizations, labor and community groups in Quebec, Canada that are traditionally considered to be part of the social economy are also using social enterprises to adapt to change (Mendell and Neamtan 2010).

Community development. In urban and Indigenous communities especially in Canada and the United States, social enterprise is considered and deployed as one of the ways to support and sustain community economic development (McMurtry and Brouard 2015). Indigenous communities are establishing social enterprises to ensure that their collective resources are developed to provide employment, generate revenue for social programs, and contribute to the economic development of the community. Similarly, urban community groups including immigrants and women organizations are creating social enterprises to innovate diverse opportunities for their stakeholders. In community development, social enterprise is a resource and strategy for change. Community development organizations and stakeholders are managing change by establishing social enterprises not only to adapt to change but also to ensure that they are positioned to explore opportunities and mitigate threats that may emerge in the external environment.

Specific Change Factors and Social Enterprise

In addition to the general factors discussed above—entrepreneurship and self-sufficiency, social enterprise movement, community development, and social economy movement—a number of specific factors have also contributed to the development of social enterprises in nonprofit organizations. Drawing on a summary of major trends and events that contributed to the development of social enterprise in the US nonprofit sector (Massarsky 2006)—which are also relevant in the UK and Canadian context—Table 7.1 provides an overview of the specific change factors that have played a role in the development of social enterprise in nonprofit organizations. The factors are classified into two categories: (1) radical change; (2) continuous change nonprofit change.

The relationship between social enterprise and change in nonprofit organizations is a two-way street. On the one hand, the drivers of change such as funding, government, and increased demand for the services of nonprofit organizations have contributed to the development of social enterprise as a change strategy in the sector. This important role of social enterprise in nonprofit change has continued to evolve as a result of the factors discussed above. On the other hand, nonprofit organizations are innovating new forms of social enterprises to address the challenges of balancing their social mission with business objectives. In other words,

Table 7.1 Specific change factors in social enterprise

<i>Radical change</i>	<i>Continuous change</i>
Discontent with fundraising & other sources of funding	A new vocabulary emerged that reinforced social enterprise
Critical mass of nonprofit leaders identified social enterprise as worthy of explanation and adoption	Establishment of social enterprise associations e.g. Social Enterprise Alliance the US, Social Enterprise, UK and Social Enterprise Council of Canada
Increasing number of nonprofits were engaging in social enterprise successfully and others were willing to explore	Conferences, workshops and online platforms provide opportunity to gather and learn about social enterprise
Increase in grant funding to support social enterprise from foundations	Number of consultants and professionals with expertise in social enterprise
Colleges and universities started to incorporate social enterprises in courses and case competitions	Visibility of coalition of nonprofit organization promotion prompting collective to support social enterprise
Ground breaking research and books on social enterprise	For-profit social enterprise are leveraging and learning from nonprofit organizations

nonprofit organizations are changing social enterprises. They are innovating on the forms of social enterprises to derive revenue and build partnerships which can benefit the social mission.

Moreover, nonprofit organizations are changing social enterprise for the benefits of other players in the sector. For example, Child (2016) found that there is interdependence between nonprofit and for-profit social enterprises. The for-profit social enterprises were leveraging their nonprofit counterparts to access financing, to gain the trust of consumers and to access grassroots connection for the information they need to operate as a social enterprise.

CHALLENGES OF SOCIAL ENTERPRISE

The role and importance of social enterprise as a change strategy in nonprofit organizations is not without problems and challenges. Although the adoption of social enterprise is helping many nonprofit organizations to create innovative services, generate revenue to support their social mission and create employment including for their clients, the problems and challenges are significant. The major challenges of social enterprise

as a change strategy includes: (a) exclusion of poor and marginalized people; (b) weakening of civil society; (c) diversion of limited resources; (d) focus on business skills and connection; (e) narrow range of services; and (f) no clear legal definition (Kerlin 2006).

- (a) *Exclusion of poor and marginalized people.* Although it is not their intention, when nonprofit organizations establish a social enterprise, poor and marginalized people may be on the losing end of the change (Kerlin 2006). Research suggests that the reason for this unintended consequence may range from the inability of poor and marginalized people to afford the fee for the services to the diversion of focus from services based on the mission to market-based services that will generate profit (Dees 1998; Kerlin 2006; Weisbrod 2004). The role of the nonprofit organization in the community may also be de-emphasized.
- (b) *Weakening of civil society.* Relatedly, the social enterprise may weaken the grassroots activities, networks, and ultimately the role of nonprofit organization is facilitating the social capital of the community (Eikenberry and Kluver 2004; Kerlin 2006). Volunteer and community activities may be neglected for initiatives and interactions that are tied to the bottom line.
- (c) *Diversion of limited resources.* Since many nonprofit organizations have very limited resources, social enterprise is an additional demand on their scarce resources. The reality is that human and financial resources that are invested in social enterprise are either diverted from the other priorities of the organization or combined to support both the mission-related services and the social enterprise initiative. Even in countries such as Canada where many social enterprises depend on government funding, the resources of the parent nonprofit organizations are deployed to support the social enterprise.
- (d) *Focus on business skills and connection.* The shifting of focus to social enterprise could have implications for the skills that a nonprofit organization emphasizes when recruiting employees and volunteer board members. Emerging literature suggests that nonprofit social enterprises should adjust their boards to adapt to the pressures of marketization and professionalization

(Bruneel et al. 2018). This means that the nonprofit organization will be more likely to attract and recruit board members who are more connected to business than the community (Kerlin 2006). Similarly, social enterprise could heighten the challenges of professionalization which has resulted in the emphasis on professional business skills over mission-related skills in nonprofit organizations (Leete 2006).

- (e) *No clear legal definition.* A major challenge of social enterprise is the lack of a clear legal definition especially in Canada and the United States. While many European countries including the UK have introduced legislations that aim to clarify the legal definition of social enterprise, it remains a legal gray area in Canada and the United States. The implication of this is that nonprofit social enterprise may lack the required legal protection to manage risks and the support of the government beyond what is available to nonprofit organizations.

CONCLUSION

The chapter examines the concept of social enterprise in relation to change in nonprofit organizations. It explains the dimensions of the explanation of what is social enterprise by highlighting the definitions and examples of social enterprise in the USA, Canada, and the UK. The major influences that contribute to the development of social enterprise emphasize the role of change. In many ways, change underlies the evolution and the increasing adoption of social enterprise in nonprofit organizations. Similar to many of the factors and practices in nonprofit organizations, the external environment is a major driver for the adoption of social enterprise. As a concept and practice, social enterprise in nonprofit organizations is the convergence of entrepreneurship and self-sufficiency that are based on individualism and social movement which is the hallmark of collective action. Although it offers a source of tremendous opportunities, social enterprise as change strategy could portend significant challenges that counteract its benefits. Thus, nonprofit organizations must find ways to mitigate the challenges of social enterprise in order to deploy it as an effective change strategy.

DISCUSSION QUESTIONS

1. After reviewing the definitions of social enterprise, what are the basic characteristics of social enterprise in your country?
2. What factors do you consider to be the top five influences on social enterprise in your part of the country?
3. Why should nonprofit organizations be involved in social enterprise? Is it better to restrict social enterprise to for-profit businesses that want to give back to society?
4. Identify two challenges of social enterprise as a change strategy that are most important to you. What do you recommend that a nonprofit should do to address the challenges?
5. If you are the Executive Director of a nonprofit organization, what factors would you recommend for the board to consider in order to approve your proposal to establish a social enterprise?

REFERENCES

- Bennett, R., & Savani, S. (2011). Surviving Mission Drift: How Charities Can Turn Dependence on Government Contract Funding to Their Own Advantage. *Nonprofit Management and Leadership*, 22(2), 217–231.
- Bruneel, J., Clarysse, B., Weemaes, S., & Staessens, M. (2018). *Breaking with the Past: The Need for Innovation in the Governance of Nonprofit Social Enterprises*. Academy of Management Perspectives. <https://doi.org/10.5465/amp.2017.0176>.
- Borzaga, C., & Defourny, J. (2001). *The Emergence of Social Enterprise*. London: Routledge.
- Child, C. (2016). Tip of the Iceberg: The Nonprofit Underpinnings of For-Profit Social Enterprise. *Nonprofit & Voluntary Sector Quarterly*, 45(2), 217–237.
- Dees, J. G. (1998). *The Meaning of “Social Entrepreneurship”*. The Fuqua School of Business, Duke University. <https://entrepreneurship.duke.edu/news-item/the-meaning-of-social-entrepreneurship/>.
- Dees, J. G. (2001). *The Meaning of Social Entrepreneurship*. The Fuqua School of Business: Duke University.
- Defourny, J., & Nyssens, M. (2008). *Social Enterprise in Europe: Recent Trends and Developments* (EMES Working Paper, 08).
- Eikenberry, A. M., & Kluver, J. D. (2004). The Marketization of the Nonprofit Sector: Civil Society at Risk? *Public Administration Review*, 64(2), 132–140.

- Elson, P., & Hall, P. (2013). Plowing the Fields: Provincial Surveys of Social Enterprises in Canada. *4th EMES International Research Conference on Social Enterprise—Liege, 2013*.
- Eva's. (2018). *What We Do*. <https://www.evas.ca/history/>.
- Fair for You. (2017). *Who We Are*. <https://www.fairforyou.org.uk/who-we-are/>. Retrieved December 2018.
- Kerlin, J. A. (2006). Social Enterprise in the United States and Abroad: Learning From Our Differences. In R. Mosher-Williams (Ed.), *Research on Social Entrepreneurship: Understanding and Contributing to an Emerging Field* (ARNOVA Occasional Paper Series), 1(3), 105–126.
- Lancôt, N., Corbière, M., & Durand, M. (2012). Job Tenure and Quality of Work Life of People with Psychiatric Disabilities Working in Social Enterprises. *Journal of Vocational Rehabilitation*, 37, 39–48.
- Leete, L. (2006). Work in the Nonprofit Sector. In W. W. Powell & R. Steinberg (Eds.), *The Nonprofit Sector: A Research Handbook* (2nd ed., pp. 159–179). New Haven, CT: Yale University Press.
- Massarsky, C. W. (2006). Coming of Age: Social Enterprise Reaches Its Tipping Point. In R. Mosher-Williams (Ed.), *Research on Social Entrepreneurship: Understanding and Contributing to an Emerging Field* (ARNOVA Occasional Paper Series), 1(3), 67–88.
- McMurtry, J. J., & Brouard, F. (2015). Social Enterprises in Canada: An Introduction. *Canadian Journal of Nonprofit and Social Economy Research*, 6(1), 6–17.
- Mendell, M., & Neamtan, N. (2010). The Social Economy in Quebec: Towards a New Political Economy. In L. Mook, J. Quarter, & S. Ryan (Eds.), *Researching the Social Economy*. Toronto: University of Toronto Press.
- Miles, M. P., Verreynne, M., & Luke, B. (2014). Social Enterprises and the Performance Advantages of a Vincentian Marketing Orientation. *Journal of Business Ethics*, 123, 549–556.
- Mook, L., Quarter, J., & Ryan, S. (2010). What's in a Name? In L. Mook, J. Quarter, & S. Ryan (Eds.), *Researching the Social Economy*. Toronto: University of Toronto Press.
- Moulaert, F., & Ailenei, O. (2005). Social Economy, Third Sector and Solidarity Relations: A Conceptual Synthesis from History to Present. *Urban Studies*, 42(11), 2037–2053.
- Rosenbaum, D., More, E., & Steane, P. (2017). A Longitudinal Qualitative Case Study of Change in Nonprofits: Suggesting a New Approach to the Management of Change. *Journal of Management & Organization*, 23(1), 74–91.
- Quarter, J., Mook, L., & Armstrong, A. (2009). *Understanding Canada's Social Economy*. Toronto: University of Toronto Press.

- Social Enterprise Alliance. (2018). *Social Enterprise*. <https://socialenterprise.us/about/social-enterprise/>. Retrieved December 2018.
- Social Enterprise Council of Canada. (2014). <http://secouncil.ca/>.
- Social Enterprise, UK. (2016a). *What Is It All About?* <https://www.socialenterprise.org.uk/What-is-it-all-about>. Retrieved December 2018.
- Social Enterprise, UK. (2016b). *Fair for You*. <https://www.socialenterprise.org.uk/fair-for-you>. Retrieved December 2018.
- Villeneuve-Smith, F., & Temple, N. (2015). *State of Social Enterprise Report*. State of Social Enterprise, UK.
- Weisbrod, B. (1998). *To Profit or Not to Profit: The Commercial Transformation of the Nonprofit Sector*. Cambridge: Cambridge University Press.
- Weisbrod, B. (2004). The Pitfalls of Profits. *Stanford Social Innovation Review*, 2, 40–47.



Change Diagnosis in Nonprofit Organizations

Chapter 8 assesses the tools and strategies used to evaluate the need for change in NPOs. It briefly outlines the organizational development approach to diagnosing change and presents a model for addressing the technical, political, and cultural dynamics of the organization. Drawing on work on change management from an organizational studies perspective, it thereafter considers how NPOs can specify the change challenge, use stakeholder mapping, and diagnose the cultural aspects of change. Baluch also highlights research from the nonprofit field that provides examples of change analysis tools and processes, alongside key empirical findings. The chapter concludes with a discussion of the main implications for diagnosing a change in NPOs.

APPROACHES TO DIAGNOSING CHANGE

Change diagnosis occurs as organizations move from a broad sense of change to a clearer definition of what needs to be changed and how this might be achieved (Beech and Macintosh 2012). Cummings and Worley (2009, p. 30) view this diagnostic process as of the utmost importance in organizational change—whether diagnosis focuses “on understanding organizational problems, including their causes and consequences, or on collecting stories about the organization’s positive attributes.” Approaches to diagnosing change can be differentiated according to organizational development (OD) and organizational studies perspectives.

From an OD perspective, diagnosis is “the process of understanding how the organization is currently functioning, and it provides the information necessary to design change interventions” (Cummings and Worley 2009, p. 87). It applies to different levels: diagnosing organizations, groups or individual jobs. One approach to organizational diagnosis is captured in Tichy’s (1983) network model which addresses the technical, political, and cultural dynamics of an organization that guide the strategic change management process. Taking the environment, history, and resources of the organization as its point of departure, Tichy’s (1983) framework considers a series of interrelated variables that encompass mission/strategy, tasks, prescribed networks, people, organizational processes, and emergent networks, which, in turn, lead to organizational effectiveness. Tichy further theorizes that the technical, political, and cultural dynamics of the organization are strategically important to the change process, depicted as three interrelated strands of a rope. Tichy’s (1983) model raises several questions when diagnosing organizations around the alignment of the parts of the organization for solving its technical, political, and cultural problems, in addition to how well aligned these three subsystems of the organization are. Particularly in change diagnosis in NPOs, analyzing the degree to which the organization is internally aligned and fits with its external environment from the political and cultural perspectives appears salient given the role of dominant stakeholder groups and shared organizational values.

The above network model is therefore used to diagnose specific aspects of an organization, identify areas needing improvement and guide the development of a strategic plan (Tichy 1983). Accordingly, in the OD perspective, the central change activities in diagnosis include gathering, analyzing, and feeding back data to managers and organization members about the problems or opportunities that “exist” in the organization (Cummings and Worley 2009). In contrast, an organizational studies perspective draws on Weick’s (1995) notion of problems not being “given” but problem framing or setting as the work of practitioners. The next section addresses this iterative process of specifying the change challenge, followed by a discussion of stakeholder mapping and diagnosing cultural aspects of change (Beech and Macintosh 2012).

Specifying the Change Challenge

Depending on whether it is possible and appropriate to precisely define a change challenge, problem framing will either take the course of being

open or closed. Open problem framing is characterized by ambiguity about change that allows for multiple interpretations and competing solutions by different stakeholders. Given the multiple, often conflicting identities in NPOs held by heterogenous external and internal stakeholders (Golden-Biddle and Rao 1997; Harris 2011), NPOs are likely to use open problem framing to allow the organization to be flexible when dealing with these different identities and ideologies. At the same time, this approach bears the dangers of inactivity and inertia (Beech and Macintosh 2012).

In closed problem framing, succinct problem statements are formed which include the goal, process, resources, and timeframe of the change. As these components are unlikely to be known at the outset, Beech and Macintosh (2012) view the problem-framing cycle as an iterative process in which the problem statement will be gradually refined as feedback from change is gathered in the form of new evidence, data, and experience.

A second means of specifying the change challenge entails considering the levels of vitality and engagement between the organization and its members. Both vitality and engagement can be influenced by change and the quality of interactions in the organization. Change situations in organizational life spur on paradoxes in which tensions pull organizational members in opposing directions, therefore shaping the sense of vitality and engagement in the organization (Beech and Macintosh 2012). Particularly in NPOs with complex federal structures, the process of diagnosing change needs to take localism into account and consider the impact of the proposed change on members' particular interests, values, and identity (Solebello et al. 2016; Oppenheimer et al. 2014).

In addition to considering external environmental factors (e.g., anticipated changes in the funding and regulatory environment; market-related demands) when defining what needs to be changed and how this might be achieved, this process of change diagnosis will be shaped by the values, mission, goal complexity and multiple stakeholders of NPOs. This latter point is addressed further in the following section on stakeholder analysis for assessing potential stakeholder responses to change.

Stakeholder Mapping

Mapping stakeholders' positions in the change process is a means to identify the numerous positions that diverse stakeholders may adopt and

the influence they might exert on the change in order to understand the consequences for change outcomes (Beech and Macintosh 2012). In this sense, the change is defined and the implications of the change objectives are delineated according to possible stakeholder responses. Drawing on the work of Bryson (2004) around stakeholder analysis, a list of stakeholders is produced and these stakeholders are assessed according to their degree of interest in the change issue and their level of influence over how the change proceeds. This approach to stakeholder identification and analysis builds on Eden and Ackermann's (1998) power vs. interest grid. Bryson (2004, p. 31) maintains that these grids "help determine which players' interests and power bases *must* be taken into account in order to address the problem or issue at hand." Depending on whether stakeholders' interest in the organization or issue and their power to affect the organization's or issue's future is low or high, four categories emerge: crowd, context setters, subjects, and players (Eden and Ackermann 1998).

Although a rough map of different stakeholder groups emerges from this exercise, it is important to note that stakeholder identities and allegiances are dynamic and reflect the internal politics of the organization. Chapter 9 will address the role of multiple stakeholders in implementing change in NPOs will be discussed, paying particular attention to cooperative power relations between the board and executive director and the shifting power relations between the board and staff. By mapping the *dynamics* around shared interests, NPOs can depict how stakeholders actually move and the actions taken to influence a change in their position (Beech and Macintosh 2012).

Diagnosing Cultural Aspects of Change

Any change process must also consider how the organization's culture might align with or prohibit the planned change. Beech and Macintosh (2012) argue that this entails an articulation of the current culture and a consideration of whether it needs to change, bearing in mind that culture is organic and evolves rather than being managed and controllable. Culture might be integrated, differentiated, or fragmented, each of which entails implications for communicating change, sharing an understanding of change, progressing the change and achieving different types of change. The authors recommend constructing culture webs for the organization that allows organizational members to unpack the

similarities and dissimilarities in understanding of the current culture. A cultural web makes aspects of culture in an organization explicit and includes the overlapping dimensions of rituals and routines, stories, symbols, power structures, organizational structure, and control systems. Furthermore, Beech and Macintosh (2012) note that the habitualized, defensive routines of the organization's culture might inhibit the change process when these become unhelpful or inappropriate. Approaching change from a learning perspective therefore might entail unlearning past routines just as much as learning new solutions. Both a learning approach and developmental organizational culture during change implementation in NPOs will be examined further in Chapter 9.

CHANGE ANALYSIS TOOLS AND PROCESSES IN NONPROFIT RESEARCH

Turning to the nonprofit literature on diagnosing change, this section focuses on the change analysis tools and processes in NPOs, alongside key empirical findings. Considering the degree of clarity of mission, values, and goals, Bryson and Anderson's (2000) work on large-group interaction methods (LGIMs) is relevant to planning major change efforts in NPOs. Their study presents seven approaches to LGIMs which engage large numbers of people over a short period of time as a means of: gathering large amounts of information about problems and solutions; building commitment to problem definitions and solutions; fusing planning and implementation; and reducing the time to develop and implement major policies, programs, services, projects, and other changes. Depending on the degree of mission, vision and goal clarity at the outset of LGIM use and on the degree of sophistication of the tools needed to frame and analyze problems and solutions, different LGIMs will be useful in different situations.

Bryson and Anderson (2000), for example, argue that when mission, vision, and goals are fairly clear, and simple framing and analysis tools are needed, the method of Real Time Strategic Planning is most useful. If there is only some clarity of mission, vision, and goals with more sophisticated tools needed, Technology of Participation will be the most appropriate method. When an increasing sophistication of tools is required alongside mid-range clarity in mission and goals at the outset, Future Searches, Search Conferences, Strategic Choice, and Strategic Options Development and Analysis will be most useful. In contrast, if the mission, vision, and

goals are ambiguous, and simple framing and analysis tools are necessary, Open Space Technology will be the most suitable method. Each of these methods requires highly skilled facilitation to be useful for fostering broad-scale participation of key stakeholders in NPOs. Furthermore, Bryson and Anderson (2000) purport that LGIMs can enhance the legitimacy, efficacy, and effectiveness of nonprofit and public administration, especially by engaging not only the organization but also citizens in public work.

Diagnostic tools in the nonprofit literature are also used to evaluate the need for changes in governance behavior. In this vein, Harrison and Murray (2015) examine the effects of a board performance self-assessment tool that helps boards consider the governance practices that require change. Their research looks at how and why boards change their governance practices over time, or fail to do so, and the effect of this tool on nonprofit board performance. Drawing on Schein's (1987) process theory of change, the self-assessment tool surfaces what board members perceive as issues that challenge the governance process, thus allowing for board learning and planned change. Respondents described the changes in governance practices since taking part in a prior self-assessment and the most frequently reported changes included the way the board defines its roles and responsibilities and the way boards meetings are planned and conducted. These results suggest that other areas of board performance, e.g., board culture or leadership behavior of its chair or CEO, are more difficult to change.

A further useful framework for classifying the kind of change needed in an NPO is provided by Osborne's (1998) typology of organizational change in social policy. Its strengths lie in distinguishing between OD and innovation as part of organizational change. Modifying an earlier model of innovation by Abernathy et al. (1983), Osborne's typology differentiates between organizational change that impacts the services being offered (existing services or the creation of new services) as well as change that impacts the service users (meets the needs of existing service users or new service users). As a result, four types of organizational change emerge: total (service and end-user discontinuity), expansionary (end-user discontinuity), evolutionary (service discontinuity), and developmental change (no discontinuity). Figure 8.1 depicts this approach to classifying organizational change and innovation in social policy.

NPOs engaging in total change would signify a radical innovation in which both the services offered and client group change. In contrast, expansionary change involves offering the same services to a new group,

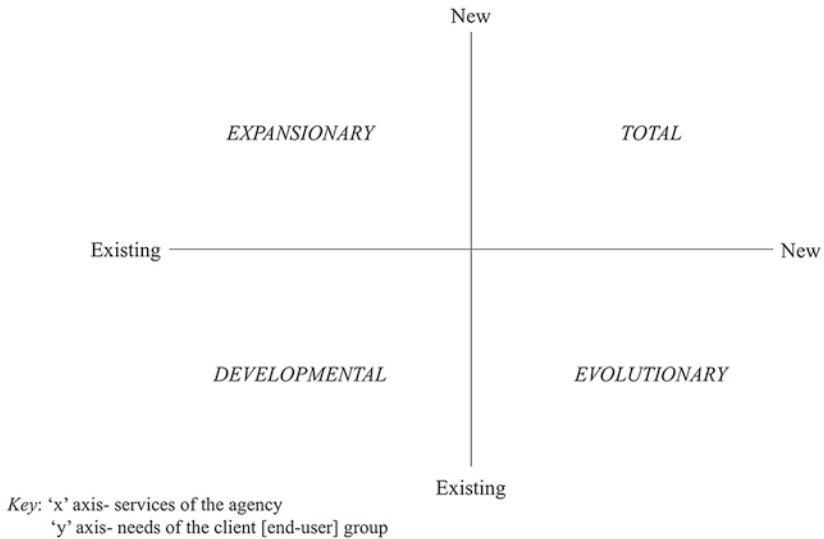


Fig. 8.1 A modified typology of change in social policy implementation (Osborne 1998, p. 1140)

e.g., providing existing children's services to a young adult group. An evolutionary change would entail new forms of services for the existing group, such as offering more personalized forms of care to elderly people. Finally, a developmental change would encompass an absence of discontinuity, offering the same, albeit modified services for the existing group, but doing so in a more targeted, efficient way (Osborne 1998).

Applying Osborne's (1998) framework to analyze the kind of change needed, NPOs can distinguish innovation which involves discontinuity for the organization from incremental OD which modifies existing services to an existing client group. These different types of change are expected to bring different managerial challenges, given that total or evolutionary change will require staff to develop entirely new skills; whereas, developmental change would require staff to develop their existing skills base. Testing the typology with a sample of social services NPOs in the UK, Osborne (1998) found that the majority of innovative activity of these NPOs involved promoting new services, rather than working with new client groups. This finding may be attributed to a nonprofit's purpose in meeting the needs of a specific group.

Finally, Arvidson's (2018) recent case study of nonprofit social care organization in the UK offers an analytical framework that seeks to develop new ways of thinking about change and NPOs. Conceptualizing the organization as movement, the framework distinguishes between different types of change (evolving vs. episodic) and different sources of tension (inherent dilemmas vs. conflicting logics). Arvidson's (2018) analysis reveals that the conceptual pair of change and tensions highlights reflection and reflecting capacity of actors as a mechanism of change. From this perspective, identifying the sources of tensions and the reflection that this prompts in NPOs underline changes. The case study demonstrates that reflection encourages reconnection with organizational values in constantly changing settings. Tensions, dualities, and ambiguities are thus viewed as the basis for reflection that can lead to organizational learning, development, and innovation.

CONCLUSION

Based on the above arguments and findings, several implications can be drawn for diagnosing change in NPOs. First, an organizational studies perspective suggests that ambiguity around change can be beneficial in NPOs. In the iterative process of specifying the change challenge, using open problem framing will allow for multiple interpretations to be held by different internal and external stakeholders. Organizational tensions due to ambiguities, conflicts, and dilemmas are furthermore useful in that they invite for reflection that can lead to development and innovation in NPOs. Second, stakeholder analysis in NPOs is useful for generating maps of the actual and aspired change process to better understand how change is developing and plan actions that move stakeholders' attention toward or divert it away from the change. Third, by diagnosing the cultural aspects of change, NPOs are encouraged to question the extent to which the current organizational culture fits or clashes with the intended change. Although gleaned from an organizational studies perspective, these insights dovetail with OD approaches to diagnosing change which assess the degree of internal and external alignment for solving the organization's technical, political and cultural problems.

Fourth, several frameworks, typologies, and tools are highlighted in nonprofit research that can help these organizations analyze the practices that require change or plan major change efforts. One key insight is that the degree of clarity of mission, values, and goals of the NPO,

alongside a degree of sophistication of the tools, will determine the kinds of change analysis tools needed to frame and analyze problems and solutions. Finally, distinguishing among different types of proposed organizational change in NPOs requires consideration of both the impact on the services being offered and on service user groups.

REFERENCES

- Abernathy, W., Clarke, K., & Kantrow, A. (1983). *Industrial Renaissance*. New York: Basic Books.
- Arvidson, M. (2018). Change and Tensions in Non-profit Organizations: Beyond the Isomorphism Trajectory. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 29, 898–910.
- Beech, N., & Macintosh, R. (2012). *Managing Change. Enquiry and Action*. New York: Cambridge University Press.
- Bryson, J. M. (2004). What to Do When Stakeholders Matter: Stakeholder Identification and Analysis Techniques. *Public Management Review*, 6(1), 21–53.
- Bryson, J. M., & Anderson, S. R. (2000). Applying Large-Group Interaction Methods in the Planning and Implementation of Major Change Efforts. *Public Administration Review*, 60, 143–162.
- Cummings, T. G., & Worley, C. G. (2009). *Organization Development and Change* (9th ed.). Mason, OH: South-Western Cengage Learning.
- Eden, C., & Ackermann, F. (1998). *Making Strategy: The Journey of Strategic Management*. London: Sage.
- Golden-Biddle, K., & Rao, H. (1997). Breaches in the Boardroom: Organizational Identity and Conflicts of Commitment in a Nonprofit Organization. *Organization Science*, 8(6), 593–611.
- Harris, M. J. (2011). Strategic Planning in an International Nongovernmental Development Organization: The Creation of a Meta-Identity. *Administration & Society*, 43(2), 216–247.
- Harrison, Y. D., & Murray, V. (2015). The Effect of an Online Self-Assessment Tool on Nonprofit Board Performance. *Nonprofit and Voluntary Sector Quarterly*, 44(6), 1129–1151.
- Oppenheimer, M., Warburton, J., & Carey, J. (2014). The Next ‘New’ Idea: The Challenges of Organizational Change, Decline and Renewal in Australian Meals on Wheels. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 26(4), 1550–1569.
- Osborne, S. P. (1998). Naming the Beast: Defining and Classifying Service Innovations in Social Policy. *Human Relations*, 51(9), 1133–1154.
- Schein, E. H. (1987). *Process Consultation: Lessons for Managers and Consultants* (vol. 2, 2nd ed.). Reading, MA: Addison-Wesley.

- Solebello, N., Tschirhart, M., & Leiter, J. (2016). The Paradox of Inclusion and Exclusion in Membership Associations. *Human Relations*, 69(2), 439–460.
- Tichy, N. M. (1983). *Managing Strategic Change: Technical, Political and Cultural Dynamics*. New York: Wiley.
- Weick, K. E. (1995). *Sensemaking in Organizations*. Thousand Oaks, CA: Sage.



Implementing Change in Nonprofit Organizations

This chapter provides an overview of the strategic importance, key activities, and tools used to implement change in NPOs. We draw on a wide body of research on organizational change in the nonprofit field to identify the unique nonprofit characteristics in implementing change and examine the facilitating role of learning, leadership, and organizational culture, and HRM during change. The chapter also addresses resistance to change and why change implementation fails in NPOs. We further analyze the dynamics of change, a range of strategic responses to the external funding environment and change strategies for different stages of a nonprofit's development. These insights are drawn from a comprehensive review of research on organizational change in NPOs from 1998 to 2018, using the Web of Science database. The chapter concludes with a discussion of the key findings and draws implications for nonprofit managers and employees when implementing change.

STRATEGIC IMPORTANCE, ACTIVITIES, AND TOOLS FOR IMPLEMENTING ORGANIZATIONAL CHANGE

When undergoing a process of organizational change in NPOs, the unique nonprofit characteristics will render the implementation of change different from for-profit organizations (Baluch 2012). This section first provides insights into the defining attributes of NPOs and their influence on change implementation as identified from a comprehensive

review of the nonprofit literature on change. Thereafter, this section examines how learning, leadership and organizational culture, and HRM facilitate the implementation of organizational change, alongside the numerous barriers to implementing change in NPOs.

*Nonprofit Characteristics in Implementing
Organizational Change*

Nonprofit values and mission, employees, multiple stakeholders, and power relations emerge from the review as particularly salient to change implementation. These unique nonprofit characteristics and their relevant underlying themes are visualized in Fig. 9.1 and discussed with illustrative empirical examples in the following section.

Values and Mission

As NPOs adapt to both external and internal pressures, a growing area of research on change highlights a strong focus on the mission alongside the dangers of mission drift. Rosenbaum et al. (2017) argue that

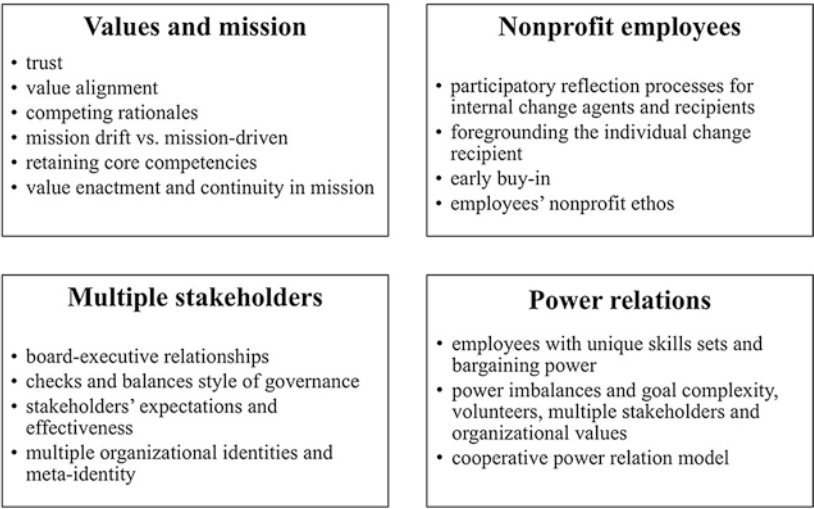


Fig. 9.1 Unique nonprofit characteristics and underlying themes in change implementation

the unique attributes of the nonprofit sector have received inadequate attention in existent change models in the literature. Their qualitative case study of a nonprofit hospital implementing a new electronic patient records management system views change from the perspective of those who experience it. This perspective allows the authors to examine the role that individual response plays in change. Adopting a longitudinal, processual approach to change, Rosenbaum et al. (2017) identify that the success of change management in NPOs depends on the level of confidence that change recipients have in the ability of management to design and implement change. This foundational element of trust, in turn, relates to the success and failure of past change experiences and the openness and honesty of the current leadership about these past changes. Rosenbaum et al. (2017) link this discussion of trust to value alignment in managing change, an aspect that becomes even more important in the nonprofit context given the attributes of employees and their voluntary ethos.

Nonprofit values that are expressed through the organization's mission can sit in tension with competing rationales, such as efficiency, competition or other market-related demands. Jaeger and Beyes' (2010) longitudinal case study of a strategic change process in a financial cooperative examines how strategic change unfolds between social mission and economic rationale. They identify the strategizing practices through which the NPO combines these contradictory rationales, thereby simultaneously fostering change and stabilizing traditional patterns of conduct. Shifts in organizational rationalities (mission focus and economic logic) are managed indirectly by balancing organizational dynamics, thereby dispelling the linear models of strategic planning. Proceeding from the paradox that stability in organizations depends on dynamics, their findings suggest that these strategizing practices perform balancing acts that stabilize a focus on the social mission and the work toward economizing.

The susceptibility of NPOs to drift from their core mission during change is seen in Fitzgerald et al.'s (2014) case study of a large nonprofit human services organization in Australia. Their research highlights how both mission drift and role distortion toward a focus on the tendering process are driven by rationalization, outsourcing and competition for funding in the increasingly business-like sector. Against the growing market rationalization of the sector which embraces and hence privileges performativity, self-monitoring, target setting and outcome measures, collaboration in the sector, and notions of care and social justice are

undermined while the workforce is devalued. However, the authors note that management counterbalances these changes through leadership, good governance, adequate resources and a strong commitment to vision and mission. In particular, through strong leadership the organization was able to transform from mission drift to mission-driven, thereby demonstrating the agency of management within the shifting policy and funding environment.

Further evidence on protecting the fulfillment of the organization's social mission and ensuring its long-term survival can be seen in Bucher et al.'s (2016) case study of a large NPO operating in multiple emerging economies. Two strategic practices of preoccupation with failure and reluctance to simplify were employed by the NPO as it implemented fundamental strategic change based on the principles of collective mindfulness. These strategic-level practices entailed enacting changes in the service portfolio before the organization deviated from mission and shifting to a new business model with a complex mission-market orientation. Bucher et al. (2016, p. 4497) conclude that "acting mindfully on the strategic level, for a nonprofit, means learning to be responsive in terms of strategic intent (the provision and funding of services) in order to remain stable in terms of the organization's mission."

Additional research demonstrates that NPOs do not easily drift from their core mission, rather they retain their core competencies in terms of the services provided and service areas during periods of environmental change. Auer et al.'s (2011) study of programmatic change in social services NPOs from 1999 to 2001 suggests a low level of program change. While multiservice agencies and fiscally healthy NPOs are shown to alter their programs and transition into new service fields as demands and needs change, the programming of social services NPOs remains stable on the whole. Only 11% of NPOs were found to shift programs, e.g., by swapping one program for another or undertaking incremental steps toward program changes. These social service agencies also remained within their original service areas rather than shifting into new ones. This study lends support to doubts about widespread claims that NPOs are inherently innovative or responsive to shifts in government's policy priorities, as evidenced by the lack of significant programmatic change despite economic downturn and continued policy shifts.

Koch et al.'s (2015) longitudinal study of the effect of social networks on organizational mission in NPOs examines the ways in which the mission statement directs and constrains the organization's activities. It also

investigates the extent to which funding sources and networks among organizations drive changes in the mission statement. Their results indicate that mission statements reflect the actual services provided by NPOs and thus direct decision-making and action in the organization. At the same time, the continuity in mission statements over time suggests these are enduring features of organizations. Mission statements proved to be surprisingly robust in that dependency on donated income, government funding, or commercial income led to no changes in mission activities (mission drift) or beneficiaries. Their research demonstrates, however, that future mission activities and beneficiaries are influenced by nonprofits' inter-organization ties, attesting to the prevalence of social influence in the organizational field. The missions and activities of NPOs' interorganizational networks influenced changes to mission statements. The convergence in activities and beneficiaries might be attributed to network ties resulting in similar ways of working, operating in similar niches and drawing on the same new funding opportunities and technologies, thereby leading to competition among similar organizations in a network. Overall, Koch et al.'s (2015) study yields insights on mission statements being tightly coupled to future activities, with the boards, directors, staff, and members enacting the values that result in continuity in mission. Furthermore, it reveals that what nonprofit partners do influences changes to the organization's mission.

Nonprofit Employees

In addition to aligning with values during change implementation, Rosenbaum et al.'s (2017) research indicates that the outcome of change is directly impacted by the focus on the individual in balance with the organization. Reflection for both internal change agents and recipients is seen as a precondition to success in the change program in the nonprofit sector. Embarking upon these formal participatory reflection processes, however, lengthens the implementation of change. Foregrounding the individual change recipient in an overt and caring manner reflects the nonprofit sector's cultural characteristics and employee attributes. Rosenbaum et al.'s (2017) study also identifies the need to focus on timing considerations in the planning processes leading to change around both communication and the development of employee–client engagement strategies. This requires planning responsive design and service delivery structures for executing change.

Further research highlights that the failure to fully gain early buy-in from employees was one of the main problems in the rebranding process in Chad's (2016) case study of a nonprofit community-based organization. Examining corporate rebranding as a change management process, tensions were identified at several points in the process when employees were only informed of the rebranding activities or had received details after their clients. Chad argues that given the strong ethos driving nonprofit employees, this principle of attaining internal support in rebranding is more relevant in the nonprofit—than the for-profit—context. In Sect. “[Resistance to Change and Why Change Fails in NPOs](#)” on resistance to change, nonprofit employees’ responses to change will be examined in greater depth.

Multiple Stakeholders

The complexity introduced by multiple stakeholders when implementing organizational change in NPOs is highlighted in Reid and Turbide's (2012) research on the changing behavior of boards and their relationships with executive leadership during the phases of a crisis. In their longitudinal study of four small to medium-sized nonprofit cultural organizations, the authors find that trust and distrust paradoxically coexist, providing a checks and balances style of governance. Alongside the trust-distrust dynamic, control and collaboration also helps explain the changing nature of board-staff relationships through the crisis phases. Earlier work focusing on best practices by Herman and Renz (2004) examines whether changes in the use of correct board practices are related to changes in perceived board effectiveness. Given that change in judgments of overall board effectiveness was not a result of change in the use of recommended board practices, claims about improving nonprofit governance through best practices in managing nonprofit boards must be viewed with caution. Instead, this study underscores the importance of improving management and board practices that are consistent with organizational values, mission, and stakeholders’ expectations.

Managing change in an NPO with multiple identities does not require reconciliation of these different identities and ideologies held by multiple stakeholders. In a study of a strategic planning process in an international NGO with multiple conflicting identities, Harris (2011) reveals an underlying tension of contradictory views of the organization and what it does. Senior executives managed this tension by evoking a convincing

meta-identity of the strategic orientation, thereby avoiding paralysis and instead mitigating conflict in strategic priority setting. Meta-identities allow organizations to be flexible when dealing with multiple stakeholders. Participants also socially constructed the rationality of the strategic planning process and maintained an image of linear strategic change, despite the phases of formulation and implementation unfolding differently throughout the confederation or at times remaining unchanged. The strategic planning process was not only intended to lead to strategy implementation but also had the function of an identity-forming opportunity. Strategic plans were thus used to unify actors around working together in an integrated organization, create room for communication and shape a shared organizational identity in the confederation. Nonprofit managers cope with, rather than resolve, conflicting identities. Harris' (2011) work highlights that a singular organizational identity is not a prerequisite for the success of a strategic plan, instead the organization's identity depended on managers' ability to craft a strategic plan.

Power Relations

Powerful employees can drive organizational change processes, as evidenced in Brown et al.'s (2015) case study of the internal and external dynamics of radical structural change in a nonprofit hospital. Their findings reveal that physicians exerted bargaining power, thus driving a series of strategic structural changes in response to local competition and new regulations. However, over time, these powerful employees became a double-edged sword as they enhanced their own positions at the expense of the organization, which sought to retain these valuable employees. Strategic organizational changes are thus not only contingent on power dynamics in the NPO, but can also be demanded by powerful employees with unique skills sets who are able to leverage their strong bargaining power.

The under—or overdevelopment of power is associated with further distinctive nonprofit characteristics, such as goal complexity, volunteers, multiple heterogeneous stakeholders, and organizational values. Dover and Lawrence (2012) argue that power relations can further complicate or facilitate an innovation cycle. Examining the innovation process in NPOs, the authors explore how and whether some NPOs are able to continuously innovate while others fail. Drawing on Lawrence et al.'s (2005) model of power and organizational learning, they argue that power imbalances across different stages of the innovation cycle account

for different challenges for continuous innovation. The authors outline four potential pathologies of NPOs seeking to continuously innovate depending on whether there is an overemphasis on individuals, systems, action, or ideas: (1) nothing scales; (2) nothing adapts; (3) nothing changes; and (4) nothing happens. Dover and Lawrence (2012) thereby bring attention to the role of power and politics as essential elements in the innovation process for nonprofit leaders managing and facilitating innovation. As discussed in Chapter 8 on diagnosing change, this four-stage innovation cycle can be used by nonprofit managers as a diagnostic tool. This entails evaluating past and current innovations to not only better understand why an NPO might not be achieving its goals around innovation, but also to act upon the potential power imbalances in the organization. Dover and Lawrence's (2012) framework takes nonprofit characteristics into account that managers can target and be mindful of as facilitating or impeding continuous innovation in their organizations.

Cooperative power relations in NPOs feature in Jaeger and Rehli's (2012) comparative case study of processes of governance change in which the board chair and executive director were replaced following a phase of crisis given strong external pressures. Drawing on actor-centered institutionalism, the authors examine organizational and environmental impacts on the power relations between the board chair and executive director as well as the effects on their individual characteristics. The equivalent capabilities and complementary preferences of the new board chairs and executive directors enabled these actors to work together effectively and efficiently. Stemming from these observations, Jaeger and Rehli (2012) develop a model of cooperative power relation that captures the board chair and executive director mutually counterbalancing and monitoring their respective complementary preferences in the aftermath of fundamental governance changes.

Learning and Implementing Organizational Change

Key facilitators in implementing change include the capacity to learn and the learning mechanisms through which NPOs approach change and develop further capabilities. Assessing the organizational readiness to enhance adaptive capacity in 10 Israeli social change nonprofits, Strichman et al. (2008) provide insights into the factors that facilitate or hinder the ability of NPOs to promote their adaptive capacity. Adaptive capacity refers to organizations with the capacity to learn and adopt a participatory

approach to evaluation to enhance organizational learning and performance. The authors propose a conceptual framework of adaptive capacity that identifies five key dimensions for understanding organizational readiness in the process of adaptive capacity building: shared vision, inquisitiveness/openness, evaluative/systems thinking, social capital, and external focus. Adopting an organizational life cycle perspective, the authors argue that in the stage of defining a niche, NPOs must align organizational strategies with organizational vision and capacities to strengthen their adaptive capacity. In the coping with growth stage of organizational development, it is essential that NPOs establish an organizational infrastructure for stability and enhanced learning. Finally, in the stage of developing an organizational and cultural approach in which NPOs move from being defined by their people to being defined as the organizational approach, values must be linked with structure. In addition, a shared ownership of the organization by the board and the management of staff is created, thereby helping ensure the overall adaptive capacity of NPOs.

Research by Stephenson, Schnitzer, and Arroyave (2009) on how small NPOs adapt to the prospect of large-scale organizational change demonstrates that both individual and organizational learning enabled the governing board to engage in adaptive organizational work. The study identifies the learning mechanisms through which an association adopted a learning-process approach to organizational change in the wake of receiving a mega-gift, a donation of \$175 million. Drawing on the concept of generative governance, the authors find that the organization's board and president created a climate and structure that fostered openness and self-conscious consideration of their management and governance capacities, thereby supporting the organization to engage in adaptive work. By developing a culture that was open to adaptive learning, the foundation that was established after the mega-gift displayed key features of a learning organization, i.e., shared vision and dialogue. Stephenson et al. (2009) thus maintain that actors managed a key tension in large-scale change between authoritative action and loose-coupling (i.e., a flexible, reflective system) by creating the conditions that are conducive to adaptive management and governance.

Finally, the development and differentiation of organizational capabilities becomes increasingly important as NPOs seek to adopt a more market-orientated approach to respond to change. Liu and Ko's (2012) study of social enterprises with charity retail operations examines the learning mechanisms involved in developing marketing capabilities

through which the NPO can deploy their resources, become more market-oriented entities and respond to the changes in their business model. Drawing on the processes of knowledge accumulation, articulation, and codification, the authors find that social enterprises behave similarly by imitating other charity retailers' practices when using organizational learning to develop their marketing capabilities. The organizations adopt research-based learning methods through which they innovatively acquire new knowledge for continual improvement. Moreover, values take primacy in that knowledge is only adopted if its application fits to the social mission and social business practices of the organization. Social enterprises were found to differentiate between the new marketing capabilities developed for their charity retail operations and those marketing capabilities that are adopted from their social operations as they respond to change.

Leadership, Organizational Culture, and Implementing Organizational Change

A climate for organizational change is accepted as fostering change processes in the wider literature, but what style of leadership creates an environment that is conducive to change in NPOs? Research on the relationship between leadership style, climate for organizational change readiness, and organizational creativity seeks to answer this question (Lutz Allen et al. 2013). This notion of readiness for change bears similarities to Lewin's unfreezing stage in the three-step process of implementing change and depends on creating a message for change that describes the need for change and builds confidence that employees have the capability to make changes. Within the context of nonprofit churches, Lutz Allen et al.'s (2013) research reveals that when pastors were perceived to have a transformational leadership style, members were more likely to indicate that the church had a climate in which members were more willing to change. In contrast, a negative relationship was reported between a laissez-faire leadership style and climate for organizational change readiness, suggesting that hands-off leaders are detrimental to NPO efforts toward revitalization. Merely having competent leaders is thus likely insufficient for fostering a climate that encourages and supports change; instead, adopting and incorporating the behaviors of transformational leaders appears to facilitate change.

A developmental organizational culture, one that is characterized by innovation and risk-taking, relates to how effective NPOs are at performing boundary-spanning activities that are important for responding to changing environmental demands. Drawing on the Competing Values Culture Framework, Langer and LeRoux (2017) examine developmental organizational cultures which reflect the values of innovation, adaptability, and entrepreneurship. This innovative culture is primarily concerned with transformation and change as a response to managing the environment and meeting new demands. Exploring the link between developmental culture and effectiveness, this culture is found to be associated with executive directors' positive perceptions of fostering external support, growth and resource acquisition, i.e., the primary effectiveness criteria in the competing values culture framework. Their study highlights that how nonprofit executive directors view innovative organizational culture may be in itself an important signaling device that can shape and promote effectiveness in NPOs.

Finally, the tool of concept mapping is used for transforming a nonprofit work environment in Jaskyte et al.'s (2010) research on employee creativity. The method of concept mapping allows nonprofit participants to identify characteristics important to individual creativity and assess their presence in the organization's environment. After identifying several areas that could be targeted for change (e.g., time, organizational culture, and authority influence) as the NPO sought to develop a work context that enhances employee creativity, these results were used together with participants to develop activities for transforming the work environment. Drawing on data from a focus group with participants in the concept mapping process nearly a year later, significant transformations were reported in organizational culture and atmosphere which emphasized fun as a new core organizational value, alongside an openness to change and creative ideas. In addition, leadership played a central role in encouraging or inhibiting innovation and creativity, especially through leaders adopting the mind-set of creativity. Jaskyte et al.'s (2010) study indicates the usefulness of a concept mapping tool for guiding change by assessing work environments and designing organization-specific interventions for transforming a work environment toward greater creativity. As in other studies of implementing change, leaders' willingness to engage in the journey of transformation and inspire others to follow proved crucial to the success of change efforts.

HRM and Implementing Organizational Change

In addition to leadership and a developmental organizational culture, HRM can facilitate the process of strategic change in NPOs. In this vein, Akingbola's (2013) study yields insights into adaptive capabilities in the changing nonprofit operating environment through its examination of how deploying HRM in strategic change can balance the goal of achieving strategic fit with the need to facilitate flexibility. Mission and values underlie the strategic choices of the two case organizations, and managers are found to understand the contingencies that require them to make choices about aligning strategy with opportunities and threats. While both case organizations emphasized the acquisition of knowledge and development of skills through different internal and external learning channels that were aligned to the strategic choices, HR practices reinforced desirable behaviors especially collaboration and using resources effectively which are critical to these strategic choices. The findings also indicate both resource and coordination flexibility in HR practices which can be useful for developing and deploying employee skills and behaviors for adapting to change in the environment and legitimizing the process of organizational change.

HRM can further facilitate the process of a change in nonprofit leadership. Schlosser et al.'s (2017) qualitative study of executive career rebranding reveals that HR professionals support the career transition process in numerous ways. Drawing on interviews with executives who crossed into the nonprofit sector from the for-profit sector, the authors identify three stages of rebranding as the nonprofit leaders negotiate their identities as executive professionals in their new careers. In this transitional identity work, executives first redefined themselves as leaders in an organization characterized by its social mission. Second, the executives engaged in internal branding activities, such as implementing formal performance appraisals and reward systems or using the board of directors. Third, strategic plans were in development to be implemented in the NPOs. At each of these junctures, HR professionals can contribute, for example, by seeking out opportunities to align the NPO with corporate partners to connect with corporate executives who can join boards and key committees. Furthermore, adopting a strategic HR orientation can enable HR to better understand the kinds of knowledge, skills, and abilities a key executive will require, alongside their fit with the

nonprofit values orientation. Finally, using career coaches can also help to identify key executives, and provide support to nonprofit executives during the transition to facilitate building relationships with the organization, board, and the community.

Resistance to Change and Why Change Fails in NPOs

Having reviewed the above facilitators of change implementation, this section addresses its barriers. Silver et al. (2006) examine why a for-profit organization successfully sustained its culture change, while change failed in an NPO despite pursuing similar organizational change strategies toward a culture of empowerment. Conducting a pre- and post-change survey to measure organizational empowerment with follow up interviews and observations, the authors note the initial progress toward the new culture in the NPO with new management systems and practices. Yet, the organization subsequently began to lose its focus on empowerment-related efforts and the change effort reached a plateau without any middle managerial leadership that supported and role modeled using practices of empowerment to sustain the change effort itself. Furthermore, the NPO failed to involve the senior team and use employee feedback systematically, and it discontinued its use of external consulting services. In contrast, the for-profit organization focused broadly on fostering learning and sustained progress on leadership development and empowerment, with managers applying these concepts within their areas with staff. Their research underscores that the empowerment effort succeeded when bundled into a broader change effort in the organization.

A further type of organizational change is leadership succession, which Balser and Carmin (2009) explore in their case study of employee responses to founder succession and the changes that a new dominant coalition introduced. Seeking to understand how interpretations of identity affect the dynamics of leadership succession in Friends of the Earth, the findings reveal that the hybrid identity of the NPO made attempts to restructure difficult. Given the lack of a collectively shared identity, the proposed changes were interpreted as violating the values and practices of the founding culture in the NPO. Resistance to change therefore stemmed from members' attachments to practices that are linked to the organization's identity, leading to change being interpreted as an identity threat.

Organizational members are concerned about how change impacts their particular interests, values, and identity. Research shows that members of nonprofit trade and professional associations resisted or withheld support from diversity initiatives that were perceived as threats to their access to membership incentives, their control over and power of the association, and their organization's and affinity group's identity (Solebello et al. 2016). As membership organizations attempt to become more inclusive through diversity initiatives, paradoxical tensions of being simultaneously inclusive and exclusive arise from this organizational change. Leaders responded to this paradox of inclusion and exclusion by legitimizing diversity initiatives, changing the culture and identity to appreciate diversity and using structures and policies to embed diversity management practices.

Organizational values feature as an impediment to radical change through employing information and communication technologies (ICTs) (Burt and Taylor 2003). These technologies are purported to have the capability to support innovative and radical strategic responses to the pressures facing NPOs. Burt and Taylor's (2003) research demonstrates that while more far-reaching strategic transformations could have been supported through networked technologies, these require a paradigm shift in organizational values that the case study organizations displayed resistance toward. Furthermore, the authors argue that the sustained effectiveness of ICTs requires embracing new visions; however, radical change is hindered by the visionary leadership in the founding of these organizations.

Resistance to change can also stem from the volunteer workforce, as seen in Oppenheimer et al.'s (2014) case study of the Australian Meals on Wheels. Their research examines how traditional organizations manage change and how it impacts on the volunteer workforce. Isomorphic pressures are found to lead to a clash between traditional values and market efficiency and productivity, and volunteers are replicating an old institutional order. Senior managers encountered difficulties in encouraging innovation and experimentation, typically a keystone of NPOs and the sector. The engagement of long-standing volunteers was identified as a key challenge in managing change, requiring both taking their concerns seriously and a prolonged period of change. The authors conclude that both unfreezing of old behaviors and a more proactive approach

to change are needed, alongside a deeper understanding of where and how change is needed. Drawing on Dover and Lawrence's (2012) four innovation pathologies that consider the role of power in shaping how NPOs can innovate and implement change, Oppenheimer et al.'s (2014) study highlights the role of power dynamics in the organization's federal structure. Given the importance of localism, change cannot be decreed at a national or state level in the organization. Their research points to the difficulty of one singular coherent change management approach in NPOs with highly complex federal structures.

Finally, uncertainty about legal changes in the regulatory environment can be a barrier to change within NPOs. Drawing on neo-institutional theory, Bloodgood and Tremblay-Boire (2011) examine the effect of counter-terrorism legislation on the organizational and strategic decisions and operations of INGOs since 2001. INGOs are found to be uncertain about applying the new regulations and are therefore unable to adapt their organizations and operations, relying in some cases on using formal processes to interpret the regulations and engaging in self-censorship. Given this uncertainty, the findings imply that INGOs remain entrenched, e.g., reluctant to take on new projects in politically sensitive areas and more conservative in their funding and political advocacy.

The aforementioned discussion highlights the role of unique non-profit characteristics identified from the review in implementing change. Furthermore, it synthesizes conceptual approaches and key empirical findings about how learning, leadership and organizational culture, and HRM facilitate change implementation. Various factors that account for resistance to change and why change implementation fails in NPOs are also discussed.

CHANGE STRATEGIES IN NPOs

This section examines change strategies and responses in NPOs by focusing, first, on the dynamics of change and, second, on how NPOs respond strategically to changes in the funding environment. Thereafter, it addresses change strategies with regard to the nonprofit's stage of development. This section examines the prevalence and effects of managerialism and professionalization in NPOs.

Dynamics of Change in NPOs

When seeking to understand questions of adaptation in NPOs that are faced with ambiguous and unpredictable environments, a complexity perspective highlights the inclusive aspects of the strategy process given its assumptions of diverse, multi agent participation (Paarlberg and Bielefeld 2009). Paarlberg and Bielefeld's (2009, p. 256) work applies a complexity science lens that "explores how complex systems self-organize to adapt and innovate to improve performance in dynamic and unpredictable situations." Accordingly, complex adaptive systems, unlike rational linear models of strategic management, change in on-going, unpredictable and non-linear ways. Rather than being solely top-down, these systems can emerge from the bottom-up, thereby providing insights into both deliberate and emergent processes through which organizations seek to influence environmental opportunities. The formulation of strategy is thus entangled emergent and planned and characterized by inclusive processes of involving multiple stakeholders, alongside the coevolutionary processes through which organizations adapt to an environment that itself is changing in response to the organization's actions and interactions. With regard to strategy implementation, a complexity science lens proposes that managers develop the capacity for adaptive strategic responses in organizations by: creating and promoting adaptive tension; having participants with knowledge of the organization's work and the interactions and exchanges between individuals to share that knowledge; and creating the capacities for interactions that promote learning and continuous change.

In addition to change being nonlinear, Chen's (2014) work on adaptability and inertia in NPOs suggests that the relationship between these forces also fluctuates. Inertia and adaptability are viewed as ever-changing, mutually reinforcing each other over time and subject to external demands of legitimacy. NPOs thus face these counterbalancing forces alongside the challenges of legitimacy and pressure of survival. Chen proposes a multistage conceptual model that suggests the balance between adaptability and inertia will grow, recede, and resurge over time. Drawing on a sample of 430 NPOs to test the model of organizational age dynamics, the study shows that the organizations' adaptability-inertia balance grows, recedes, resurges, declines and re-resurges. This study thus provides insights into the dynamics of change from the perspective of an ongoing inertia-adaptability balancing process, underscoring the nonlinearity of change in NPOs.

Adaptive Strategic Responses

NPOs employ a variety of strategic responses to manage the uncertainty created by changes in the environment. In seeking to build knowledge of how NPOs respond to pressures from funders, AbouAssi and Tschirhart (2018) develop a strategic response model for the organizational responses of exit, voice, loyalty, and adjustment. By combining the organization's degree of resource dependence with the strength of its network ties, the model predicts organizational responses to a funder's changing demands. Illustrating the model using four cases, NPO responses include (1) not to comply with new demands (exit), (2) negotiate with the donor about the new demands (voice), (3) evaluate options and strategically decide to comply with the new demands (adjustment), and (4) automatic compliance (loyalty). Acknowledging the temporal nature of the model, the authors propose that as resource dependencies and network ties change, so too will the NPO responses. NPOs therefore exhibit agency in responding to changes in donor demands, as seen in a variety of responses from acting as instruments of their donors, to negotiating with them, considering costs and benefits or walking away entirely from offers of resources with accompanying demands.

This range of strategic responses is confirmed in earlier work by Kaynama and Keesling (2000) that explores how NPOs providing HIV/AIDS services react to anticipated changes in the funding environment. Their survey indicates a significant impact of the service provider market on the cost management and donative dimensions of strategic responses. NPOs attend to program costs, e.g., by reducing administrative staff and altering payroll benefits and salaries, alongside using donative strategies to improve the goodwill of the service provider in the community, e.g., contributing to community causes and providing noncash assistance to other NPOs. Kaynama and Keesling's (2000) study provides evidence that NPOs employ more strategic planning to compensate for changes in their funding environment. Their research identifies the prospective use of activities to improve the organization's public stature to position themselves for external funding and of revenue producing strategies to increase service fees and increase the organization's attention to fee collection.

In addition to these strategic responses, NPOs need to be versatile in adapting the different logics enacted by the nonprofit sector, such as the institutional logics of capitalism and the state, alongside democracy, family, religion, and professions. Focusing on the expressive (addressing a need or fighting for a cause) and instrumental (accomplishing

public goals) dimensions of NPOs, Knutsen's (2012) study proposes that NPOs enact adapted institutional logics by which external logics force innate institutional logics to change due to resource dependency. NPOs are therefore capable of becoming business-like or government-like once they integrate these competing institutional logics. Take, for example, organizations that depend on the institutional logic of family for donations or when providing community services. These NPOs also adapt to the logics of state and capitalism to gain government funding or resources from the market. Similarly, NPOs that are member-serving practice the logic of professions and family, but also adapt to the logic of capitalism to attract new and retain current members. Organizations expressing community values that enact the logic of family are shown to be replacing this with the logic of state to comply with funding requirements and obtain resources necessary for survival. Given the lack of self-financial sustaining capacity in NPOs, Knutsen points to the risks of these organizations being overpowered by state or capitalism logics that crowd out the uniqueness of NPOs, i.e., logics of democracy, family, religion, and professions.

Further research examines community service organizations that are transitioning toward entrepreneurial and managerial models in response to quasi-market reforms such as the commercialization of services and products and shifts toward a performance culture. Spall and Zetlin's (2004) survey of the impact of these reforms on disability organizations in Australia found that while enterprising organizations changed their HRM, performance, decision-making, financial management, and quality management systems, as well as marketing strategies, traditional organizations kept their structures and operating systems and resisted significant changes. Although the organizations' value base of social justice withstands change, pressures of marketization have intensified problems of organizational fragility, leading to little improvements in organizational sustainability.

Comparing the limitations that voluntary and community organization leaders face in steering their organizations through rapid changes in resource environments, Never (2011) examines the changing resource niches that serve to constrain leaders' choices during severe financial recession. Never maintains that instead of selection and adaptation theories of organizational change, an approach is required in NPOs that considers three factors: the density of the resource niche, the understanding of niche-level dynamics and the presence of organizational champions.

The results show that many community development organizations left the resource niche as its density changed given EU funding cutbacks. Yet through strong connections to institutional champions who are able to deliver resources back to their local area, organizations push back on institutional demands especially regarding government-funded grants and contracts. For youth organizations in the face of recession, their resource niche is structured differently given greater dependence on government contracts and fees for services. The strong professional norms of conduct in these organizations, however, limit their range of tactics for resisting institutional pressures. Notwithstanding these arguments, Never shows that space for agency exists, i.e., that organizational leaders have choices even in times of economic recession and intense funding pressures.

Stages of Nonprofit Development and Change

Depending on the stage of development an NPO is in, the influences on implementing change will differ. Ogliastri et al. (2015) examine the organizational strategies and structures characterizing high-performing NPOs, including the resources that NPOs need to implement these strategies and structures. Using a meta-analysis of case studies, they identify four types and combinations of strategies and organizational structures: specialization and leader-centered structure; horizontal integration and functional structure; vertical integration and divisional structure; and diversification and conglomerate. Although these four organizing patterns (starting-up, professionalizing, decentralizing, and conglomerating) each bear different strategic challenges, they all represent practices of balancing social mission and economic rationale. Particularly in starting-up, volunteers and charismatic leaders have a strong influence on the organization's decisions when implementing strategic change; whereas in professionalizing, NPOs use a set of professional human resources, processes, and systems to effectively implement strategies of specialization in different programs and are structurally organized into functional departments. In decentralizing, NPOs use a divisional structure and strengthen independent units of interrelated services; in contrast, in conglomerating, NPOs implemented their diversification strategy through delegating primary functions to autonomous specialized units that were coordinated by the parent organization. When implementing change strategies, NPOs face structural challenges that can hinder change at different stages of development.

A growing body of research on change strategies focuses on the process of professionalization or managerialization and its effects on NPOs. Hvenmark's (2016) review of the concept of managerialism in civil society research points out the importance of distinguishing between the ideology, the hands-on managerial practices, i.e., management, and the process of organizational change. Not only do most of the studies link managerialism with organizational change, but they are also critical of the consequences it has for the provision of services and achieving organizational mission. To foster conceptual clarity, Hvenmark advocates using managerialization to designate the change processes through which NPOs adopt the ideology of coordinating, controlling, and developing organizations through business knowledge and practices (i.e., managerialism) and management practices (i.e., management).

As early as 1999 Berman argued that the use of change strategies is a "sine qua non for increasing the effectiveness and productivity of public and nonprofit organizations" (Berman 1999, p. 153). Berman's survey analysis of the relationship between heightened managerial professionalism and the use of change management strategies reveals that the most frequent management activities of change entail bringing together senior managers to suggest and discuss new ideas and encouraging senior managers to help each other. While nonprofit managers engage in similar levels of change activities in their organizations as public managers, undertaking organizational improvement strategies is not associated with professionalism, perhaps given the importance of the dynamic funding environment for catalyzing change efforts in NPOs. The usage of change management strategies by nonprofit managers is linked with participation in training and professional development activities. In contrast to public sector administrators, nonprofit managers' formal education might not encompass change strategies, thus making participation in training and development activities necessary for nonprofit directors to familiarize themselves with change management. Furthermore, Berman (1999) finds that revitalized cultures and participation in training and professional development activities are the determinants of the use of change management strategies.

Finally, in their study of increasing managerialism in nonprofit-public partnerships, Suárez and Esparza (2017) point out the dilemmas that the rationalization and professionalization of the NPO created for the partnership approach. These changes broadened the mandate of the NPO in terms of service provision and fundraising, thereby challenging

traditional hierarchies and requiring a shift in perceptions about the limits of public sector control. The authors also examined how the context for public-nonprofit partnerships is altered by empowered agency, i.e., the shifts in the social or expressive dimensions of nonprofit activity. Once the NPO went beyond mobilizing and expanding the base of committed stakeholders to become a powerful and active voice in the community, further dilemmas around control for the public agency emerged within the cross-sector collaboration. Drawing on these findings, both the processes of institutional change of managerialism and empowered agency of nonprofit partners are proposed to expand nonprofit capacity and expertise and enable innovative public-nonprofit partnerships. At the same time, these processes create tradeoffs between capacity and control, thereby challenging this balance and allowing managerial nonprofits to command discretion in the partnership.

CONCLUSION

This chapter drew insights from a comprehensive review of research on organizational change in NPOs from 1998 to 2018, using the Web of Science database. Synthesizing the past two decades of research on change in NPOs reveals several themes that bear relevance for nonprofit managers and employees when implementing organizational change.

First, a focus on the continuity and fulfillment of the mission and alignment with nonprofit values, alongside participatory reflection for nonprofit employees throughout the change process are seen as crucial to the success of change. Additional unique nonprofit characteristics such as balancing dominant stakeholder needs, including board-executive relationships, and the shifting power imbalances also require constant attention during change implementation.

Second, managers and employees would benefit from considering the identified facilitators of change in their organizations, such as adopting a learning-process approach to change, and building learning mechanisms for developing further capabilities. Change implementation is also found to be fostered by a developmental organizational culture, transformational leadership and tools, and HRM that allows for resource and coordination flexibility as employees adapt to change. At the same time, the chapter provides NPOs with a better understanding of potential barriers to change, for example, the lack of middle management leadership support, or the engagement of long-standing volunteers, alongside the

failure to mitigate the perception of change as an identity threat or a threat to members' interests and the organization's values. Overall, the review points managers toward the need to effectively communicate how change impacts on organizational values and identity.

Third, the chapter draws attention to the unpredictable, nonlinear ways in which change unfolds in NPOs through both deliberate and emergent inclusive processes with multi stakeholder participation. Numerous models have been developed in the nonprofit literature which attempt to capture or predict an organization's strategic response to its changing resource environment. This empirical research highlights the degree of agency that nonprofit leaders have in responding to changing funders' demands. Furthermore, managers will benefit from taking the life cycle and development of the NPO into account with regard to the influences on implementing change that vary depending on the organization's stage of professionalization. This chapter has identified and integrated key insights from recent research about change implementation that can serve to inform both nonprofit scholars of change and practitioners.

REFERENCES

- AbouAssi, K., & Tschirhart, M. (2018). Organizational Response to Changing Demands: Predicting Behavior in Donor Networks. *Public Administration Review*, 78(1), 126–136.
- Akingbola, K. (2013). Contingency, Fit and Flexibility of HRM in Nonprofit Organizations. *Employee Relations*, 35(5), 479–494.
- Auer, J. C., Twombly, E. C., & De Vita, C. J. (2011). Social Service Agencies and Program Change. *Public Performance & Management Review*, 34(3), 378–396.
- Balser, D. B., & Carmin, J. (2009). Leadership Succession and the Emergence of an Organizational Identity Threat. *Nonprofit Management and Leadership*, 20, 185–201.
- Baluch, A. M. (2012). *Human Resource Management in Nonprofit Organizations*. New York: Routledge.
- Berman, E. M. (1999). Professionalism Among Public and Nonprofit Managers: A Comparison. *American Review of Public Administration*, 29(2), 149–166.
- Bloodgood, E. A., & Tremblay-Boire, J. (2011). International NGOs and National Regulation in an Age of Terrorism. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 22, 142–173.

- Brown, J. A., Gianiodis, P. T., & Santoro, M. D. (2015). Following Doctors' Orders: Organizational Change as a Response to Human Capital Bargaining Power. *Organization Science*, 26(5), 1284–1300.
- Bucher, S., Jaeger, U. P., & Cardoza, G. (2016). FUNDES: Becoming a Strategically Mindful Nonprofit. *Journal of Business Research*, 69(10), 4489–4498.
- Burt, E., & Taylor, J. (2003). New Technologies, Embedded Values, and Strategic Change: Evidence from the U.K. Voluntary Sector. *Nonprofit and Voluntary Sector Quarterly*, 32(1), 115–127.
- Chad, P. (2016). Corporate Rebranding: An Employee-Focused Nonprofit Case Study. *Journal of Nonprofit & Public Sector Marketing*, 28(4), 327–350.
- Chen, C.-A. (2014). Revisiting Organizational Age, Inertia, and Adaptability: Developing and Testing a Multi-Stage Model in the Nonprofit Sector. *Journal of Organizational Change Management*, 27(2), 251–272.
- Dover, G., & Lawrence, T. B. (2012). The Role of Power in Nonprofit Innovation. *Nonprofit and Voluntary Sector Quarterly*, 41(6), 991–1013.
- Fitzgerald, S., Rainnie, A., Goods, C., & Morris, L. (2014). The Restructuring of WA Human Services and Its Implications for the Not-for-Profit Sector. *Australian Journal of Social Issues*, 49(4), 509–528.
- Harris, M. J. (2011). Strategic Planning in an International Nongovernmental Development Organization: The Creation of a Meta-Identity. *Administration & Society*, 43(2), 216–247.
- Herman, R., & Renz, D. (2004). Doing Things Right: Effectiveness in Local Nonprofit Organizations, a Panel Study. *Public Administration Review*, 64(6), 694–704.
- Hvenmark, J. (2016). Ideology, Practice, and Process? A Review of the Concept of Managerialism in Civil Society Studies. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 27, 2833–2859.
- Jaeger, U., & Beyes, T. (2010). Strategizing in NPOs: A Case Study on the Practice of Organizational Change Between Social Mission and Economic Rationale. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 21(1), 82–100.
- Jaeger, U., & Rehli, F. (2012). Cooperative Power Relations Between Nonprofit Board Chairs and Executive Directors. *Nonprofit Management and Leadership*, 23, 219–236.
- Jaskyte, K., Byerly, C., Bryant, A., & Koksarova, J. (2010). Transforming a Nonprofit Work Environment for Creativity. *Nonprofit Management and Leadership*, 21, 77–92.
- Kaynama, S. A., & Keesling, G. (2000). An Empirical Investigation of the Nonprofit Organization Responses to Anticipated Changes in Government Support for HIV/AIDS Services: A Cross-Regional Analysis. *Journal of Business Research*, 47, 19–26.

- Knutsen, W. L. (2012). Adapted Institutional Logics of Contemporary Nonprofit Organizations. *Administration & Society*, 44(8), 985–1013.
- Koch, B. J., Galaskiewicz, J., & Pierson, A. (2015). The Effect of Networks on Organizational Missions. *Nonprofit and Voluntary Sector Quarterly*, 44(3), 510–538.
- Langer, J., & LeRoux, K. (2017). Developmental Culture and Effectiveness in Nonprofit Organizations. *Public Performance & Management Review*, 40(3), 457–479.
- Lawrence, T. B., Mauws, M. K., Dyck, B., & Kleysen, R. F. (2005). The Politics of Organizational Learning: Integrating Power into the 4I Framework. *Academy of Management Review*, 30, 180–191.
- Liu, G., & Ko, W.-W. (2012). Organizational Learning and Marketing Capability Development: A Study of the Charity Retailing Operations of British Social Enterprise. *Nonprofit and Voluntary Sector Quarterly*, 41(4), 580–608.
- Lutz Allen, S., Smith, J. E., & Da Silva, N. (2013). Leadership Style in Relation to Organizational Change and Organizational Creativity: Perceptions from Nonprofit Organizational Members. *Nonprofit Management and Leadership*, 24, 23–42.
- Never, B. (2011). Understanding Constraints on Nonprofit Leadership Tactics in Times of Recession. *Nonprofit and Voluntary Sector Quarterly*, 40(6), 990–1004.
- Ogliastri, E., Jagger, U., & Prado, A. (2015). Strategy and Structure in High-Performing Nonprofits: Insights from Iberoamerican Cases. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 27, 222–248.
- Oppenheimer, M., Warburton, J., & Carey, J. (2014). The Next ‘New’ Idea: The Challenges of Organizational Change, Decline and Renewal in Australian Meals on Wheels. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 26(4), 1550–1569.
- Paarlberg, L. E., & Bielefeld, W. (2009). Complexity Science—An Alternative Framework for Understanding Strategic Management in Public Serving Organizations. *International Public Management Journal*, 12(2), 236–260.
- Reid, W., & Turbide, J. (2012). Board/Staff Relationships in a Growth Crisis: Implications for Nonprofit Governance. *Nonprofit and Voluntary Sector Quarterly*, 41(1), 82–99.
- Rosenbaum, D., More, E., & Steane, P. (2017). A Longitudinal Qualitative Case Study of Change in Nonprofits: Suggesting a New Approach to the Management of Change. *Journal of Management & Organization*, 23(1), 74–91.
- Schlosser, F., McPhee, D. M., & Forsyth, J. (2017). Chance Events and Executive Career Rebranding: Implications for Career Coaches and Nonprofit HRM. *Human Resource Management*, 56, 571–591.

- Silver, S., Randolph, W. A., & Seibert, S. (2006). Implementing and Sustaining Empowerment: Lessons Learned from Comparison of a For-Profit and a Nonprofit Organization. *Journal of Management Inquiry*, 15(1), 47–58.
- Solebello, N., Tschirhart, M., & Leiter, J. (2016). The Paradox of Inclusion and Exclusion in Membership Associations. *Human Relations*, 69(2), 439–460.
- Spall, P., & Zetlin, D. (2004). Third Sector In Transition—A Question of Sustainability for Community Service Organizations and the Sector? *Australian Journal of Social Issues*, 39, 283–298.
- Stephenson, M. O., Schnitzer, M. H., & Arroyave, V. M. (2009). Nonprofit Governance, Management, and Organizational Learning: Exploring the Implications of One “Mega-Gift”. *The American Review of Public Administration*, 39(1), 43–59.
- Strichman, N., Bickel, W. E., & Marshood, F. (2008). Adaptive Capacity in Israeli Social Change Nonprofits. *Nonprofit and Voluntary Sector Quarterly*, 37(2), 224–248.
- Suárez, D. F., & Esparza, N. (2017). Institutional Change and Management of Public-Nonprofit Partnerships. *The American Review of Public Administration*, 47(6), 648–660.



Evaluating Change in Nonprofit Organizations

How does a nonprofit measure the success of a change management effort? Evaluation! A nonprofit that undertakes the task of change is making a serious, and in some cases an “all-in,” commitment to its improvement, development, and perhaps even longevity and survival. For this reason, it is prudent for organization leaders to methodically assess the efficacy of change efforts and determine the extent to which they have enabled the achievement of organizational goals.

WHAT IS EVALUATION?

Many definitions of evaluation abound. Scriven (1991) defines it as the “process of determining merit, worth, or value of something, or the product of that process” (p. 139), while Patton (1997) describes it as a “systematic collection of information about the activities, characteristics, and outcomes of programs to make judgments about the program, improve program effectiveness, and/or inform decisions about future programming” (p. 23). Another definition bills evaluation as “an ongoing process for investigating and understanding critical organizational issues” (Preskill and Torres 1999, p. 1). Using a social science perspective, Rossi et al. (1999) define evaluation as a “systematic application of social research procedures in assessing the conceptualization and design, implementation, and unity of social intervention programs” and note that it “involves the use of social research methodologies to judge and

improve the planning, monitoring, effectiveness, and efficacy” of various social issues (p. 5).

Plainly put, in the context of nonprofit change management evaluation asks whether a change effort worked the way it was intended to work, and whether it had the intended effect. It also asks how and why things turned out the way they did. This straightforward explanation is not to suggest that evaluation is simple by any means. Quite the contrary, evaluation is one of the most difficult activities organizations can undertake (and for this reason many organizations simply do not do evaluation, or do the simplest forms). This chapter begins with a brief coverage of the history and evolution of evaluation, the purposes of evaluation, who does evaluation, and the various kinds of evaluation that can be conducted (i.e., developmental, formative, and summative evaluation). Next, we will present some common as well as contemporary evaluation approaches, models, and taxonomies, including the familiar and classic Kirkpatrick Four-Level Evaluation Model. Following this background, we will discuss the nuts and bolts of conducting high-quality evaluation, including designing evaluation, collecting evaluation data, analyzing evaluation data, communicating evaluation results to relevant stakeholders, and evaluating the evaluation process.

The Evolution of Evaluation

Though the basic concept of evaluation has probably been around for as long as mankind, some scholars date the first traces of formal evaluation back thousands of years to when the Chinese used examinations to select individuals for professional and civil service jobs (Worthen et al. 1997). More recent versions of evaluation reach back to late nineteenth-century public education in the United States when various approaches to spelling and grammar instruction were compared for their effectiveness in making a difference in student learning (Russ-Eft and Preskill 2001). Evaluation has grown to become a normal part of governments, militaries, and universities in order to assess people, processes, and outcomes. In the wake of the New Deal in the United States, for example, during the 1930s and after social science researchers were employed to “study a wide variety of issues” related to newly created government programs and services (Russ-Eft and Preskill 2001, p. 41). Contemporary evaluation evolved from something that was primarily conducted by schools and large government organizations to a process that almost

every type of organization now utilizes to improve effectiveness and efficiency, enhance learning, and allocate resources in ways that add the greatest value.

Reasons for Conducting Evaluation

Evaluation enables nonprofit organizations to plan and execute change management efforts in a systematic manner. The more major and significant the change, the greater the importance of evaluation to change success. Figure 10.1 lists several reasons why nonprofits should conduct evaluation before, during, and after a change event.

Before any organizational change takes place, evaluation can serve as a diagnostic tool to assess the need for change in the first place. A needs assessment, which “refers to the evaluative process of gathering and interpreting data about the need for programs and services” (Astramovich 2011, p. 1), identifies gaps between a nonprofit’s current state and where it wants to move to. Evaluation helps leaders visualize the path between past, present, and future and make informed decisions about the appropriateness of prospective organizational changes. Relatedly, early in the organizational change process evaluation can provide information that can be used to help convince a nonprofit’s stakeholders—employees, volunteers, donors, clients, community members, and others—of the need for change.

Evaluation can serve...

- As a **diagnostic tool** to determine whether change is an appropriate response in the first place.
- To help nonprofits **prioritize resources** by channeling money, time, and talent to change initiatives that are the most likely to contribute to organizational success and performance.
- To **create a climate of accountability** by clarifying the contributions every organizational member is expected to make during change efforts, and ensuring individuals are meeting those expectations.
- To **generate information and results** about the effectiveness of a change management effort.

Fig. 10.1 Reasons to evaluate change management efforts

Evaluation can also help nonprofits prioritize resources by channeling money, time, and talent to initiatives that are most likely to contribute to organizational success and performance. Given an endless need for the programs and services nonprofits provide, organizations can take many different directions in their efforts to serve communities and clients. A thoughtful evaluation before, during, and after change management efforts can help to ensure the organization is creating maximum value for its stakeholders.

Holding individuals accountable is another important reason why nonprofits should conduct evaluation during organizational change initiatives. All individuals in an organization—executive leadership, managers and supervisors, employees, and volunteers—play an important role in the design, development, execution, and success of change initiatives. Evaluation can help clarify the contributions every organizational member is expected to make during change efforts and ensure that individuals are meeting those expectations.

Perhaps the main reason for conducting evaluation during organizational change efforts is to obtain results about the effectiveness of the change management effort. Did it work? Did it help the organization accomplish its mission more effectively? Was implementation smooth or were there hiccups along the way? The answers to these and other questions can provide useful information to organizational stakeholders, and can also assist the nonprofit during future change initiatives.

Who Does Evaluation?

Organizations use internal or external evaluators, and sometimes both, depending on the nature of the organizational change effort and the type of evaluation to be conducted. Internal evaluators are those who are members of the organization, while external evaluators are independent and have no formal affiliation with the organization. Internal evaluation can be performed by individuals or teams of people, and has the advantage of the evaluators being more familiar with the organization and potentially having better access to relevant data. This familiarity, however, is also one of the main challenges of using internal evaluators. Their organizational membership often leaves them susceptible to organizational politics. Also, if internal members are tasked with conducting an evaluation in addition to their regular assignments, they may lack the credibility or technical capabilities to do evaluation effectively.

On the other hand, external evaluators are typically enlisted because of their expertise with conducting evaluation, and they are more likely to be independent and provide unbiased findings and recommendations. Independent consultants and college professors are frequent examples of external evaluators. A drawback of using evaluators external to a nonprofit is that they lack specific knowledge about the organization's systems and culture which could prove important during the evaluation process, especially since many data collection methods used during evaluation rely on cooperation on organization members. Also, external evaluators can be relatively more expensive to use than internal evaluators.

Developmental, Formative, and Summative Evaluation

Evaluations can be conducted to gain information before an organizational change, while the change is being implemented, or to make final judgments about the change. Developmental evaluation is typically associated with needs assessment and the evaluator's role in this early stage is to ask questions that "hold...[an organization's] feet to the fire of reality testing" (Patton 1997, p. 104). Because organizational change, especially major change proposals, can have serious potential upsides and downsides for nonprofits, effective developmental evaluation must provide leaders with honest and accurate information to guide early decisions. Formative evaluation occurs while a change event is ongoing with the aim of ensuring that efforts are proceeding according to plan. Learning is an important goal of formative evaluation in that if a change effort is not unfolding as expected, information from the evaluation can be used to course-correct and improve the change implementation. Summative evaluation is "conducted after the completion of the program" (Scriven 1991, p. 340) and is used to determine "the merit, worth, or value... in a way that leads to a final evaluative judgment" (Russ-Eft and Preskill 2001, p. 22). This "final judgment" is likely what most people think about when evaluation is mentioned. The summative evaluation of a change management effort tells leaders and other stakeholders whether the effort met its goals and whether the organization has been enhanced as a result of the change. Summative evaluations can take the form of monitoring and auditing (e.g., ongoing compliance with operational or reporting requirements), measuring outcomes (e.g., changes in employee or volunteer knowledge or skills), or impact (e.g., the net value add of an intervention or new service).

COMMON MODELS AND TAXONOMIES OF EVALUATION

There are literally dozens of approaches to program and organization evaluation that have been introduced and debated in scholarly literature. We choose to focus on three that are commonly used by practitioners and frequently discussed in academic scholarship. They include Kirkpatrick's Four-Level Model of Evaluation, logic models, and the Context, Inputs, Process, and Products (CIPP) model.

Kirkpatrick's Four-Level Model of Evaluation

The first attempt to formalize training and performance evaluation was Donald Kirkpatrick's creation of the Four-Level Model of Evaluation in 1959 (Russ-Eft and Preskill 2001). In it he proposes that evaluation can be conducted on four hierarchical levels, each providing different information about the effectiveness of an intervention (Kirkpatrick 1959a, b, 1960a, b). Kirkpatrick's model has become a staple of management and organizational development because of its simplicity and intuitiveness. While training was the initial focus of Kirkpatrick's model, it can be applied to practically any organizational intervention, including change efforts. Level 1—*reaction*—measures the way people feel about change efforts and is the most common type of evaluation conducted. Participants can be asked their positive or negative reactions to a proposed or implemented change, for example, or whether they believe they were treated fairly during change. Level 2—*learning*—asks whether individuals have actually gained knowledge or skills as a result of an intervention. One way to assess this is to deliver one test of knowledge or skill before a change (pre-test) and another after the change is implemented (post-test), and then compare scores to see if improvement has occurred. Level 3—*behavior*—considers the ways in which individuals behave differently after or as a result of change efforts. Specifically, the focus is on work-related behaviors such as job performance. A level 3 evaluation would ask, for example, whether or not an individual's actual performance on the job had improved or gotten worse as a result of an organizational change. Level 4—*results*—focuses on the overall impact of an intervention on an organization's performance. That is, what effect did the change have on a nonprofit's ability to serve its clients well, generate revenue, increase awareness, and so on.

These levels are comprised in a hierarchy and, as one might expect, become more difficult to do as a nonprofit moves up from one level to the next. Level 1 evaluations, for example, are often conducted by post-intervention surveys. Consider a training you have participated in where, at the conclusion of the training, the instructor asks you to complete a brief paper questionnaire asking you how you liked various aspects of the training. Compared to the other levels, this level 1 approach is relatively costless to the organization and is not very burdensome for the participant. As such, it is the most frequently used of the four levels despite the fact that it provides the least rich information.

Logic Models

Chen (2015) describes a logic model as a graphical representation between a program's daily activities and its outcomes. In their simplest form, logic models draw a linear connection between four organizational elements: inputs, activities, outputs, and outcomes. Nonprofits can then personalize a logic model by considering organization-specific examples of the four elements. Doing so helps leaders to more clearly see the line of sight between investments and the early work of a planned change, the activities needed to effect change, and the results of change. Because the concept of logic models draws heavily on systems theory (Frye and Hemmer 2012), it also has the added benefit of allowing managers to see the big picture of a change effort, as well as the complex relationships between people, resources, and organizational processes. When a change effort is successful this allow leaders to see what went well (so that they can replicate it if needed), and if there are challenges it allows leaders to understand where breakdowns might have occurred and where improvements can be made.

Figure 10.2 provides an example logic model for a hypothetical education foundation that is implementing a new diversity and inclusion initiative in an effort to both enhance its internal organizational diversity climate, and broaden its client base in order to provide greater educational opportunities to minority youth. *Inputs* include the resources a nonprofit will dedicate to implementing the initiative, and could include money, staff and volunteer time, educational materials, and facilities. Next are the specific *activities* to be conducted with the resources allocated to the change effort. In this example, possible activities include diversity and inclusion training for paid staff and volunteers, providing

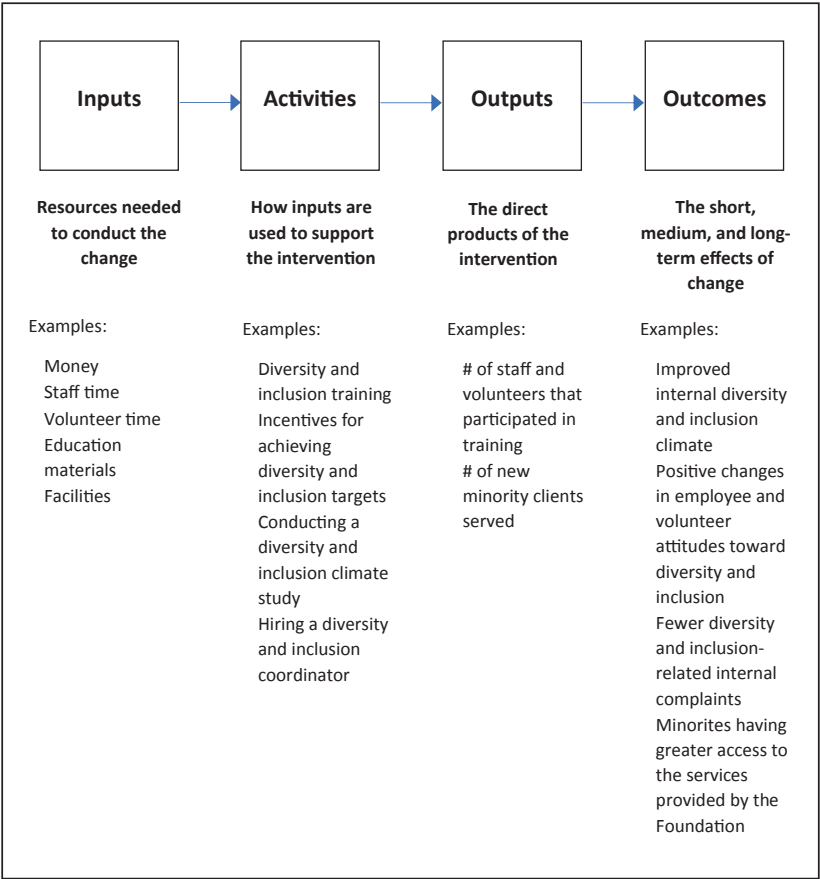


Fig. 10.2 Logic model for a hypothetical education foundation that is implementing a new diversity and inclusion initiative

incentives for achieving diversity and inclusion targets, conducting an internal diversity climate survey, or even hiring a person to be in charge of organizational diversity initiatives. *Outputs* refer to the products of an intervention and are typically expressed in the quantity or characteristics of a result. For example, the number of employees or volunteers that volunteered to participate in diversity and inclusion training, or the number of minority clients served. *Outcomes* define the short-, medium,

and long-term effects of the change effort. Outcomes differ from outputs in that outcomes measure the effect or result of the output. In this example, outcomes could include improved internal diversity climate within the nonprofit, changes in staff and volunteer attitudes toward diversity and inclusion, or historically disadvantaged minority youth now having greater access to educational opportunities provided for by the nonprofit.

The Context, Inputs, Process, and Products (CIPP) Model

Daniel Stufflebeam created the CIPP model in the 1960s as an approach that could simultaneously “prove something about” a program and also be used to improve the very program being implemented (Frye and Hemmer 2012). In this way, it is an evaluative tool that facilitates developmental, formative, and summative evaluation. The acronym CIPP stands for four evaluation studies that are conducted as part of the model—a context evaluation study, an input evaluation study, a process evaluation study, and a product evaluation study. While the CIPP model shares elements with logic models it is not linear in the way a logic model is, and instead considers the dynamic and complementary relationships between each evaluation study.

Several questions drive each evaluation study in the CIPP approach, and examples for each are provided in Fig. 10.3. The first study conducted in a CIPP is a *context evaluation study*. This study is akin to a SWOT analysis in which the internal and external environment is analyzed for potential opportunities as well as challenges. It is also similar to the concept of a needs analysis in which problem areas, potential solutions, and priorities are identified. Several data collection methods can be used to obtain information during a context evaluation study, including interviews, surveys, and document and records reviews. The next step is an *input evaluation study*. In the context of organizational change, CIPP input evaluation is a bit like a feasibility study where the nonprofit considers whether or not it has the appropriate resources to implement the change. It is also the point at which organization leaders assess the cost–benefit of multiple prospective approaches and solutions and their potential to contribute to overall organizational objectives. Once a change effort begins, a *process evaluation study* can help assess whether the program is on target with its intended effects, if it is on

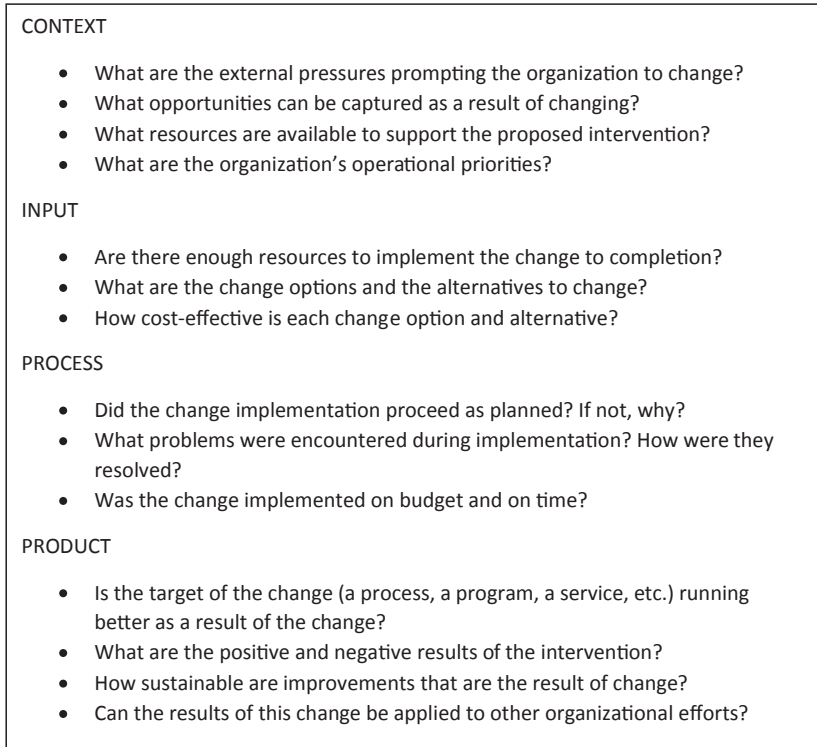


Fig. 10.3 Potential questions for CIPP evaluation studies regarding a nonprofit change initiative

time and on budget, the quality of the intervention, and so on. Process evaluation studies often provide useful preliminary to organizational stakeholders about the progress of a planned change, enhancing a nonprofit's transparency and accountability efforts. *Product evaluation studies* are closely aligned to the outcomes element of logic models, and aim to "identify and assess the program outcomes, including both positive and negative outcomes, intended and unintended outcomes, [and] short-term and long-term outcomes" (Frye and Hemmer 2012, p. 297). Product evaluation studies are after-action reviews and are thus summative forms of evaluation.

DESIGNING THE EVALUATION

The remaining sections of this chapter describe approaches to conducting the “nuts and bolts” of evaluation, namely selecting an evaluation design, gathering evaluation data, analyzing evaluation data, and communicating the results of evaluation to the nonprofit and to organizational stakeholders. We will also briefly discuss evaluating the evaluation process itself.

Selecting an Evaluation Design

Literally dozens of evaluation techniques exist, ranging from the simple and straightforward to the extremely complex. Remember, while we are discussing evaluation specifically in the context of organizational change, evaluation is used by a wide range of organizations and institutions for a myriad of purposes, from measuring the impact of a training program to determining the efficacy of a life-saving drug. In this chapter, we discuss several techniques we believe are useful and practical for evaluating organizational change in the majority of nonprofits. Our presentation of each uses plain language and is done in a way that does not require readers to have specific scientific or statistical knowledge in order to understand the general concept.

One-Shot Design

A one-shot approach is exactly as it sounds—an organization measures the effect of an intervention at a single point in time, after the change. Such an evaluation can use a survey to assess participant reactions to a change, or a test to assess some change in knowledge, skills, or behavior following an intervention. A main advantage of the one-shot evaluation design is that it is cheap and simple to do. The assessments often involve a brief survey or test that employees, volunteers, and other stakeholders are usually not opposed to completing and do not view as terribly burdensome. However, the information obtained from this approach may not provide a complete and accurate picture of the effect of a change effort (this refers to the concept of validity, which will be described in detail later in the chapter). For example, negative feedback on a participant survey about their reactions to a new training program may reveal that person’s dissatisfaction with the trainer’s delivery and presentation style rather than the content of the training itself.

Retrospective Pretest Design

A limitation of the post-change one-shot design is that there is nothing to compare the evaluation results to. A retrospective pretest design addresses this by asking participants to reflect upon their pre-change attitudes, knowledge, skills, or performance. These retrospective reports can then be compared to the post-change one-shot evaluation results, and with variations between pre and post providing insight into the effects of change. While an advantage of this design is also its simplicity and ease of use, as well as the fact that it provides some baseline data to compare post-change results to, it has several disadvantages. Organization members may not accurately remember their pre-change attitudes, knowledge, skills, or performance levels, or may not be truthful when reporting them. Also, as with a pure one-shot design, it is impossible to rule out alternative explanations for evaluation results. For example, performance on a newly implemented system may be the result of a training program or it could be because of prior knowledge or outside experience a person has with said system.

One-Group Pretest-Posttest Design

In this evaluation approach individuals are measured before and after the change, and the results are analyzed for differences. As opposed to a retrospective design, the pretest information is actually collected rather than asked about from memory. A hypothetical example can help explain this design. Consider the education foundation example above where the organization is attempting to implement a new diversity and inclusion initiative in order to improve internal climate as well as expand the reach of its services to a broader array of clients. If using the one-group pretest-posttest design, the foundation could administer a diversity climate survey (McKay and Avery 2015) to all organization members before the start of any initiative activities (such as training sessions, the hiring of a diversity and inclusion chief, the addition of diversity and inclusion criteria in the performance appraisal process, and so on), and give the same survey sometime after the implementation of initiatives. Diversity climate refers to individual attitudes about the organization's concern for fairness and equity regardless of individual differences and the extent to which it creates an organizational environment that values and celebrates diversity (McKay et al. 2007). Ideally, this foundation would want to see improved scores on the climate survey after the intervention. The pretest-posttest provides an organization two data points

worth of information about the impact of a change event. Though not as inexpensive as a one-shot design, this approach remains relatively simple and cost-effective for nonprofits to conduct. However, as with the previous methods discussed a pretest-posttest design can not completely rule out other explanations for the evaluation results. Additionally, a unique threat of this and similar designs is that the pretest itself may influence the way participants respond during the posttest, thereby jeopardizing the validity of posttest results.

Posttest Only Control Group Design

Up to this point the evaluation approaches we have discussed have involved all of a nonprofit's employees and volunteers. One limitation of including everyone is that the evaluation cannot isolate the effects as clearly as when some organization members have been exposed to the change and some other have not. Using a control group helps to address this limitation. A control group is one that has not been exposed to the intervention or organizational change. The posttest only control group design is similar to the one-shot design in that evaluation occurs following some intervention. In this approach, however, not everyone in the organization participates in the intervention. The group that does not is called the control group. Once the group that is participating in the change is exposed to the intervention, both groups—the participating group and the nonparticipating group—are evaluated and their results are compared to one another. Unlike the retrospective pretest design or the one-group pretest-posttest design in which the basis of comparison is a single group's results before and after an intervention, the posttest only control group design allows organizations to compare evaluation results across groups. This helps to isolate the effect of a change management initiative and provides nonprofits with more confidence to say that change actually occurred. One weakness of this approach is that difference between individuals in the two groups could explain some of the apparent results. Also, the results for the participating group do not conclusively prove a cause-and-effect relationship between the intervention and outcomes.

Pretest-Posttest Control Group Design

This approach is similar in concept to the posttest only control group design, except that now both groups are evaluated before the change intervention. So, instead of only gathering data at one point following

change, information is now collected at two distinct times. As with the posttest only approach, only one of the groups actually participates in the intervention. The other does not, even though they are evaluated both before and after the intervention. This design is considered one of the most rigorous evaluation techniques because testing each group at the same time, but multiple times, allows the evaluator to rule out other explanations for any variations in the results, such as differences in perceptions, attitudes, knowledge, skill, and performance (Russ-Eft and Preskill 2001). Even though this is a robust evaluation approach, as you might guess it can be very difficult for nonprofits to do, especially those with limited resources. Conducting a pretest-posttest control group evaluation takes time, money, and expertise to do correctly. Additionally, any personnel changes can threaten the accuracy of results since changes in group composition can materially affect how those groups differ across the posttest evaluation.

Case Study Design

Case studies are used to gain a deep understanding of processes, events, systems, or situations, such as an organizational change effort. This approach is particularly useful when an intervention is novel and innovative, and if the anticipated consequences of the change are uncertain or not well understood. As such, case studies are designed to answer questions like “how” and “why.” Qualitative data collection techniques are frequently used during case study evaluations. These include individual interviews, focus groups, observation, and archival records review. However, quantitative data obtained via questionnaires and test can also be used during a case study. This approach works well when an understanding of the context of change is critically important for assessing its success and effectiveness. For example, interviews with employees may reveal that a lack of desired performance results on a newly installed computer system has less to do with the workforce’s ability to learn the new system, and more with feelings that they are being asked to accomplish much more work on a daily basis without the requisite rewards or recognition. This example illustrates yet another advantage of this approach—the ability to collect multiple types of data, thereby gaining greater insight into the effects of change via triangulation of results. Drawbacks of case study design are that they are organization-specific and maybe even specific to the particular change initiative being

executed, and that they take a long time to conduct and potentially require lots of resources.

The above paragraphs outline a few of the many evaluation design approaches available to nonprofits for assessing the developmental, formative, and summative efficacy of change management efforts. Regardless of the technique(s) selected, there are several criteria leaders must consider when measuring change management success. These evaluation criteria are briefly discussed below.

Strategic Congruence

Evaluation efforts must match and support what the organization is currently doing or attempting to achieve. Strategic congruence describes a situation in which evaluation activities are designed in ways that not only effectively measure the impact of change, but also support the larger organizational mission and goals. One way more and more organizations are doing this is through the use of key performance indicators or KPIs. KPIs are specific targets that allow managers and leaders assess the extent to which organizational members are contributing to organizational performance. KPIs make it easier for evaluators to identify discrepancies between desired and actual outcomes and also hold individuals accountable.

Validity

Applied to the context of change management, validity is the extent to which an evaluation measures the relevant, and only the relevant, outcomes of an organizational intervention (Noe et al. 2014). It answers the question “are we measuring what truly matters for the successful implementation of change?” If an evaluation measures attitudes, knowledge, skills, or behaviors that have nothing to do with successful performance after a change effort, that measure is said to be contaminated. That is, the evaluation is collecting information that is irrelevant for assessing the success or failure of change. Conversely, if an evaluation fails to measure one or more aspects of performance crucial for accurately appraising the effectiveness of a change intervention, that measure is deficient. Evaluators and nonprofit leaders must strive to minimize contamination and deficiency when conducting evaluating the efficacy of organizational change efforts.

Reliability

If validity asks whether or not we are measuring what we intend to measure, reliability asks “is our evaluation process consistent and free from error?” Consider the task of measuring someone’s height. You can use a 12-inch ruler ended over end, or a retractable tape measure, or a wall-mounted stadiometer of the kind found in a doctor’s office. All three approaches to evaluation—in this case height measurement tools—will provide a measure of a person’s height. But the 12-inch ruler will yield an estimate that is not as accurate as a tape measure, and the tape measure will yield an estimate that is not as precise as a stadiometer. Selecting the right tools to conduct an evaluation—tools that provide the most precise measurements and result in the least amount of measurement error—are critical for accurately assessing the impact of organizational change initiatives.

Acceptability

Both managers and employees and volunteers prefer to participate in evaluations they view as meaningful, adequate, and fair. If managers perceive an evaluation to be unduly burdensome or difficult to conduct, they will be less likely to do it (or if they do, to do it well). Additionally, employees and volunteers must believe that the evaluation itself and its findings will result in fair outcomes. As discussed in Chapter 4, three forms of fairness include distributive fairness, procedural fairness, and interactional fairness. Distributive fairness refers to the extent to which organization members perceive number and quality of outcomes each person receives (that is, their distribution) to be just. Procedural fairness refers to whether or not employees believe the process for determining those allocations was fair. Interactional fairness refers to the degree to which organization members feel they were treated with dignity, respect, and concern throughout the evaluation process. Consideration of fairness during evaluations is important because when evaluations are perceived to be unfair, they are more likely to be conducted incorrectly by managers and to decrease employee motivation (Nathan et al. 1991; Taylor et al. 1995).

Neutrality

Neutrality refers to the extent to which the findings of an evaluation accurately reflect the methods, processes, and subjects of the evaluation and not the biases, motives, interests, or dispositions of the evaluator

(Noe et al. 2014). This is especially important to consider when conducting a case study since evaluators play an important investigatory role during that approach. While it is impossible to totally separate the evaluator from the method, a good way to ensure neutrality is to track data to their sources and ensure that the “logic used to assemble the interpretations into structurally coherent and corroborating wholes is both explicit and implicit” (Guba and Lincoln 1989, p. 243).

METHODS FOR COLLECTING EVALUATION DATA

There are multiple techniques for actually gathering information that will be used to evaluate the effectiveness of a change initiative. Sometimes a single approach will be used, and other times two or more should be employed. The following lists some major approaches to collecting data during an evaluation.

Archival/Internal Records Review

The thought of evaluation oftentimes brings to mind the need to gather new information. Sometimes, however, there are good reasons to comb through preexisting documents for insight. An archival or records review examines an organization’s internal documentation to learn about criteria relevant to and important for evaluating change management, such as pre-change knowledge, skill, or performance levels. Because records are internal, they tend to be easy and cost-effective to obtain. Organizational archives can also provide historical context for a planned change if they include information about previous practices or change attempts. Archival data collection becomes more difficult, however, if the organization has not consistently maintained operational data or if those records contain significant inaccuracies.

Observation

One way to evaluate the effect of a change effort is to observe what is happening in the organization and then make sense of those observations. Observation is a “systematic data collection approach” in which an evaluator “uses all of their sense to examine people in natural settings or naturally occurring situations” (Robert Wood Johnson Foundation 2018). This approach is not simply about watching and recording what

is going on in an organization. Rather, evaluators conducting observation must be able to engage with the environment or situation for prolonged durations, be self-aware of how the observing is being done and whether and how it is affecting the situation being observed (with special care to eliminate or minimize observation effects), improvise methodologically and technically in ways that allow them to capture the nuance of the environment, and record their observations in a meaningful and oftentimes standardized way. Observation as a data collection technique is especially useful when the information one might collect by asking people what they do or would do is likely to be different than what they actually do. In this way, observation can enable organizations to get a truer sense of the outcomes of change. It is, however, very time consuming and possibly resource-consuming as well.

Surveys

Surveys, which can be administered on paper or online, are a quick and relatively inexpensive way to collect information from many individuals at once. Surveys are particularly useful when you want to know about a person's attitudes or behaviors; however, because individuals self-report the information, there is the possibility of inaccuracies due to the respondent's inability to answer precisely (because, perhaps, they do not recall properly) or unwillingness to answer truthfully. The data gleaned from a survey can quickly be tabulated and analyzed, adding to this method's attractiveness and utility for organizations. It is important to note, however, that surveys must be done correctly in order to be effective. Survey design is a science and merely creating some questions and asking employees or volunteers does not make for valid or reliable survey.

For example, if a nonprofit wanted to assess the organizational commitment of its employees, it would be insufficient to simply ask whether or not they are committed to the organization. Instead, a proper survey approach would involve the use of questions or "items" which have been scientifically tested for their appropriateness in measuring the concept of organizational commitment. Psychology scholars Natalie J. Allen and John P. Meyer (1990) published the seminal article on measuring organizational commitment, which includes three types of commitment: affective, normative, and continuance. Members with high affective commitment to an organization stay because they want to, while those with high normative commitment stay because they feel they ought to

(perhaps as reciprocity for being offered a job in the first place, or to a supportive boss). Those with high continuance commitment stay because they have to, as they need to keep earning their salary. There are specific questions that “tap” into each of these commitment ideas. To assess affective commitment, for example, respondents would be asked to rate their agreement with statements like: “I would be very happy to spend the rest of my career with this organization” or “This organization has a great deal of personal meaning to me” (Allen and Meyer 1990, p. 6). Surveys have the potential to reveal important information to nonprofits during post-change evaluation, but they must be conducted carefully and correctly.

Tests

Tests allow organizations to assess what was learned or how much was learned (Russ-Eft and Preskill 2001). As with other data collection methods, and surveys in particular, care must be taken to ensure that tests are valid and reliable. That is, they must measure what evaluators intend for them to measure, and be consistent across individuals and free from measurement error. Tests can be in paper form or online, or can be conducted in person in the case of measuring an individual’s ability to actually perform a task. While tests have the potential to provide highly accurate snapshots of a person’s knowledge or ability to perform, organizations must be aware that the notion of a “test” often comes across as threatening to prospective test-takers, especially if the results will be used to make a high-stakes decision (such as career movement or pay allocations).

Interviews and Focus Groups

Interviews (with individuals) and focus groups (or group interviews) allow an evaluator to gain insight in the effects of a change effort by personally interacting with participants. The structure of an individual or group interview can range from structured, to semi-structured, to completely unstructured. Structured interviews include a list of pre-determined closed-ended questions which typically elicit “yes” or “no” responses or specific, short answers such as a location or amount. Unstructured interviews primarily consist of open-ended questions which require elaborate responses and often open the door to inquisitive

and inquisitive exchanges between an evaluator and interviewees. In a semi-structured interview, evaluators utilize a mix of open- and closed-ended questions. While a structured interview approach may seem very rigid and inflexible, we can all imagine a time when we have told someone “this is a yes or no question” and wanted a direct, frank, and honest response. At other times, we have asked people to “say more about that” after they said something interesting or responded to succinctly to an inquiry. Interviewing, when conducted skillfully, is a powerful data collection tool for gaining new insights, examples, stories, and critical incidents about organizational change outcomes. One caution, however, is that the personal characteristics of the interviewer or interviewees can affect the interaction between the two if either allows bias or perceptions to influence their words or behaviors. Such distortions threaten the validity of information generated during an interview, so evaluators must take care to minimize negative influences.

ANALYZING EVALUATION DATA

Once appropriate evaluation techniques have been identified and information has been collected via one or more methods, the next step is to discover what the data tells us about the effectiveness of an organizational change initiative. Data analysis can be categorized broadly into quantitative approaches and qualitative approaches. Additionally, analysis can be mixed-method in which both quantitative and qualitative approaches are utilized.

Quantitative Data Analysis

Quantitative approaches to analyzing data seek to describe gathered information numerically, identify relationships between two or more variables, uncover significant differences between variables, and ultimately explain cause-and-effect relationships. This approach typically involves statistics and the use of computer programs ranging in familiarity and complexity from Microsoft Excel to IBM’s Statistical Package for the Social Sciences (or SPSS), for example. Simpler forms of quantitative data analysis might involve counting the number of fundraising calls per hour a volunteer makes after a training intervention, while more complex analysis might seek to uncover the ways in which the training resulted in

a volunteer being able to make a higher number of calls per hour (that is, the cause-and-effect relationship).

In addition to assessing the nature of relationships between two or more variables, such as the correlation between hours spent in diversity and inclusion training and ratings of organizational diversity climate, quantitative analysis can also be used to examine the economic impact of change efforts. Cost analysis, cost-effective analysis, and cost-benefit analysis are three such approaches (Russ-Eft and Preskill 2001). A cost analysis involves identifying all of the direct and indirect expenses related to executing various change initiatives. From this, leaders can make an accounting of the organization's financial capabilities and decide how much of its resources the nonprofit is able to expend in support of change. Cost-effectiveness compares the cost of change to the number of units of output achieved as a result of change (Russ-Eft and Preskill 2001). As an example, an investment of \$7000 USD in new computer hardware and software for a nonprofit's front office results in a 30% increase in the accuracy and completeness of donor personal and contact information records. Cost-benefit analysis extends cost-effectiveness by placing a monetary value on the benefit or outcome of a change initiative. In this way, the cost versus output comparison is being expressed in like terms. Evaluators can transform a cost-benefit ratio into a return on investment (ROI) percentage for ease in communicating to senior leaders and stakeholders familiar with this metric.

Qualitative Data Analysis

Whereas in the above examples quantitative analysis can uncover the correlation and maybe even cause-and-effect relationship between training and donor calls per hour or a new computer system and the accuracy of member records, qualitative analysis allows evaluators to better understand why and how those relationships exist. The aim of qualitative inquiry is a rich, detailed description. It is particularly effective in obtaining a deep understanding of the mechanisms, reasons, and motivations behind relationships between two or more variables. For example, what is it about the training that resulted in volunteers being more efficient in making phone calls to potential donors? Is the improved performance owing to an increase in knowledge or skill level, or volunteers having greater self-efficacy and motivation to perform, or a combination of these and other factors?

Once data suitable for qualitative analysis are collected, this analytical approach typically involves organizing the information in ways that enable exploration and discovery. As opposed to quantitative approaches which seek to answer specific, predetermined questions, qualitative analysis is inductive and enables evaluators to learn about the phenomenon under investigation as they go. Using the earlier example of the education foundation that implemented a diversity and inclusion initiative, if an evaluator discovered via quantitative analysis of survey data that satisfaction with the initiative varied across groups of employees such that some groups believed it was good for the organizations but others felt it was a waste of time and resources, qualitative analysis of interview data might reveal the underlying reasons behind the varying group perceptions about the initiative. Information from internal archival documents, observation, or interview transcripts can be categorized according to emergent or predetermined themes, and then analyzed for patterns, similarities, and differences. There is a growing list of computer software programs, called qualitative data analysis or QDA programs, that assist evaluators with the process of systematic coding, categorization, and content analysis. NVivo and Atlas.ti are two of the longest running and most frequently cited programs, and there are many others.

COMMUNICATING EVALUATION RESULTS

Gathering information about an organizational change initiative and analyzing what worked well and what could have gone better is most useful when those results are communicated to all relevant organizational stakeholders. Nonprofits must not only be capable of celebrating wins and achievements. They also need to be willing to admit shortcomings and identify areas for improvement and growth. When communicating the results of an evaluation nonprofits need to keep in mind the purpose of the communication, their communication audiences, and the timing, content, and format of communication.

Purposes of Communicating Evaluation Results

The “why” of reporting evaluation results guides much of a nonprofit’s approach to communicating with stakeholders. Usually, “communicating and reporting serves two general purposes: communicating about the evaluation itself and reporting the evaluation findings (Russ-Eft and

Preskill 2001, p. 350). Communication among the leadership team can bring leaders and managers up to speed on the efficacy of change initiatives and highlight specific achievements or improvement needs. Internal stakeholders such as employees and volunteers can benefit from the communication of evaluation results by having greater information about services and processes that will have a direct affect on their working experiences, motivation, and satisfaction. Such information can also help to hold these members accountable for their contributions, and enables a nonprofit to maintain a climate of transparency and honesty. For external stakeholders such as funders or community members, the communication of evaluation results can provide needed justification for investments of resources or help generate support for organization programs and services.

Communication Audiences

The communication can be targeted to internal stakeholders, external clients, and constituents, or both. Is the information being shared to provide external clients and constituents updates on a program or service? Is the information being presented to employees in an effort to celebrate increased productivity or to highlight areas where improvement is needed? These are the types of questions that help managers determine appropriate communication audiences. Following an evaluation, nonprofit leaders must determine not only the appropriate audiences for information about the evaluation itself and its findings, but also what resources are required to communicate to those audiences. If resources are limited, leaders may wish to prioritize stakeholders and communicate to each audience as needed.

Timing, Content, and Format of Evaluation Communication

The timing for communicating evaluation results is tied to the life cycle of the change effort, as well as the purpose of the evaluation; that is, whether evaluation is developmental, formative, or summative. During the early stages of an organizational change, information obtained from evaluation can help to ensure the initiative is meeting expectations or requires course-correction. Post-change, evaluation results can help internal and external stakeholders assess the effectiveness of an initiative. Nonprofit leaders should work with evaluators and internal and external

stakeholders to determine reporting and communication timeline expectations, and ensure that the organization remains in ongoing communication with relevant individuals and groups. Communicating to more or wider audiences, or in comprehensive formats such as written reports, typically require additional lead time and leaders and evaluators should factor this in when preparing communications.

In terms of the content of evaluation communication, presenters can consider combining quantitative and qualitative information to form broad themes, takeaways, implications, and action steps for audiences. There must be a balance between technical data and detailed specifics on the one hand, and plain-language, jargon-free, clear information on the other. Using tables, graphs, charts, and illustrations are very effective tools for presenting complex information in easy-to-understand ways. Also, when communicating negative findings information should be presented in a manner that is encouraging rather than demeaning, and that suggests ways to improve.

When choosing an appropriate communication format, managers should consider a delivery method that maximizes stakeholder access to information, audience engagement and understanding of results, and the opportunity to learn from those results. Presentation options include working sessions, verbal presentations, individual and small group meetings, videos, E-mail and written electronic documents (e.g., newsletters), written reports, and news and media presentations such as press releases or social media. These options are listed and described in more detail in Fig. 10.4.

EVALUATING THE EVALUATION PROCESS

An important but often overlooked step in the evaluation process is evaluating the change evaluation process itself. Evaluating the evaluation is a vehicle for producing useful information to decision-makers (Larson and Berliner 1983). According to Russ-Eft and Preskill (2001), “every evaluation should be planned to provide not only needed information about the program, but also information concerning the evaluation itself” (p. 397). Doing so established a successful evaluation system within the organization that is capable of determining the effectiveness of each phase of evaluation. The evaluation of an evaluation process can occur in the developmental and formative stages, or in a summative

Working Sessions	Facilitated group discussions in which information can be exchanged in real time. Often used during the design and implementation of change initiatives.
Verbal Presentations	Sessions in which evaluation information is presented by a single or small group of evaluators and/or organization leaders to one or more stakeholder audiences. Compared to a working session which tends to have the goal of collaboration and development, verbal presentation communication is primarily one-way with some audience interaction in the form of Q&A or a comment period.
Individual and Small Group Meetings	Targeted interactions with selected individuals, often for the purpose of providing performance guidance and career development.
Videos	Typically used to distribute findings widely. The cost of production can be high, but electronic distribution can be relatively costless.
E-mail and Written Electronic Documents (e.g., Newsletters)	Relatively inexpensive to create and distribute. Can reach a wide audience. Reach is limited to the accuracy and completeness of electronic contact information of audience members.
Written Reports	Formal compilation of intervention description, evaluation design, data collection methods, analysis and findings, and recommendations. Often written for external stakeholders, or when evaluations are conducted by external evaluators.
News and Media Presentations	Formal formats such as press releases or news conferences typically used by large-scale nonprofits with public or otherwise widespread interests and constituencies. Less formal approaches, such as social media, is less costly and easier to use by nonprofits of all sizes.

Fig. 10.4 Communication options for presenting and reporting evaluation results

manner once the evaluation is completed. Evaluating evaluation is called “metaevaluation” and provides critical insights into which evaluation approaches work better and less well within a particular organization (Scriven 1991).

- What was the initial purpose of the evaluation? Did the evaluation as conducted serve that purpose?
- Did all the appropriate individuals and organizational stakeholders provide input during the evaluation process?
- Was the selected evaluation design appropriate for the phenomenon being studied?
- How well did the data collection approach selected assist with gathering necessary information?
- Were the data analyzed correctly, whether via quantitative or qualitative analysis? Did the individuals performing data analysis have the requisite skills to conduct analysis properly?
- Was the chosen presentation method the most appropriate and effective for communicating results to various stakeholders?
- Which activities done and decisions made along the entire course of evaluation could have been improved?

Fig. 10.5 Possible questions for evaluating the evaluation process itself

A series of questions, such as those presented in Fig. 10.5, can help organizations assess the efficacy of their evaluation systems. The questions consider whether the evaluative approaches and methods selected were appropriate for the phenomenon being investigated, whether the evaluation yielded the information necessary for organizational learning, whether that information was utilized in ways that enhance organizational capabilities and facilitate successful organizational change.

CONCLUSION

In this chapter we have described the critical role evaluation plays in determining the effectiveness of organizational change efforts. Evaluation is a systematic approach to assessing change initiatives at every stage—from conceptualization and design, to implementation, to completion and follow-up. It serves many purposes including diagnosing organizational problems and helping to develop solutions, prioritizing limited resources, holding stakeholders accountable, and assessing the effectiveness of organizational initiatives. A well-designed, well-executed evaluation can help nonprofits understand why a change effort turned out the way that it did, and the impact of the change on its people and its ability to meaningfully serve its clients and community.

REFERENCES

- Allen, N. J., & Meyer, J. P. (1990). The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization. *Journal of Occupational Psychology*, 63(1), 1–18.
- Astramovich, R. L. (2011). *Needs Assessment: A Key Evaluation Tool for Professional Counselors*. Retrieved September 22, 2018 from https://www.counseling.org/resources/library/VISTAS/2011-V-Online/Article_41.pdf.
- Chen, H. T. (2015). *Practical Program Evaluation: Theory-Driven Evaluation and the Integrated Evaluation Perspective*. Thousand Oaks, CA: Sage.
- Frye, A. W., & Hemmer, P. A. (2012). Program Evaluation Models and Related Theories: AMEE Guide No. 67. *Medical Teacher*, 34(5): e288–e299.
- Guba, E. G., & Lincoln, Y. S. (1989). *Fourth Generation Evaluation*. New York: Sage.
- Kirkpatrick, D. L. (1959a). Techniques for Evaluating Programs. *Journal of American Society of Training Directors*, 13(11), 3–9.
- Kirkpatrick, D. L. (1959b). Techniques for Evaluating Programs—Part 2: Learning. *Journal of American Society of Training Directors*, 13(12), 21–26.
- Kirkpatrick, D. L. (1960a). Techniques for Evaluating Programs—Part 3: Behavior. *Journal of American Society of Training Directors*, 14(1), 13–18.
- Kirkpatrick, D. L. (1960b). Techniques for Evaluating Programs—Part 3: Results. *Journal of American Society of Training Directors*, 14(1), 28–32.
- Larson, R. C., & Berliner, L. (1983). On Evaluating Evaluations. *Policy Sciences*, 16(2), 147–163.
- McKay, P. F., & Avery, D. R. (2015). Diversity Climate in Organizations: Current Wisdom and Domains of Uncertainty. In M. R. Buckley, A. R. Wheeler, & J. R. B. Halbesleben (Eds.), *Research in Personnel and Human Resources Management, Volume 33* (pp. 191–233). Bingley, UK: Emerald Group Publishing Limited.
- McKay, P. F., Avery, D. R., Tonidandel, S., Morris, M. A., Hernandez, M., & Hebl, M. R. (2007). Racial Differences in Employee Retention: Are Diversity Climate Perceptions the Key? *Personnel Psychology*, 60(1), 35–62.
- Nathan, B. R., Mohrman, A. M., Jr., & Milliman, J. (1991). Interpersonal Relations as a Context for the Effects of Appraisal Interviews on Performance and Satisfaction: A Longitudinal Study. *Academy of Management Journal*, 34(2), 352–369.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2014). *Human Resource Management: Gaining a Competitive Advantage* (9th ed.). New York: McGraw-Hill Education.
- Patton, M. Q. (1997). *Utilization-Focused Evaluation: The New Century Text*. Thousand Oaks, CA: Sage.

- Preskill, H., & Torres, R. T. (1999). *Evaluative Inquiry for Learning in Organizations*. Thousand Oaks, CA: Sage.
- Robert Wood Johnson Foundation. *Qualitative Research Guidelines Project*. Retrieved October 1, 2018 from <http://www.qualres.org/HomeObse-3594.html>.
- Rossi, P. H., Freeman, H. E., & Lipsey, M. W. (1999). *Evaluation: A Systematic Approach* (6th ed.). Thousand Oaks, CA: Sage.
- Russ-Eft, D., & Preskill, H. (2001). *Evaluation in Organizations: A Systematic Approach to Enhancing Learning, Performance, and Change*. Cambridge, MA: Perseus.
- Scriven, M. (1991). *Evaluation Thesaurus* (4th ed.). Thousand Oaks, CA: Sage.
- Taylor, M. S., Tracy, K. B., Renard, M. K., Harrison, J. K., & Carroll, S. J. (1995). Due Process in Performance Appraisal: A Quasi-Experiment in Procedural Justice. *Administrative Science Quarterly*, 40, 495–523.
- Worthen, B. R., Sanders, J. R., & Fitzpatrick, J. L. (1997). *Program Evaluation* (2nd ed.). New York: Longman.



CHAPTER 11

Strategic Change at A-Way Express Courier

In August of 2013, Meredith Cochrane had just returned to the office from a community meeting. The busy traffic on Danforth Avenue in Toronto and the mild summer day were far from her mind. For the past two months, most late afternoons and evenings have been spent reviewing the strategic planning report, report on consultation with stakeholders and various documents on A-Way operations, funding, and revenue. The foremost thought on her mind that day was a decision on the strategic direction of A-Way and how to steer the organization in the direction. The core of this decision is whether A-Way should focus on its current strategy by continuing to achieve benefits for the 50–70 staff who are employed by the social purpose enterprise or refocus the strategy and leverage its resources to attain goals that will help more people to transition to different mainstream employment, or implement a blended strategy that will incorporate elements of both strategic options.

The issue of the strategic change of A-Way—whether the organization should stretch its goals to serve more people—has been a lingering discourse among stakeholders for many years. Meredith and the board of directors are conscious of the imperative for a decision. First, they must roll out any new strategy with the annual planning process in the fall and make provisions for the implementation in the budget for the 2014 fiscal year. Second, it is also crucial for A-Way to signal its commitment to

a clear strategy that underscores the feedback provided by stakeholders in the recently completed strategic planning process. Third, as the new Executive Director of A-Way, Meredith is aware that the opportunity to motivate employees to implement a new strategy or refocus the current strategy could diminish over a period of time. She is also aware that she must deliver on the strategic goals which the organization has been slow to build momentum on for some time. In all, the inability to chart a clear course now could cost the organization in terms of missed revenue opportunities, incapacity to leverage the focus on social purpose enterprises and missed opportunities to serve more people or better serve current employees.

ENTERPRISE BACKGROUND

A-Way Express Courier was established in 1987. The antecedent of the organization was the efforts of consumers/survivors of the mental health system and two nonprofit organizations—Progress House and House Link Housing Agency—to create a supportive workplace in which employees are empowered. The mission of the organization is “to create long-term employment for people who have been through the mental health system.” The goal is to create work opportunities where consumers/survivors of the mental health system as employees would be accountable and be independent. The Ontario Ministry of Health made start-up funding available to the organization through a program to facilitate training and the employment of consumers/survivors.

A-Way Express provides same-day “green” courier services. The organization delivers documents and small packages using either public transit or on foot. Therefore, it considers itself to be an organization that promotes both social and environmental values. Deliveries that are outside the rate map of the organization may be offered to a bigger courier company. A-Way has approximately 70 employees, of which six could be categorized as management, including the position of executive director. Currently there are 59 couriers who are part-time employees and 3 non-management office staff. Most of the employees are male with an average of 45 years and older. In addition, many of the employees have some form of higher education.

NEW EXECUTIVE DIRECTOR

Meredith Cochrane became the executive director of A-Way Express in April 2013. After spending close to 15 years in the nonprofit sector in the United Kingdom and Canada including experience as the Executive Director of an environmental education organization, she contemplated leaving the sector because of the funding issues before taking the A-Way position (CBC 2013). Meredith understands that the A-Way Express must continue to play a leading role in addressing the issue of unemployment among consumers/survivors of the mental health system both in terms of providing opportunities and raising the issue. She has three critical goals for the A-Way Express. The first goal is for the organization to be a sustainable business. She reckons that it can achieve this goal by staying competitive in the courier delivery market, by meeting the growing customer expectation in a shrinking market and by paying good wages. The second goal has to do with creating the organizational structure and system to support the operations of A-Way. However, these two goals are subsumed and integral to the third goal which is to set a clear direction for the organization. Based on discussions with employees and other stakeholders over the past three months, Meredith knows that the direction of A-Way Express is a change decision that is critical to mission and survival of the organization.

EMPLOYEES' EXPERIENCE

The feelings of employees about A-Way Express and their experience working with the organization are somewhat similar in most cases. They recognize that A-Way has enabled them not only to be employed but also to improve their overall well-being. Jimmy joined A-Way as a courier about seven years ago. He has been in and out of hospitals due to mental health issues too many times to count. Jimmy explained that A-Way provides a caring and supportive work environment that has enabled him to work in gainful employment for the first time in over 20 years. He contends that working at A-Way Express has enabled him to better care for himself and stay out of hospital. "The understanding is that you have to practice self-care. So they don't just talk about it, they give you the tools to do it." For Stella who has worked in administrative positions in

mainstream organizations in her previous career prior to joining A-Way Express, the organization has given her the opportunity to redevelop her self-confidence and to consider returning to mainstream employment. She explained that people with mental health issues are marginalized in the mainstream labor market and need social economy organizations such as A-Way to be employed or to help them to prepare to work in mainstream organizations. She added that

people with mental health issues didn't learn a lot of social skills because they were at home by themselves for years on end and they have a disease that is still telling them things.

Since all employees of A-Way Express are consumers/survivors of the mental health system, the culture of the organization emphasizes and promotes providing support and social responsibility. Justin who worked as a courier and also in one of the office positions, noted that there is a corporate culture of supportive motivation. The supportive environment and the work accommodation the organization offer help employees to manage their mental health issues enable them to feel like they can do their best and "that there is a support to help them do their best". Many of the employees explained that the most unique culture of the organization is the emphasis on peer support and openness about mental health issues. However, the employees pointed out that A-Way Express also emphasizes a system of performance orientation. Each employee is accountable for his/her performance. The employees contend that the culture of performance helps them to build confidence and self-esteem and avoid hand-holding.

A-Way Express helps employees to develop the belief about possibility of a career path including aspiring to a senior position in the organization or in mainstream organizations. The seed of the possibility of a career path that will lead to a senior position for someone with mental health condition was sowed especially when the previous executive director, Laurie Hall, was appointed from among the consumers/survivors target group. She acknowledged that this was a huge shift for the organization. "We have a survivor as an executive director; all of a sudden it became a possibility for everybody." For most employees of the social purpose enterprise, this is what they want from A-Way Express. Simply, A-Way Express should focus on the mission to provide employment for consumers/survivors of the mental health system.

GOVERNANCE

The board of directors is the other major stakeholder with a hand in the formulation and implementation of strategy at A-Way Express Courier. The role of the board is primarily to provide governance and oversight on major organizational decisions, programs, and initiatives. According to a member of the board, "we ensure that the policies and practices established for the functioning, the personnel, the finances and so on are properly done and then we trust the administration to carry it out." Similar to boards in nonprofit and other social purpose enterprises, the board of A-Way Express is not immune from getting involved in operational issues. When this happens, the leaders in management and the board have found a way to educate members about the role of the board. To facilitate better understanding of the issues affecting consumers/survivors of the mental health system and A-Way Express as a social purpose enterprise, the organization organized a full-day training session that covered the history of Consumers/Survivors Movement, the business, and political advocacy.

A-Way Express has adopted certain practices to emphasize the importance of its social objectives and values in the governance and the management of the organization. This is particularly reflected in the engagement of employees as the core stakeholders in the governance. Half of the members of the board are employees elected by their colleagues to represent them. As a result employees have the opportunity to provide input on strategy, management and, governance issues when discussed at the board. Moreover, the minutes of board meetings are posted on the bulletin board every two weeks in order to foster information flow to employees. Employee representatives on the board of directors are also supposed to report their deliberations to the staff meeting.

What is clear from employees, management, and board members is that the board provides input on the direction and activities of the organization. One member of the board sums this up nicely. "We are looking at new activities so we look at what is being suggested and raise questions and issues which is our responsibility as Board members." The strategic change is one major decision that has been on their radar for many years.

LOCAL COURIER INDUSTRY AND COMPETITION

A-Way Express's competitors for the local courier delivery market includes large multinationals such as FedEx and DHL, national players like Canada Post, and a legion of same-day local delivery companies which are the main competitors. The former executive director explained "We usually consider our local competitors, courier businesses of the same size but also specializing in same day, and it's good to know them so we can compare prices and just make sure we're staying in the range."

The courier and local messengers industry in Canada has 19,546 active businesses, annual operating revenue of \$8.7 billion, and employed 48,000 people in 2008 (Statistics Canada 2007–2008). Included in the industry is a mixed bag of services ranging from bicycle couriers to delivery by air. Courier and local messengers are a highly competitive service, which has experienced significant growth in recent years (*Globe and Mail*, February 25, 2008). Most analysis has attributed the growth in part to the increase in consumer demand, technology, and package shipments. Across the country, Ontario stands out as the largest market, accounting for 45% of the revenue of the industry in Canada.

Also relevant is the structure of the industry. Statistics Canada report shows that the industry is distinctly segmented into two complementary business areas. First, there are courier businesses, generally larger and generating significantly more revenue, that offer national and international delivery services. In 2008, they constituted 10% of the businesses and 82% of the total revenue. Second, there are local same-day delivery messengers such as A-Way that operate within a restricted area, representing 90% of the firms but accounting for 18% of the revenue.

Many of the local same-day messengers are small businesses and include independent self-employed workers. Although A-Way Express does not consider the big multinational and national courier companies to be direct competitors, the reality is otherwise. Laurie Hall was thinking along this line when she said "I think we're kind of lucky in that I think the big ones see us as such small potatoes, well, not really." The fact that the market segments are complementary suggests that the competition in the industry overlaps. The big courier companies can leverage

their significant economies of scale and brand recognition to sideline the local messengers and threaten their survival. As a result, A-Way Express and other small same-day delivery companies cannot simply discount the impact of the courier companies on local market segment. Moreover, A-Way Express could face additional potential competition from another local social purpose enterprise operating in the market.

However, over the years, A-Way has competed effectively within the local same-day delivery market. The customers who are mainly professional practice firms in architecture, medical, law firms, and nonprofit organizations have been attracted to A-Way Express for its unique value proposition. One long-time customer noted that “A-Way’s service has been consistently reliable, prompt, and courteous. It is precisely what we look for in a courier service.” Also, it appears that the organization has attracted customers who see a dual objective in their business transaction with A-Way Express. On one hand they buy into the social objective of the organization. Using the delivery service of A-Way means they are partners in the social economy. On the other hand, they are using a reliable and cost-effective local same-day delivery service that is more flexible in scheduling than many of the companies in the industry.

REVENUE

The key stakeholders in A-Way Express—the employees, the board members, and the new executive director, Meredith Cochrane—understand that the issue of revenue especially the sources of revenue are indirectly related to any strategic change the organization decides to deploy. However, the relationship between revenue and the strategic direction of the organization has more to do with the source of the largest share of the revenue than the amount of the revenue. As shown in Fig. 11.1, the revenue of A-Way Express oscillated around \$0.8 and \$0.9 million between 2008 and 2010. Revenue from the government primarily through the Toronto Central Local Health Integrated Network (Toronto Central LHIN) increased by 12% in 2009 and saw less than 1% decrease in 2010 (see Fig. 11.3). The revenue from courier operations and flyer distributions which can be considered the business ventures of the organization has consistently represented about 18% of the total income over the years. A-Way Express also generated about 5% of its revenue from donation and funding.

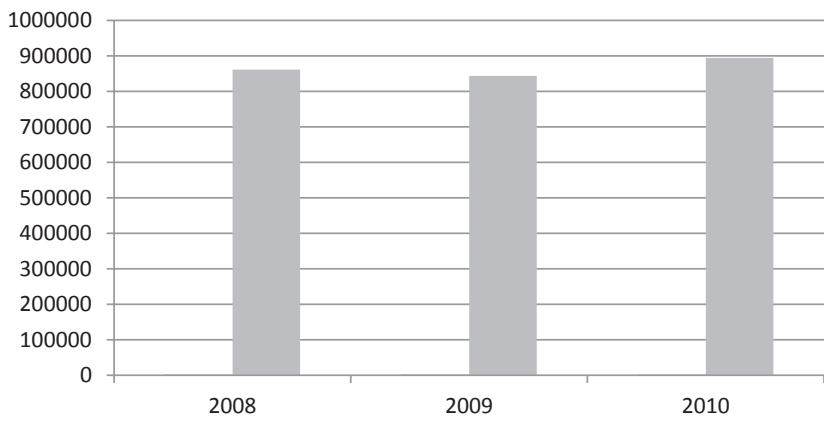


Fig. 11.1 Revenue of A-Way Express Courier 2008–2010 (*Source* A-Way Express documents)

Between 2008 and 2010, the percentage of A-Way’s revenue from the government represented about 78% of the organization’s annual income. During the recently completed strategic planning process, the stakeholders of A-Way Express acknowledged that most consumers/survivors social purpose enterprises generate revenue from external sources in addition to earned business income (Kooistra 2012). However, many were evidently unaware of the significant percentage of revenue A-Way generates from the government compared to revenue from business ventures of the organization. Employees especially did not know that A-Way Express generates most of its revenue from government funding and is thus funded primarily by the government through the Toronto Central LHIN. The report shows that in 2011–2012 the LHIN accounted for more than 80% of A-Way’s income.

MISSION AND BUSINESS SUSTAINABILITY

Similar to her predecessor, Laurie Hall, the question about sustainability of A-Way Express as a social purpose enterprise is at the back of Meredith Cochrane’s mind as she works with the management team, employees, and board members on formulating and implementing a

strategic change for the organization. For Laurie, the question of sustainability of A-Way Express as a social purpose enterprise must include continuation and not exclusion of government funding. Laurie explained her perspective on the issue as follows

We used to get that a lot (question about sustainability) when the social purpose enterprises were just kind of coming in and that was the first question we would always get: “Well, when do you see yourselves becoming self-sufficient?” And it’s like, well, if we wanted to operate like McDonalds, we could become self-sufficient quite quickly. But that’s not our mandate. Our mandate is to create employment, and that costs money. And if the Ministry of Health pays for mental services and they pay for psychiatrists’ visits, why aren’t they paying for opportunities for employment? So we actually throw that back at them and say, they have, they have a... responsibility... to fund a full range of mental health services...”

Laurie Hall emphasized that the mission of A-Way to create long-term and permanent employment opportunities for people who have been through the mental health system and the core values remain the same. However, she noted that the organization has effectively adapted to change. In other words, A-Way is sustainable because it has learned how to develop the strategy to drive the mission and adapt to the opportunities and challenges in the environment. Laurie explained that the combined impact of technology on the courier business and tight government accountability measures have compelled the organization to continue to look for opportunities to expand the courier businesses.

Laurie cited the examples of how the organization was able to overcome the threat of fax to courier business in general when it became the fast means of sending business documents and the SARS outbreak in its hospital courier business as testaments of the adaptive capability of the organization. To counter the threat of fax, A-Way made a concentrated effort to focus on same-day local delivery business of people who need original signatures such as lawyers, architects, and others. Also, when the previous conservative government introduced massive cuts to public spending and there was uncertainty about government funding, A-Way Express successfully diversified its client base to the private sector. It intensified marketing to private businesses and increased revenue by 10% within the first year. The point for Laurie is that A-Way Express can increase business and adapt but government funding is part of the revenue mix to make this type of social purpose enterprise to be sustainable.

Laurie Hall's position on the importance of government funding in the sustainability of A-Way as a social purpose enterprise is consistent with that of the board of directors. For the board, the right staff, the right executive, and the funding of the Ministry of Health are essential in order to make A-Way Express a viable social purpose enterprise. The belief that A-Way will continue is unwavering. However, the board acknowledges that "in order to strengthen the opportunities for our employees and maybe opening new jobs, we're going to have to do other, some other kind of enterprise".

Meredith Cochrane clearly does not question whether A-Way Express is sustainable as a social purpose enterprise. As she noted, the challenges of funding are not within the control of the organization. For example, where does A-Way Express find funding for core investment, administration, and office equipment? The available funding is very limited and the timeline is at the discretion of the funder. Moreover, if the organization is successful, the limited funding available for system and business infrastructure to support social purpose enterprise from Ontario Trillium Foundation will only help A-Way for a year or so. Meredith is also concerned that A-Way Express's main funder, the Toronto Central LHIN, uses the same performance indicators they use for hospitals for the organization. At best, the contribution of A-Way Express from a healthcare angle could be considered to be about the social determinant of health. She reasoned that it is very difficult for A-Way to increase its effectiveness if what is measured is a hospital and not a place of employment. Meredith knows that funding is an issue that is central to the mission and sustainability of A-Way Express. She also knows that the organization must manage it continuously.

For employees, the real threat to the sustainability of A-Way Express is neither government funding nor the challenges of funding but the percentage of total revenue of the organization from the government. Employees were apparently unaware that A-Way Express generates about 80% of its total revenue from government funding. This rate of dependence on government funding is significantly higher than the average revenue similar social purpose enterprises in Toronto receive from the government (Kooistra 2012) (see Fig. 11.2). Some employees are concerned that the high dependence on government funding is a threat and the organization should work toward becoming a completely

	A-WAY EXPRESS*	33 SOCIAL PURPOSE ENTERPRISES IN GTA**	
		Average	Median
Percentage of budget generated through external funding	84	45%	49%
Percentage of funding generated by earned income	16	54%	51%

*Based on the numbers in A-Way's most recent financial statements, 80.22% of A-Way's funding in 2011–2012 came from the LHIN and 4.17% came from donations, for a total of 84.39%

** Social Purpose Enterprise Network (SPEN) Toronto, 2010 Survey, pp. 15–16

Fig. 11.2 Comparison of external funding versus earned income

self-sustaining business. Nonetheless, many employees consider government funding to be an essential source of revenue for a consumers/survivors social purpose enterprise.

One consensus that is clear among the stakeholders is that government funding is important to the sustainability of A-Way Express because it pays for the operational costs such as office building, office supplies, utilities, salaries, and benefits of office and management staff and computers, etc. However, one lingering question is how can A-Way Express manage the susceptibility to the challenges of government funding while driving the strategic goals of the organization?

STRATEGIC DIRECTION OF A-WAY: WHICH WAY?

The consensus that is evident on the need to manage the issues related to the dependence on government funding and the need to reduce the level of the dependence is not apparent on the question of how to extend the goals of the organization. The implication of a strategic change for A-Way Express is simple: find other ways to compete in order to better meet the needs of consumers/survivors of the mental health system. Strategic change means A-Way needs to extend the strategic goals by finding ways to do more to help consumers/survivors consistent with the mission of the organization.

There are several related questions that flow from the discourse of the direction of A-Way Express that Meredith, the management staff and board members must address to map a direction for the organization. First, should the business strategy focus only on improving performance and revenue of A-Way in the courier business? For example, A-Way can target a market segment within the same-day delivery business such as delivery for drug stores to increase revenue. The organization can also explore the possibility of extending the area that it covers and adding vehicles to its delivery system. The management and board members think that focusing the strategy on the same-day courier will help the organization to better compete because they already have core competencies in the courier business. However, they are also aware that there is limited opportunity for growth in the courier business. Moreover, focusing the strategic goals only on the courier business means that A-Way will likely continue to have capacity to meet the employment needs of the up to 70 current employees and not be able to support more consumers/survivors of the mental health system.

Second, should A-Way implement a low-level diversification strategy that will help the organization to generate additional business revenue from a non-courier business? The low-level diversification could be in a related or unrelated business area. For example, during the strategic planning, some A-Way stakeholders suggested that the organization should add brochure distribution to its business. They reckon that couriers can distribute brochures to businesses in the same building as the drop-off location or nearby. Another example of low-level diversification couriers mentioned is same-day inter-office mail delivery for organizations that have locations across Toronto. While the low-level diversification strategies offer an opportunity to stretch the strategic goals of A-Way Express and provide employment for more consumers/survivors of the mental health system, the management and board members are not clear on the extent of the opportunity. Also, Meredith is not clear whether the overburdened administration, office systems, and equipment can effectively support the diversification.

A third question related to the issue of the direction of A-Way Express is whether the organization should adopt a high-level diversification strategy. For example, some stakeholders suggested that A-Way should look into starting a service business that will provide outsourced

services such as bookkeeping for other social purpose enterprises or to open a print shop. The stakeholders also noted that A-Way Express could start a service business for seniors such as painting, gardening, and lawn mowing. The high-level diversification strategy is the most divisive of the strategies A-Way Express could implement. Although employees, management including Meredith and board members indicated that they do not want the organization to lose the focus on courier business through diversification, some of the diversification strategies they suggested are high-level strategies that are unrelated to courier business. In addition to the divisiveness of any high-level strategy and the fear that it could take away from the focus on the courier business, there are concerns similar to those of low-level diversification, that is, whether the availability of resources can support any such venture.

Fourth, should the strategic direction of A-Way Express focus more on the nonprofit area of the social purpose enterprise? This strategy would mean that the organization will focus on aggressively seeking available and new funding opportunities to consumers/survivors groups and related areas from the government and foundations in order to extend its goals to more people. Meredith, the management staff and board members are aware that there are two sides to a focus on a nonprofit strategy. On the one hand, such a strategy would avoid the subtle but contentious issue of being too “business-like” which some stakeholders feel could lead to mission drift. Basically, these stakeholders contend that being too business-like will make A-Way focus more on the bottom than the people it was established to serve. Moreover, many of the employees fear the cultural change that will come with a business-like approach. On the other hand, a nonprofit strategy could deepen the dependence on government funding which is a situation even sceptical stakeholders would like to avoid. Recently, A-Way Express was successful to receive funding for a pilot program on job placement for people who find it difficult to get out of unemployment. The objective of the program is to “assist employees to develop the confidence, skills, and knowledge to access other employment as well as supporting those who are adjusting to outside employment.” In short, the pilot program is designed to use A-Way Express to prepare and train employees for employment in the mainstream labor market.

For Meredith, the management staff and the board members, the strategic change and the opportunity to extend the goals of the organization must be addressed in the short window offered by the completion of the strategic planning process and the appointment of a new Executive Director. If no clear direction is set by the next fiscal year starting March 2014, it will likely mean that the status would continue for many more years. This is a scenario Meredith, the management staff, the board members, and other stakeholders do not want.

NEXT STEP FOR MANAGEMENT AND BOARD MEMBERS

Meredith has been reading the materials and notes from the strategic planning process interviews for some time. She did not notice the door closing slowly after the night cleaning staff left the building. Meredith knows that with little or no employee turnover and extremely limited resources, any new strategy will worry the employees and threaten the stability they are used to. But after 25 years, A-Way Express must find a direction. The issues and perspectives above are the highlights of what Meredith has been able to pull together so far. How do you suggest that she proceeds? What strategy would you recommend that she and the management should present to the board (Figs. 11.3 and 11.4)?

A-Way Revenue 2008 -2010	2010	2010	2009	2009	2008	2008
Revenue	\$	%	\$	%	\$	%
Ministry of Health & Long Term Care	\$ 705,585.00	79%	\$ 662,830.00	79%	\$ 674,874.00	78%
Courier operations	\$ 151,780.00	17%	\$ 153,820.00	18%	\$ 134,965.00	16%
Other funding	\$ 34,943.00	4%	\$ 20,279.00	2%	\$ 42,434.00	5%
Flyer distribution	\$ 1,819.00	0.2%	\$ 6,460.00	0.8%	\$ 8,702.00	1.0%
	\$ 894,127.00	100%	\$ 843,389.00	100%	\$ 860,975.00	100%

Fig. 11.3 A-Way revenue

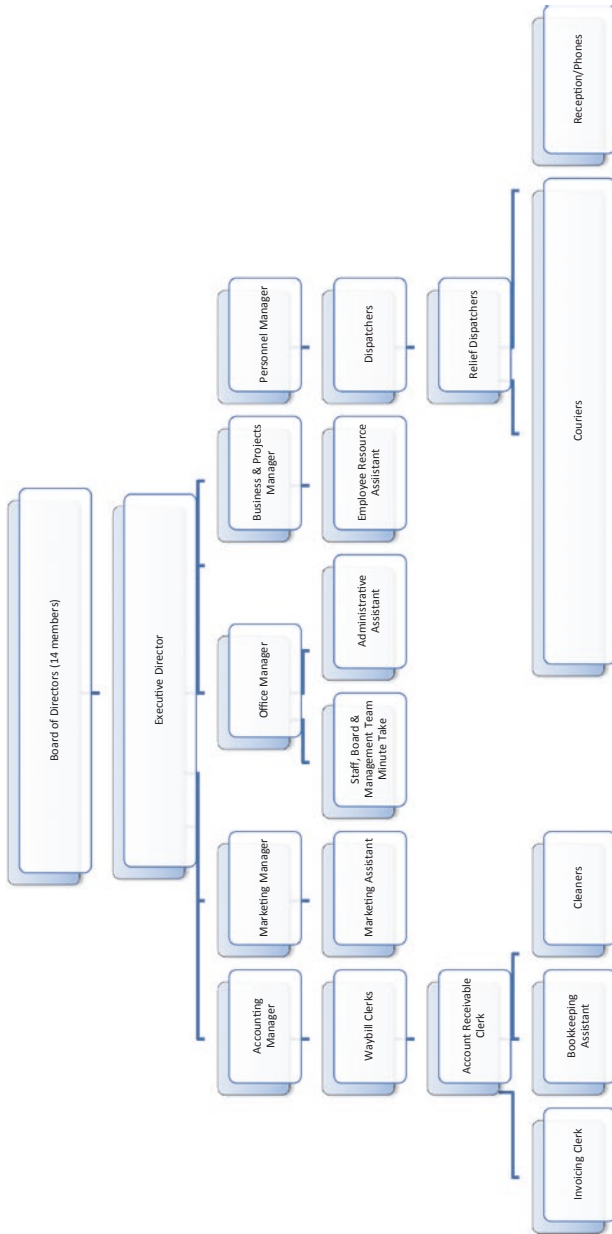


Fig. 11.4 Organizational chart of A-Way Express

DISCUSSION QUESTIONS

1. What are the critical issues for Meredith and the board?
2. With hyper-competition in the local messenger industry, should A-Way diversify?
3. Are there issues in strategic and organization analysis that Meredith should look into?
4. How do you suggest that she proceeds?
5. Which of the competing issues, values, and stakeholders should Meredith focus on?
6. What strategy would you recommend that Meredith and the management should recommend to the board?

REFERENCES

- Globe and Mail*. (Monday, February 25, 2008). A Special Information Supplement for the Canadian Courier & Logistics Association. *Globe and Mail*, pp. CCLA 3.
- Kooistra, A. (2012). *A-Way Express Courier: Report on Stakeholder Consultations in Support of Strategic Planning*. Unpublished Consultant Report.
- Matt Galloway Spoke with Meredith Cochrane, Executive Director of A-Way Express Courier. <http://www.cbc.ca/metromorning/episodes/2013/10/03/diversecity-fellow/>.
- Statistics Canada. (2007–2008). *Surface and Marine Transport Results of the Survey of the Couriers and Local Messengers Industry* (No. 50-002-X). Ottawa: Statistics Canada.

INDEX

A

ability, 11, 28, 38, 39, 42–44, 48, 49, 55, 56, 61, 63, 65, 68, 76, 78, 83, 84, 86, 88, 92, 111, 113, 114, 116, 118, 119, 140, 154, 156, 159–161, 163, 166, 199, 203, 204, 228, 236, 241, 248
Acceptability, 238
Accountability, 50, 52, 59, 82, 86, 155, 158, 162, 232, 259
Adaptation, 9, 12, 18, 27
Adaptive capacity, 5, 204, 205
Adaptive work, 205
Advocacy, 41, 47, 54, 65–67, 84, 87, 144, 211, 255
Aetna, 4, 9
affect, 1, 17, 20, 41, 49, 62, 67, 98, 105, 108, 115, 120, 143, 157, 167, 179, 190, 209, 236, 242, 245
Agency, 9, 19, 105, 200, 213, 215, 217, 218
agency theory, 114
Akingbola, K., 22, 25, 42, 49, 64, 81, 96, 133, 141, 208

Allen, N.J., 108, 129, 240
Allport, G.W., 109
Anticipatory change, 12
appreciative inquiry, 104
archival records review, 236
Ariely, D., 113
Association for Healthcare Volunteer Resource Professionals (AHVRP), 144
Astramovich, R.L., 225
attitudes, 24, 25, 27, 28, 30, 79, 96, 101, 103–108, 113, 120, 139, 231, 234, 236, 237, 240
Audia, P.G., 100
Auslander, G.K., 129
Avery, D.R., 234
A-Way, 155, 156, 251–266

B

Bandura, A., 110
Barling, J., 106
Barriers to change, 25, 217
Bass, B.M., 117, 118
Batson, C.D., 131

Batson's Four Motive theory, 131
 Batt, R., 143
 Bayview Foundation, Inc., 154
 Bell, W., 128
 Berger, G., 129
 Berliner, L., 246
Big Brothers Big Sisters of Central Minnesota, 57
 Blackstone, A., 132
 Blockbuster, 5
 Board competencies, 158
 Board composition, 158
 board effectiveness, 202
 board-executive relationships, 217
 Board of directors, 31, 42–45, 52, 53, 55, 56, 59, 67, 77, 89, 91, 151, 152, 154–167, 208, 251, 255, 260
 board performance self-assessment tool, 192
 Boards, 152, 155, 157, 182, 192, 201, 202, 208, 255. *See also* Governance
 Bobo, L., 129
 Bonett, D.G., 106
Boy Scout of America, 65
 Breckler, S.J., 105
 Brexit, 17, 18
 Brion, S., 100
Brooklyn Museum, 60
 Burns, N., 130
 buy-in, 24, 26, 45, 75, 89, 92, 96, 98, 103, 109, 110, 113, 116–118, 120, 160, 161, 202

C

Canada Post, 256
 Cappelli, P., 143
 Carson, P.P., 119
 case study design, 236

Chacko, T.I., 129
 Chambre, S., 132
 Change agents, 41, 45, 74, 76, 81, 88, 91, 92, 165, 166, 201
 Change content, 3
 Change context, 3, 16, 30, 37, 56, 57, 63, 73, 78, 81
 Change facilitators, 44, 45, 162, 165, 166
 Change implementers, 44, 45, 162, 164, 165
 Change initiators, 44, 45, 162, 165
 Change model, 74–77, 79, 81, 82, 88, 93, 199
 Change process, 4, 5, 16, 23, 26, 45, 46, 56, 68, 76, 78–82, 88–93, 101, 161, 164–167, 188–191, 194, 199, 203, 206, 216, 217, 225
 Change recipients, 44, 46, 92, 162, 166, 199
 Change strategies, 31, 44, 46, 48, 56, 61, 63, 67, 73, 75, 86, 91, 171, 197, 209, 211, 215, 216
 Chappell, N.L., 131
 charismatic leadership, 115, 116
 Chatman, J.A., 118
 Chen, H.T., 212, 229
 Christenson, J.A., 130
 Chuang, C.-H., 143
 CIBC, 6, 8
 City of Los Angeles, 52
 City of New York, 6, 8
Civica Rx, 38, 39
 Clary, E.G., 131
Clean Economy Alliance network, 73
 closed problem framing, 189
 coercive power, 119
 Collins, J.M., 100, 144
 Collison, J., 112
 Colquitt, J.A., 105, 110

commitment-enhancing volunteer management practices, 142
 Community development, 40, 175, 178–180, 215
 Community needs, 1, 44, 47, 75, 88, 93
 compensation, 9, 51, 58, 96, 104, 111, 113–115
 Competing rationales, 199
 Competing Values Culture Framework, 207
 Competition, 1, 6, 7, 12, 13, 16, 18, 19, 52, 53, 60, 64, 158, 181, 199, 201, 203, 256, 257, 266
 Complexity science, 212
 Concept mapping, 207
 Conger, J.A., 116
 Context, Inputs, Process, Products (CIPP) Model of Evaluation, 228, 231, 232
 Continuous change, 15, 16, 42, 180, 181, 212
 Cook, C.E., 129
 Cooper, C.L., 99
 Core competencies, 28, 200, 262
 Corporation for National and Community Service, 127
 cost-minimization strategic orientation, 145
 Crawford, E.R., 110
 Crisis, 12–15, 40, 58, 158, 202, 204
 Cropanzano, R., 99, 108
 Curtis, J.E., 128, 129

D

Danforth Avenue, 251
 data analysis, 242, 244
 qualitative, 243, 244
 quantitative, 242–244

Davidson, R.J., 108
 Deci, E.L., 110
 De Croon, E.M., 99
 development, 11, 14, 20, 22, 26–28, 39, 42, 56, 60, 96, 104, 111, 112, 115, 116, 120, 131, 140, 143, 144, 160, 161, 163, 171, 177, 180, 183, 188, 191, 194, 197, 201, 205, 208, 209, 211, 215, 216, 218, 223, 226
 DHL, 256
 Diagnosis tools, 16, 192, 204, 225.
 See also Stakeholder analysis;
 Tichy's (1983) Network Model
 Discontinuous change, 13, 18
 distributive justice, 110, 115
 Diversification, 66, 178, 215, 262, 263
 dominant status theory, 128
 Dover and Lawrence's (2012) innovation pathologies, 204, 211
 Drucker, P., 96
 Dunnette, M.D., 109
 Dutton, J.E., 101
 Dyer, J.H., 104
 Dyer, W.G., 104

E

Earned Income, 61, 261
 Economy, 18, 46, 48, 49, 52, 56, 65, 73, 157, 179, 180, 254, 257
 Eden and Ackermann's (1998) power vs. interest grid, 190
 Edwards, J.E., 104
 Ekman, P.E., 108
 Elizabeth Wettlaufer, 13
 emotional contagion, 108
 emotions, 96, 104, 108, 113, 120
 employee engagement, 107

Employees, 2, 5, 8, 9, 12, 18, 23–31, 39, 42–46, 53, 55, 59, 75, 77–79, 81, 82, 86, 89–92, 95–101, 103, 104, 106, 107, 109–120, 133, 135, 136, 140, 152, 155–157, 160–166, 173, 182, 197–199, 202, 203, 206, 217, 225, 226, 230, 233, 235, 236, 238, 240, 244, 245, 252–255, 257, 258, 260, 262–264

Engagement, 26, 28, 41, 42, 79, 81, 88, 90, 92, 93, 107, 110, 128, 160, 161, 189, 201, 210, 217, 246, 255

Entrepreneurship, 178, 180, 183, 207

Episodic change, 15, 16

Erwin, P.J., 108

Esen, E., 112

evaluation

- analyzing data, 242
- communicating results, 224, 233, 244, 245
- definition of, 83, 172, 179, 183, 187
- developmental, 133, 134, 139, 191–193, 207, 208, 217, 224, 227, 231, 237, 245, 246
- evolution of, 224
- formative, 224, 227, 231, 237, 245, 246
- metaevaluation, 247
- methods for collecting data, 239
- reasons to conduct, 225
- selecting a design, 233
- summative, 224, 227, 231, 232, 237, 245, 246
- who conducts, 104, 142, 199, 215, 225–229, 231, 233, 235–238

Eva's Print Shop, 176, 177

Expectancy-Instrumentality-Valence theory (E-I-V theory), 110, 114

expectancy theory, 110, 114

expert power, 118, 119

External alignment, 194

External environment, 11–13, 16, 22, 23, 31, 37, 44–47, 54, 56, 63, 65, 67, 87, 89, 95, 154, 156, 158, 161, 163, 167, 171, 180, 183, 188, 189, 231

External Funding versus, 261

F

Fair for You (FFY), 174, 175

Federal structure, 189, 211

Federation Employment and Guidance Services (FEGS), 66

FedEx, 256

Fedor, D.B., 101

First-Order Change, 9

Florin, P., 129

focus groups, 236, 241

Force, M.T., 128

Foster, R.D., 21, 24, 38, 49, 80, 101, 216, 255

Freeman, R.B., 129, 130, 223

Frisch, M.B., 130

Fry, R.E., 104

Frye, A.W., 229, 231, 232

Fugate, M., 100

Funders, 2, 58, 62, 65, 86, 90, 155, 158, 178, 213, 218, 245

Funding, 6, 8, 42–45, 47, 49–52, 57–59, 61, 62, 64–67, 74, 77, 82, 83, 88, 157, 158, 162, 163, 167, 177, 178, 180–182, 189, 197, 199–201, 211, 213–216, 251–253, 257–261, 263

G

Gerrard, M., 130

Gilliam, F.D., 129

Globe and Mail, 256

goal clarity, 191
Goals, 24, 25, 28, 55, 60, 79, 91, 97, 98, 100, 106, 111, 113, 114, 117, 118, 120, 131, 133–135, 144–146, 161, 191, 192, 194, 204, 214, 223, 227, 237, 251–253, 261–264
goal-setting theory, 111
Governance, 42–44, 47, 50, 51, 53, 85, 151–153, 155–157, 159–167, 192, 200, 202, 204, 205, 255.
See also Boards
Government, 1, 2, 7, 9, 12, 13, 17, 22, 37, 39, 41, 42, 49–52, 59, 64, 67, 68, 73, 74, 82, 84–86, 157, 167, 176–180, 182, 183, 200, 201, 214, 215, 224, 257–261, 263
Green courier services, 252
Greyston, 173
Guba, E.G., 239

H

Hackman, J.R., 97, 100, 105
Hamilton, L., 103
Harley Davidson, 17
Harter, J.K., 107
Heinz, 2, 3
Hemmer, P.A., 229, 231, 232
Hersey, P., 115
Hibbert, S., 130
high performance work practices (HPWPs), 143
Hinkin, T.R., 119
Hodgkinson, V.A., 129
Hoel, H., 99
Hoffman, B.J., 106
horizontal alignment, 25, 141
Houglund, J.G., 128, 130
House, R.J., 40, 116
House Link Housing Agency, 252
Howell, J.M., 116

HRM, 24, 64, 160, 197, 198, 208, 211, 214, 217
HR practices, 19, 24–26, 50, 58, 160, 208
HR professionals, 208
Huang, Y.M., 108
human capital, 25, 44, 46, 47, 53, 55, 64, 66, 95, 112, 120, 136, 140, 146, 153
Humphrey, S.E., 100, 106
Hwang, M., 130

I

Ilies, R., 108
Incremental change, 9, 12, 18, 171
Independent Sector, 127
Inertia, 1, 189, 212
Information and communication technologies (ICTs), 210
INGOs, 211
Innovation, 6, 13, 16, 18, 20, 40, 65, 91, 192–194, 203, 204, 207, 210, 211. *See also* Dover and Lawrence's (2012) innovation pathologies
Institutional logics, 213, 214
interactional justice, 110
Internal alignment, 11
internal records review, 239
International Labour Organization, 99
Inter-organizational networks, 201
interview, 173, 208, 209, 231, 236, 241, 242, 244, 264
Intindola, M., 141, 142
Isen, A.M., 108
Iverson, R.D., 108

J

Jamal Khashoggi, 61
Janssen, O., 99
job description, 106, 136

job dissatisfaction, [99](#)
 job satisfaction, [105](#), [106](#), [117](#), [139](#)
 job specifications, [136](#)
 Jones, J.W., [99](#)
 Judge, T.A., [106](#), [108](#), [117](#), [139](#)

K

Kahn, W.A., [2](#), [110](#)
 Kanungo, R.N., [116](#)
 key performance indicators (KPIs), [237](#)
 Kirkpatrick, D.L., [228](#)
 Kirkpatrick Four-Level Evaluation Model, [224](#), [228](#)
 Kooistra, [258](#), [260](#)
 Korn, B., [129](#)
 Kotter, J.P., [29](#), [75](#), [76](#), [79](#), [101](#)
 Kotter's change model, [76](#)
 Koys, D.J., [106](#)

L

Laissez-faire leadership, [206](#)
 Large-group interaction methods (LGIMs), [191](#), [192](#)
 Larson, R.C., [246](#)
 Latham, G.P., [100](#)
 Latting, J.K., [130](#)
 Laurie Hall, [254](#), [256](#), [258–260](#)
 Lawrence-Ell, G., [100](#)
 Leadership, [4](#), [6](#), [22–24](#), [26–28](#), [40](#), [45](#), [55](#), [56](#), [75](#), [77–80](#), [82–91](#), [93](#), [96](#), [101](#), [110](#), [112](#), [115–120](#), [134](#), [135](#), [144–146](#), [154–157](#), [159–161](#), [163–167](#), [192](#), [197–200](#), [202](#), [206–211](#), [226](#), [245](#)
 Leadership succession, [209](#)
 Lee, K., [108](#)
 Legitimacy, [120](#), [153](#), [192](#), [212](#)
 legitimate power, [119](#)

Lemon, M., [128](#)
 Lewin, [74–76](#), [93](#), [206](#)
 Lewin's three-step change model, [74](#), [76](#), [81](#)
 Liao, H., [143](#)
 Life problems, [82–84](#)
 Lincoln, Y.S., [14](#), [15](#), [239](#)
 Lincoln Center for Performing Arts, [14](#)
 Ling, Y.A.N., [117](#)
 Litwin, H., [129](#)
 Local Health Integrated Network (LHIN), [257](#), [258](#), [260](#)
 Localism, [189](#), [211](#)
 Locke, E.A., [100](#), [106](#), [111](#)
 logic models, [228](#), [229](#), [231](#), [232](#)
 London, M., [140](#)
 Long-Term Care Homes Public Inquiry, [13](#)
 Lyubomirsky, S., [108](#)

M

Managerialism, [59](#), [211](#), [216](#), [217](#).
See also Professionalism
 March of Dimes, [130](#)
 Marketing, [19](#), [60](#), [87](#), [205](#), [206](#), [214](#), [259](#)
 Mayer, B.W., [131](#)
 McKay, P.F., [234](#)
 McMahan, G.C., [141](#)
 Mental health, [39](#), [156](#), [252–255](#), [259](#), [261](#), [262](#)
 Meredith Cochrane, [251](#), [253](#), [257](#), [258](#), [260](#)
 Meta-identity, [203](#). *See also* Organizational identity
 #Me too movement, [19](#)
 Metropolitan Museum of Art, [60](#)
 Meyer, J., [103](#)
 Meyer, J.P., [240](#), [241](#)

Mission, 2, 5, 7, 23, 37–39, 41–44, 47, 49–51, 53–55, 60–63, 66, 67, 73, 77, 81, 82, 84, 86–90, 120, 129, 133–136, 145, 146, 151–157, 172, 173, 176–178, 180–182, 189, 191, 194, 198–202, 206, 208, 215–217, 226, 237, 252–254, 259–261
mission drift, 198–201, 263
mission statement, 145, 200, 201
Morgeson, F.P., 100
Mormon Church, 65
motivation, 28, 96, 104, 108–110, 112–118, 120, 127, 128, 130–134, 139, 140, 146, 238, 243, 245, 254
Multiple stakeholders, 82, 189, 190, 198, 202, 203, 212
Mumby, D.K., 108
Museum of Modern Art, 60
Musick, M.A., 131, 132

N

Nathan, B.R., 238
National Association for Infantile Paralysis, 130
NetChange Consulting, 53
Netflix, 5
Network ties, 201, 213
Neumark, D., 143
neutrality, 238, 239
New York Times, 7, 14, 17
Noe, R.A., 111, 133, 237, 238
Non-linearity of change, 212
Nonprofit change model, 74, 81, 88, 89, 93
Nonprofit characteristics, 197, 198, 203, 204, 211, 217
Nonprofit ethos, 202

O

observation, 116, 204, 209, 236, 239, 240, 244
Oldham, G.R., 97, 100, 105
one-group pretest-posttest design, 234, 235
one-shot design, 233–235
Ontario Ministry of Health, 252
Ontario Nature, 73
Open problem framing, 189, 194
Operational responsibilities, 162–164
Oreg, S., 101
O'Reilly, C.A., 118
Organizational capabilities, 95, 205, 248
Organizational change readiness, 206
organizational citizenship behavior (OCBs), 106, 107
Organizational climate, 206
organizational commitment, 106, 107, 119, 146, 240
affective, 240, 241
continuance, 240
normative, 240
Organizational creativity, 206
Organizational culture, 3, 4, 20, 27–29, 95, 96, 115, 117, 118, 120, 191, 194, 197, 198, 205–208, 211, 217
developmental organizational culture, 191, 192, 207, 208, 217
organizational development (OD), 15, 103, 160, 187, 188, 192–194, 205, 228
Organizational dynamics, 199
Organizational empowerment, 209
Organizational identity, 26, 203, 209, 210, 218. *See also* Meta-identity
Organizational learning, 194, 203, 205, 206, 248

Organizational life cycle perspective, 205
 Organizational readiness, 204, 205
 Organizational structure, 2, 51, 95, 119, 136, 158, 191, 215, 253.
See also Federal structure
 Osborne's (1998) typology of change, 193
 other-oriented, 130
 Ottawa Farmers' Market, 153
Our Bodies Ourselves, 7, 8

P

Palisi, B.J., 128, 129
 Paradox, 3, 5, 22, 30, 199, 210
 Patton, M.Q., 223, 227
 Peccei, R., 101
 Perceived organizational support (POS), 107
 performance management, 19, 25, 79, 96, 111, 113, 114, 120, 127, 128, 133–136, 139, 140, 143, 144
 Performance standards, 51, 52, 136, 139
 personality, 1, 45, 96, 101, 104, 108, 109, 113, 120, 128, 129
 Pertinent problems, 37, 47, 82, 84, 85, 87, 88
 Piccolo, R.F., 117
 Pinder, C.C., 109
 Podsakoff, P.M., 119
 Policy board, 152, 154, 155
 Poor and marginalized people, 182
 posttest only control group design, 235
 Poverty premium, 174
 power, 84, 104, 115, 118–120, 139, 165, 172, 190, 191, 203, 210, 211
 Power imbalances, 203, 204, 217
 Power relations, 190, 198, 203, 204

Pratt, M.G., 98
 Preskill, H., 223, 224, 227, 228, 236, 241, 243, 244, 246
 Pretest-posttest control group design, 235
 principal-agent theory, 114
 procedural justice, 110
 Professionalism, 59, 60, 216. *See also* Managerialism
 Professionalization, 182, 211, 216, 218
 Program change, 200
 Progress House, 252
 Public Banking Institute, 47, 48
 Public-nonprofit partnerships, 217
 Pugh, S.D., 108
 Putnam, L.L., 41, 108
 PwC, 96

Q

quality-maximization strategic orientation, 141
 Queensland Government, 97

R

Reach problems, 82, 86, 87
 Reactive change, 10, 13, 57
 Recreation, 10, 13–15, 18, 40, 129
 referent power, 118, 119
 Reflection, 194, 201, 217
Refreezing, 75, 76
 Regulatory environment, 189, 211
 reinforcement theory, 113
 reliability, 137, 238
 Reorientation, 10, 12, 13, 18, 57
 Resistance to change, 24, 29, 31, 78, 96, 100, 101, 103, 104, 107, 120, 165, 166, 197, 202, 209–211. *See also* Barriers to change
 Resource dependency, 214
 Resource environment, 214, 218

Resource niche, 214
retrospective pretest, 234, 235
reward power, 119
rewards, 25, 79, 96, 104, 107, 111, 113–115, 134, 236
Rhoades, L., 107
Robert Wood Johnson Foundation, 239
Rogers, S.E., 141, 143, 145
Rohs, F.R., 130
role ambiguity, 100
role conflict, 100
Rossi, P.H., 223
Routines, 98, 100, 137, 191
Rushton, J.P., 129
Russ-Eft, D., 224, 227, 228, 236, 241, 243, 244, 246
Ryan, R.M., 110, 161, 179

S

S.M.A.R.T goals, 111
Sanofi Canada, 18
Schafer, R.B., 129
Schaubroeck, J., 99
Schein, E.H., 27, 104, 117, 192
Schiff, J., 129
Schneider, B., 95, 118
Schriesheim, C.A., 119
Scriven, M., 223, 227, 247
Second-Order Change, 9, 10, 57.
See also Governance, Resistance to change
Seibert, S.E., 109, 209
self-determination theory, 109
self-oriented, 130
Shepard, J.M., 128
Sills, D.L., 130, 131
situational leadership theory, 115
Smith, D.H., 47, 57, 58, 62, 128–130, 158, 159, 173, 206
Snyder, M., 131, 132

Social economy movement, 179
Social Enterprise, UK, 173, 175, 181
Social enterprise, 30, 31, 39, 40, 61, 62, 153, 155, 171–184, 205, 206
Social Enterprise Alliance, USA, 172, 181
Social Enterprise Council of Canada, 172, 175, 181
Social enterprise movement, 178
Social purpose enterprise, 251, 252, 254, 255, 257–261, 263
Society for Human Resource Management (SHRM), 95, 98, 141
Specifying the change challenge, 188, 189, 194
Stakeholder analysis, 189, 190, 194
Stakeholder identification, 190
Stakeholder mapping, 188, 189
Stakeholder responsibilities, 163, 165
Stakeholders, 2, 6, 12, 13, 23, 38, 39, 42–45, 53, 55–57, 60–63, 68, 76–78, 81, 84, 86, 88–93, 114, 135, 152, 155–158, 160, 161, 163, 165, 166, 177, 180, 189, 190, 194, 202, 203, 217, 224–227, 232, 233, 243–246, 251–253, 255, 257, 258, 261–264, 266
Starbucks, 26, 27
Statistics Canada, 256
Steffy, B.D., 99
Stephan, W.G., 132
Stogdill, R.M., 118
Strategic change, 4, 5, 9, 14, 17, 18, 53, 55, 178, 188, 199, 200, 203, 208, 215, 251, 255, 257, 259, 261, 264
strategic congruence, 237
Strategic fit, 208
strategic nonprofit human resource management (SNHRM), 141

Strategic responses, 197, 210, 212, 213

strategic volunteer resource management (strategic VRM), 128, 141, 142, 144–146

Strategizing practices, 199

Strategy, 2, 4, 5, 7, 8, 10, 12, 13, 19, 20, 22, 24–26, 31, 44, 50, 54, 61, 62, 64–67, 97, 128, 136, 137, 140, 141, 145, 154, 157, 160, 161, 171, 177, 178, 180–184, 188, 203, 208, 212, 215, 251, 252, 255, 259, 262–264, 266

Strategy implementation, 203, 212

Strategy planning, 98, 191, 199, 202, 213, 251, 252, 258, 262, 264

stress, 99, 103, 113

Sundeen, R.A., 129

surveys, 229, 231, 240, 241

Susan G. Komen Race for the Cure Foundation, 132

Systems perspective, 2, 22, 30, 73, 74

T

Tajfel, H., 132

Taylor, M.S., 238

Taylor, R.N., 109

Technology, 1, 3, 6–8, 12, 15, 20, 21, 26, 53, 54, 191, 256, 259

Tensions, 59, 60, 157, 158, 189, 194, 202, 210

tests, 212, 228, 233, 236, 241

Thomas, M.D., 104

Thorndike, E.L., 113

Tichy's (1983) Network Model, 188
Times Up, 7

Torres, R.T., 223

Towler, A.J., 117

training, 25, 26, 28, 51, 58, 64, 90, 96, 101, 103, 104, 106, 111,

112, 120, 140, 143, 144, 159, 176, 216, 228, 229, 233, 234, 242, 243, 252, 255

transactional leadership, 117

transformational leadership, 115, 117, 206, 217

trust, 41, 91, 96, 101, 103, 104, 120, 199, 202, 255

Tsai, W.C., 108

Tubre, T.C., 100, 144

Tuning, 11, 12, 18, 171

Turner, J.C., 132

U

Unfreezing, 75, 76, 206, 210

United Way of Southern Michigan, 48

V

validity, 137, 233, 235, 237, 238, 242

Value alignment, 199

Value enactment, 201

Values, 10, 13, 19, 38, 39, 42, 47, 51, 55, 61, 67, 85, 90, 92, 104, 107, 116, 118, 130, 151, 153, 155–157, 166, 188, 189, 191, 194, 198, 199, 201–203, 205–210, 214, 217, 218, 234, 252, 255, 259, 266

Vandenberghe, C., 107

Van Yperen, N.W., 99

vertical alignment, 25, 141

Volunteer Functional Inventory (VFI), 131, 132

Volunteers, 31, 39, 42–46, 53, 55, 60, 77, 78, 82, 84, 86, 89–92, 127–146, 152, 156, 157, 160–166, 203, 210, 215, 217, 225, 226, 229, 230, 233, 235, 238, 240, 243, 245

Vroom, V.H., 110

W

- Weber, M., [116](#)
- Weick, K.E., [14](#), [87](#), [188](#)
- Weitzman, M.S., [129](#)
- why people volunteer, [128](#), [130](#), [146](#)
- Wiener, Y., [118](#)
- Wilson, J., [17](#), [29](#), [131](#), [132](#)
- Wood, J.R., [130](#)
- Working board, [152–154](#), [163](#)
- workplace-induced psychological stress, [99](#)

Workplace Safety and Insurance Board
(WSIB), [9](#)

- World Health Organization, [98](#)
- Worthen, B.R., [224](#)
- Wright, P.M., [141](#)
- Wright, T.A., [106](#)

Y

- YMCA of Greater Toronto, [75](#)
- Yukl, G., [120](#)