AN EXPLORATION OF RESILIENT NONPROFIT ORGANIZATIONS:
How human services providers in Virginia survived and thrived during and after
the Great Recession of 2007-2009

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ABSTRACT

Nonprofits are primarily dependent upon external sources for funding and other critical resources; therefore during recessionary periods the nonprofit sector faces a crisis of its own as crucial resources become scarce. The Great Recession of 2007-2009 had widespread adverse impact on the nonprofit sector yet, some nonprofit organizations managed to not only restore their finances and operations to their pre-recession state, but also capitalize on the economic conditions and emerge stronger and more prosperous than before the recession began. Specifically, these organizations embody resiliency by realizing positive outcomes or exhibiting optimal performance during and after tough economic times. In the face of increasing demands, shifting funding streams, and operational challenges, organizational resilience is more important than ever for the sector. The purpose of this research was to develop a better understanding of the nature of organizational resiliency as it relates to nonprofits impacted by economic recession. The primary research question that directed this research was: *What attributes are exhibited by resilient nonprofit organizations?* Using a multiple case study approach, this study explored the essence and meaning of resilience through the experiences of seven nonprofit organizations in Virginia during and after the recession. Data were collected from pertinent organizational documents and semi-structured interviews with the executive director of each organization. Nine themes emerged from the data. Conclusions drawn from the findings suggest that resilient

nonprofit organizations exhibit: positive disposition toward change; flexibility; timely and responsive decision making; deep social capital; intra and inter-organizational relationships; effective leadership; diverse revenue streams; sufficient assets, systems and infrastructure; and shared mission, goals and strategy.

DEDICATION

This dissertation is dedicated to my loving parents Cecil and Peggy Fyffe. From an early age they instilled in me a desire to learn and made sacrifices so I would have access to a quality education. Without their unconditional love and unwavering support and guidance I would not be where I am or who I am today. I thank God for being raised by not only greatest parents in the world, but by two wonderful people.

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TABLE of CONTENTS

CHAPTER 1:

INTRODUCTION

Nonprofits are open organizational systems and thus, are not immune to the pressures and constraints brought about by external stressors such as economic recession, political uncertainty, and other environmental changes. So, when the economy suffers it can be expected that nonprofit organizations will suffer as well. Since nonprofits are primarily dependent upon external sources for funding and other critical resources, during recessionary periods the nonprofit sector faces a crisis of its own as crucial resources become scarce. The 'Great Recession' of 2007-2009 is often referred to as the most severe economic downturn since the Great Depression. The housing, banking and stock market crises coupled with severely high unemployment prompted significant cuts in funding, revenue and asset losses, and diminishing donor contributions, which resulted in unprecedented nonprofit budget shortfalls (Boris et al., 2010; Chronicle of Philanthropy, 2009). Increased constraints on already limited funding had many nonprofits facing imminent danger of closing their doors while struggling to figure out how to meet a greater demand for even the most basic services.

Despite news of gradual national recovery, many states and localities (especially those areas decimated by the financial and housing crises) are still dealing with resource constraints much different from what they have experienced in the past and are wrestling with how to manage increased demands to provide assistance to families and individuals in need in the aftermath of the recession. Consequently, the hardships experienced by government and other funding organizations place huge constraints on nonprofit operations nationwide. In general, a heavy reliance on charitable giving and external funding weakens the financial security of nonprofits, particularly in times of economic downturn. Furthermore, the tenuous fiscal

environment of the nonprofit sector coupled with upsurges in unemployment, poverty, and government budget cuts caused by the recession, puts added pressure on nonprofits to deliver essential programs and services with fewer available resources. Even though the National Bureau of Economic Research (2010) stated that the recession ended in June 2009, nonprofit leaders should not expect their fiscal and operational issues to be resolved immediately, and should anticipate feeling the impact of this recession on their organizations for several years.

Although this recession had widespread adverse impact on the nonprofit sector, the news is not all bleak. Essentially, some nonprofit organizations managed to not only restore their finances and operations to their pre-recession state, but also capitalize on the economic conditions and emerge stronger and more prosperous than before the recession began. Specifically, these organizations embody resiliency by realizing positive outcomes or exhibiting optimal performance during and after tough economic times. Resilience refers to the capacity of a system, community, organization or individual to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive, recover or thrive when facing disruptive environmental change.

So, how is it the case that some nonprofits can be resilient in the wake of extreme economic recession while others barely manage to scrape by or are forced to close? What are the characteristics and coping strategies employed by resilient nonprofits that positioned these outlier groups to successfully prepare for, adapt to and respond to disruptive environmental changes? Unstable environments create many challenges and are often met with negativity and confusion. Yet, resilient organizations are able to maintain positive adjustments under disruptive conditions (Sutcliffe & Vogus, 2003). Having a capacity for resiliency provides the foundation

for restoration after severe threats as well as opportunity for organizations to undergo positive transformations. Although the impact of the recession on nonprofits has, to some extent, been documented, the research paid little attention to resilient nonprofits and their capacity to successfully adjust to and sustain functioning when confronted with significant constraints on necessary resources. The limited research about how certain nonprofits are better able to weather severe economic downturns than others is what inspired this study. While there is some available research on the strategies and competencies that make it possible for various organizations to respond resiliently to changes in their environment, still not enough is known about this phenomenon, especially as it pertains to nonprofit organizations.

Nonprofits organizations are critical actors in communities and are essential in helping low-income individuals, those in need and hard hit areas recover from economic hardships. In the face of increasing demands, shifting funding streams, and operational challenges, organizational resilience is more important than ever for the sector. Hence, the need for studies that contribute to understanding a nonprofit's resilience capacity is both desirable and necessary. Expanding the research on resilient nonprofits is needed to create a more complete picture of the organizational capacities that come into play when an entity must navigate unexpected threats to its operations or needs to adapt to complexities and changes in its environment.

This study sought to explore the factors, dynamics, and key strategies exhibited by resilient nonprofit entities. Specifically, this study was meant to generate discourse on how to pragmatically marry research and practice in a way that advanced the concept of organizational resilience in the nonprofit sector. Theoretically, studying resilience through a conceptual lens links to other theories about organizational behavior, coping strategies and adaptive actions and could conceivably generate new insights on these concepts as they relate to resilience. Studying

resilience from a practical perspective will help nonprofit leaders gain insight into how positive outcomes can be achieved despite uncertainty, change, or adversity. The conclusions and knowledge gained from this study add to the scholarly nonprofit sector research and ultimately could influence the nonprofit research and practice by helping sector leaders to better examine an organization's capacity for resilience and, in turn implement strategies and interventions that can improve its chances of surviving future crises and recessionary periods.

Brief Overview of the Conceptual Framework

Four streams of literature formed the conceptual framework that structured and guided this research. Conceptual support for this study was found in open systems and resource dependence theories. These literatures provide background and framing for this study and enhanced understanding of how an organization's environment can affect its ability to function. The core literatures for this study are found in the organizational resilience and the nonprofit research on organization capacity. The focal point of this study was to discern the attributes of resilient nonprofit organizations, therefore including the organization resilience and nonprofit capacity research was fundamental to guiding and interpreting the findings. Together, these four streams of literature provide a perspective upon which the study was based and context for interpreting and explaining the research findings.

Conceptual Support: Open Systems Theory

Open systems theory provides conceptual support for this study and refers to the idea that organizations are systems that are embedded in and strongly influenced by their environment. The environment is comprised of other organizations that exert various forces of an economic, political, or social nature and provides key resources that sustain the organization (Daft, 2001).

These resources can impact an organization's ability to function and lead to organizational change and survival. Moreover, open systems theory argues that an organizational system is comprised of separate components (subsystems) sharing symbiotic relations and a unified purpose (Bertalanffy, 1969). Each subsystem affects the others and is dependent upon the whole system.

The environment is an important factor in organizational survival. It can affect an organization's ability to function and influence internal operations. Nonprofit organizations require resources from the environment and thus become interdependent with those elements of the environment with which they transact to obtain resources. If nonprofits lose important resources, such as funding, they could be forced to cut back services or eventually dissolve. The open systems framework provides the foundation for the exploration of organizational attributes and dynamics exhibited by nonprofit organizations facing external threats and offers a wider approach to further understanding of the organizational resilience phenomenon.

Conceptual Support: Resource Dependence Theory

Resource dependence theory (RDT) is grounded in the open systems perspective and is often used when examining how nonprofit organizations survive and perform (Hodge & Piccolo, 2005; Miller-Millesen, 2003). Introduced by Pfeffer and Salancik (1978) resource dependence was a pioneering theory of organization-environment relations and asserts that "the key to organizational survival is the ability to acquire and maintain resources" (p. 2). RDT assumes that organizations are controlled by their environment and, therefore, the environment is a powerful influence on strategic actions within an organizational system. RDT stresses the impact of external forces on how organizations acquire and maintain resources and proposes two broad

ideas. First, organizations are constrained by, and depend on, other organizations that control critical resources. In the case of nonprofit organization, they traditionally depend on other organizations for funding and crucial resources. Second, to maintain autonomy, organizations attempt to manage their dependencies on external groups (Greening & Gray, 1994). Managing these resource dependencies involves autonomous and inter-organizational strategies. Autonomous strategies refer to actions that an organization can take independently, without securing the cooperation of a given exchange partner or set of partners. Inter-organizational strategies involve establishing ties to other organizations that can provide resources.

The ability of resource dependent organizations to be resilient to major changes in external resource allocations might be successfully predicted with some knowledge of why and how organizations are dependent on a resource (Marshall, 2005). Although seldom included in discussions regarding the groundwork of the organization resilience concept, the ideas associated with RDT are worth mentioning. The RDT literature helps to explain the coping strategies and actions exhibited by the resilient nonprofits selected for this study to reduce certain resource dependencies as well as enhance their ability to achieve resilient outcomes despite losing critical resources that may have once ensured their stability (Schmid, 2004; Hasenfeld, 2000).

Core Literature: Organizational Resilience

The concept of organizational resilience is grounded in open systems theory and refers to an organization's capacity to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive, recover or thrive when facing disruptive environmental change. Central to this definition is understanding what is meant by 'an organization's capacity'. A wide range of

indicators and explanatory factors that influence an organization's resilience capacity are mentioned throughout the literature. These factors can be roughly organized into three broad categories: assets (knowledge, skills, and other material resources), risk factors (competition, political and market shifts), and adaptive capacity (coping strategies, ability to problem solve, decision making). Although it is generally accepted that a combination of assets, risks and adaptabilities can influence an organization's resiliency, there is a gap in knowledge about the specific attributes that strengthen an organization's capacity to identify, adapt and even capitalize on threats or changes in its environment.

The Great Recession threatened the solvency of many nonprofit organizations and greatly challenged these organizations to carry out their missions while facing severe budget cuts and huge increases in demands for services. Yet, there are only a few studies that examined the specific capacities that enabled resilient nonprofit organizations to successfully endure the economic downturn. The research on organization resilience theorizes about the organizational capacities that can potentially facilitate or inhibit resiliency; however, the key actions, strategies, assets, or other explanatory factor that contribute to resilience are not well defined, especially for nonprofit organizations.

Despite the growing interest in the organization resilience phenomenon, a major challenge awaiting scholars is to offer a clearer picture about what constitutes an organization's resilience capacity. The available body of research that specifically focuses on this topic is small, yet growing. The scholarly research tends to be theoretical in nature offering only a small body of empirical work. What is needed is more scholarly work to present a more complete picture of how resiliency takes shape and translates into organizational assets and processes.

Core Literature: Nonprofit Sector Research

Most of the research conducted on organizational resilience tends to draw attention to private, for-profit organizations, while research on nonprofit resilience is seriously lacking. Although the existing frameworks and theories of for-profit organizational resilience are useful, the literature cautioned that some adjustments may be necessary when applying this research to nonprofit organizations in order to account for differences between the sectors. As noted, resilience refers to the 'capacity' of an organizational system, and since this study is about resilient nonprofit organizations, it is therefore important to include the related research on nonprofit organizational capacity and failure in the conceptual framework.

Nonprofit capacity refers to an organization's ability to achieve its mission, sustain itself over time, and have a significant, positive impact on lives and communities. Since the research inferred that resilience requires certain capacities that enable organizational systems to identify, respond, and adapt to changes in their environments, the research on nonprofit capacity informs and directly relates to this study. Originating from the scholarly field of organizational behavior, the theory and research on nonprofit capacity is grounded in open systems and resource dependence theories. Like the organizational resilience literature, the research on organizational capacity purports that it is the relationship between an organization's systems and activities and its environment that fosters organizational stability and effectiveness (Blumenthal, 2003; Campobasso & Davis, 2000; Herman & Renz, 2008; Sowa, Selden & Sanfort, 2004). The nonprofit literature studies the organizational attributes needed to effectively implement and perform coping strategies and the extent to which possession of certain attributes can make a difference in achieveing positive outcomes (e.g., survival or resilience) or negative outcomes (e.g., failure or dissolution).

Chapter two provides a detailed description of each stream of research included in the conceptual framework.

Statement of the Problem

The external environment has become increasingly important and influential for the nonprofit sector (Schmid, 2004). This study addressed the issue that many human services nonprofits lack the capacity as an organizational system to effectively adjust their strategies to resiliently withstand major economic changes occurring in their environments. As evidenced by the research, nonprofits are vulnerable to changes in supply and demand (Twombly, 2003), especially when brought on by recession or other disruptive environmental shifts. Yet, despite six recessions recorded in the U.S. since 1970, there is little in the scholarly literature on nonprofits that have endured and thrived severe past recessionary periods or that addresses 'why' 'what' and 'how' nonprofit organizations and managers actually do to effectively continue carrying out the mission of their organizations during severe economic downturns (Never, 2010). The factors and strategies that contribute to resilient outcomes need to be documented so that nonprofits leaders can learn and use them to better position their organizations when economic downturns occur. This exploratory study is an effort to grow the scholarly nonprofit theory and research on organizational capacities present in resilient nonprofit organizations during and after recession.

Additionally, despite growing interest in the concept of organizational resilience, still not enough is known about this phenomenon, especially as it pertains to nonprofit organizations. Much of the research that examined how nonprofits survive and cope during economic recessions is quantitative, with the exception of a few qualitative studies. While this survey data

identified interesting trends, they did not offer much understanding about the activities and dynamics exhibited by resilient entities or provide rich information about what organizational resilience looks like in practice. The elements that contribute to organizational performance are interrelated and mutually dependent on one another. The relatedness of the elements makes it difficult to examine each one in isolation; therefore the literature suggests an exploratory research agenda to examine the capacities and attributes of resilient organizations. Case studies have a broader scope than quantitative studies, which tend to be rather narrow in their focus (Bromley, 1986). Hence, a multiple case study approach was employed to examine and identify the attributes and dynamics exhibited by resilient nonprofits so that the systems and structures believed to foster resiliency can be learned and built into organizations as nonprofit sector leaders plan for the future.

Purpose of the Study

The purpose of this research was to develop a better understanding of the nature of organizational resiliency as it relates to nonprofits impacted by economic recession. Using a multiple case study approach, this study explored the essence and meaning of resilience through the experiences of human services nonprofits in Virginia during and after the Great Recession of 2007-2009.

Nonprofit organizations will continue to struggle unless greater attention is placed on identifying the factors that contribute to resilience. This study offered a timely scholarly contribution to the nonprofit theory and research. Furthermore, the study has produced valuable educational materials for nonprofit leaders. The lessons learned from this study can be shared with nonprofits that have little to no resilience capacity in order to help the leadership better

understand what it takes to become and remain resilient. This study does not outline a 'one size fits all' solution for all nonprofits to apply. Instead it offers successful strategies that may inspire nonprofit leaders to think about resilience and how it pertains to their organization's unique experience.

Research Question

This exploratory multiple case study was designed to examine the attributes exhibited by resilient human services nonprofits in Virginia, during and after the Great Recession of 2007-2009. The primary research question that directed this research was: *What attributes are exhibited by resilient nonprofit organizations?*

Research Design

This study used a qualitative, multiple case study approach to explore the organizational resilience phenomenon as it relates to nonprofit organizations. The design of this study addressed issues of validity and reliability by using a case study protocol, conducting a pilot case, determining criteria for selecting seven case organizations in Virginia and examining several organizational data sources. The data for this study were collected from semi-structured interviews with the executive directors of each case organization and document analysis.

This study followed the multiple case study design where the data were analyzed case by case through thematic analysis followed by cross-case analysis (Stake, 2006). Analyses of interview transcripts and organizational documents were completed for each case. In addition, themes common to all cases were reviewed for a cross-case analysis. Chapter three presents the

research design and methods utilized in this study and expounds on case selection, data collection, and data analysis techniques in greater detail.

Limitations

More and more organizations are becoming concerned with resilience. Though the practical application of the organization resiliency recently has been receiving greater attention (see Folke et al., 2005; Olsson et al., 2005), as with any theoretical construct, the concept of resilience has its limitations. For the most part, resilience is an imprecise concept that is difficult to define, therefore studying resilience is challenging because it is rarely successfully measured (Walker et al. 2004 Adger, 2000). An organization's resilience capacity can range from low to high. Organizations with lower levels of resilience capacity are more vulnerable to change, while organizations with higher levels of resilience capacity being most likely to thrive. However, diagnosing an organization's level of resilience is complex because the continuous and interrelated processes associated with building resilience capacity make it inherently difficult to measure and could vary depending on the circumstances.

Although qualitative data are key to understanding organizational behavior, in practicing case study research, the researcher relied on respondents to retrospectively recall information, which can be subjected to memory lapses or distortions of events (Grele, 1998). Also, the possibility of respondents tailoring their responses in a way that presents a positive image of themselves and their organizations was taken into consideration. Furthermore, this study focused on small and medium workforce development and housing related human services nonprofits in Virginia, which limits the ability to apply the findings elsewhere.

Organization of the Remainder of the Study

This dissertation is organized into five chapters. This first chapter introduces the study, outlines the problem statement, and presents the research question and purpose of the study. Chapter 2 contains the conceptual framework. A detailed description of the literature is provided for each research stream comprised in the conceptual framework (open systems theory, resource dependence theory, organizational resilience, and related nonprofit sector research). The research methodology and procedures used to collect and analyze data are presented in Chapter 3. In Chapter 4 the results of the analyses and findings to emerge from the study are presented. Lastly, Chapter 5 contains the summary and conclusions drawn from this study and recommendations for future research.

CHAPTER 2:

CONCEPTUAL FRAMEWORK

Introduction

As many nonprofit organizations struggled to recover from the 2007-2009 recession, examining the factors that contributed to the capacity of certain nonprofit organizations to achieve resilient outcomes may be more important than ever. Nonprofit scholars and practitioners continue to be concerned about how to direct resources toward innovative and creative solutions that can strengthen and sustain nonprofit operations. Yet, organizational resilience remains one of the most understudied areas in organizational research. Sutcliffe and Vogus (2003) wrote that a "sparse state of existing work, particularly at the organizational level" exists on organizational resilience (p. 18). Freeman (2002) made the claim that "little, if any research has been conducted related to organizational resilience" (p. 2). Intuitively, research about organizational resilience tends to increase after some form of major catastrophic event or disaster has occurred. Being that it would be difficult to study an organization that has not suffered from extenuating circumstances this makes sense. But, considering the importance of organizational resilience, especially during today's tough economic times, the limited availability of literature is quite disturbing.

Chapter two presents the conceptual framework that draws on four streams of scholarly and applied research: open systems theory, resource dependence theory, the research on organizational resilience, and the broad scholarship on nonprofit organizational capacity and failure. This framework integrates principles of these literatures to structure and guide the

direction of this research and provide context for interpreting and explaining the research findings.

The conceptual framework begins with a description of the conceptual support for this research. Open systems and resource dependence theories provide background and framing for the study. To fully explore a nonprofit organization's capacity to achieve resilient outcomes despite the Great Recession, it is first important to understand open systems and resource dependence theories. Open systems theory perceives organizations as embedded in and influenced by their external environment. This approach views the environment as an important factor in the continuation of an organization (Scott & Davis, 2007). Hence, the open systems perspective enhances understanding of how an organization's external environment can affect its ability to function and influence internal operations. Open systems models have been adopted in wide-ranging fields such as organizational theory and business and management studies and are often cited by scholars as the underlying theoretical foundation for research focused on organizational behavior.

Grounded in the open systems perspective, resource dependence theory assumes that organizations are controlled by their environment and, therefore, the environment is a powerful influence on strategic actions within an organizational system. For instance, Lan (1991) maintained that the resource dependence relationship is important "in shaping the behavior of organizations and the goal of the organization to survive" (p. 25). Resource dependence theory is often applied to studies on nonprofit organization survival and performance (Hodge & Piccolo, 2005; Miller-Millesen, 2003). A review of the literature linked the goals of this study and the resource dependence framework to help identify patterns of effective coping strategies and extend knowledge of how resilient nonprofits successfully managed their environments during

and after the recession. Moreover, the literature reveals some overlap between resource dependence theory, the concept of organizational resilience, and the nonprofit theory and research on organizational capacity and failure, which reinforces that a review of resource dependence theory is relevant to this study.

The conceptual framework continues with the core literatures central to this research. This study rests firmly in the organization resilience and nonprofit capacity theory and research. Similar to opens systems and resource dependence theories, the concept of organizational resilience applies many of the same principles such as adaptation (the organization's interaction with the environment); self-organization (the ability of an organization to change their internal structure and their function in response to external circumstances); and non-linear interrelated subsystems (the interrelationships between organizational parts and linkages to understand systems) (McDonald, 2007). In comparison to the established bodies of research on open systems and resource dependence theories, the research on organizational resilience is somewhat fragmented (Sutcliffe & Vogus, 2003), yet it is emerging, showing increased growth and interest in the organization and business literatures over the last decade (Ayling, 2009; Coutu, 2002; Hamel & Valikangas, 2003).

Additionally, most of the research conducted on organizational resilience tends to draw attention to private, for-profit organizations, while research on nonprofit resilience is seriously lacking. Although the existing theories of for-profit organizational resilience are useful, the literature cautioned that some adjustments may be necessary when applying this research to nonprofit organizations in order to account for differences between the sectors. So, to address this concern, the conceptual framework includes the research on nonprofit capacity and failure. Like resource dependence and organizational resilience, the research on nonprofit capacity and

failure are rooted in the open systems perspective and purport that it is the relationship between an organization's systems and activities and its environment that fosters organizational stability, effectiveness and survival (Blumenthal, 2003; Campobasso & Davis, 2000; Herman & Renz, 2008; Sowa, Selden & Sanfort 2004).

The conceptual framework reveals connections and overlap across the four streams of literature. Because this study sought to examine the attributes exhibited by resilient nonprofit organizations after having experienced severe economic recession, the conceptual framework selected for this study offers a richer understanding of how and why it is possible that, under certain circumstances, nonprofits are capable of acting or reacting in ways that are likely to generate resilient results. The remainder of this chapter discusses these four streams of scholarly and applied research in greater detail.

Conceptual Framework: Conceptual Support and Core Literatures

This section is divided into two parts. The first section presents the conceptual support for this study. Due to its foundational framework and importance in describing organizational behaviors open systems and resource dependence theories are discussed in this section. As this study is about resilient nonprofit organizations, the second section presents a review of the core literatures related organization resilience and nonprofit organization capacity and failure.

Conceptual Support: Open Systems Theory

To study organizations more scientifically, scholars generally classify them as closed or open systems. Closed system theorists focus on internal organizational events to explain changes

or actions within an organization, while open systems theorists focus on the influence of events occurring external to the organization.

Classical organizational scholars tend to apply a closed-system perspective to study and explain organizational activities and events. The closed system model emerged during the Industrial Revolution when there was a heavy focus on how to make factories run more efficiently. At this time the primary assumption was that improvements in internal processes would successfully lead to increased organizational efficiency and optimal returns on input. Traditional organizational theorists viewed organizations as instruments to accomplish specific goals; therefore earlier research stressed the importance of internal factors and concepts such as formalization, efficiency, management systems and employee productivity and performance (Scott, 1981).[1]

A closed system perspective maintains that organizations are impacted by its internal systems (e.g., management systems, staff productivity, policies and procedures) but not external exigencies (e.g., other organizations, suppliers, customers, markets shifts, and government regulators.) Although some consideration is given to the external environment, it is presumed to be stable and predictable and thus not interfering with or having an influence on the functioning of an organization. Rather than rely on environmental factors to help explain organizational inefficiencies, attention is directed at controlling the internal functions and dynamics of organizations in order to achieve specific goals and objectives (Daft, 2001).

By the 1960s, the notion that organizations are closed systems was no longer tenable. Increased complexity of the environment (e.g. technological, social, economic, and political changes) and the impact on organizations led organizational theorists to rethink the closed

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[1] For example, see classical organizational theorists such as Bernard, 1938; Drucker, 1954; Fayol, 1949; Gulick & Urwick, 1937; Simon, 1947; Taylor, 1947; and Weber, 1947.

system model and its assumptions. Since closed-system models "tend to be one dimensional and somewhat simplistic" (Shafritz & Ott, 2001, p.242), organizational scholars found this approach limited in its ability to explain why certain organizations were failing. Katz and Kahn (1978) pointed out the shortcomings of the closed systems approach by claiming that it "has led to an over connection on principles of internal organizational functioning, with consequent failure to develop and understand the process of feedback which are essential to survival" (p. 34).

In contrast, open systems theory infers that organizations are complex, open systems that are strongly influenced by their environments. There is an extensive body of research in the organizational sciences that studies interactions between organizations and their environment and the ability of organizations to manage external demands and changes that have the potential to threaten their survival (Mallak, 1998). Some underlying premises of open systems theory are:

- A system is a collection of parts (or subsystems) that operate as a whole to accomplish an overall goal. Thus, all parts that make up a system are interrelated.

- All living systems are open systems because they are open to external environmental influences and transactions, and because they are dependent on their external environments in order to survive (Burke, 1994; Hanna, 1988). Hence, open systems continually interact with and are influenced by their environment.

- The whole system is not equal to the sum of all subsystems and, therefore it is important to view the whole. In other words, the performance of the whole system is greater than the sum of the performance of its parts.

Recognizing the limitations of traditional organization theories, many researchers began adopting the natural sciences[2] open systems model to offer a more comprehensive view of organizations. Scholars began thinking outside preconceived notions to explore new dynamics within organizations.[3] This transformed thinking in the field led to a newfound belief that organizations face considerable uncertainties in their operations, constantly interact with their environment, and have the capacity to respond and adapt to internal and external changes (Hatch & Cunliffe, 2006; Katz & Kahn, 1966; Miles & Snow, 1978; Scott, 1981). By the late 1960s "the systems perspective began to dominate organizational theory" and "became *the* mainstream of organizational theory for several decades" (Scott, 1981; Shafritz & Ott, 2001, p. 242).

Widespread adoption of the open systems model represents a paradigm shift that profoundly altered how scholars and practitioners understand organizations and the demands that are placed upon them. This shift in thinking influenced the theoretical foundation of subsequent research in two ways. First, scholars widely accept the open systems view that organizations are complex systems composed of multiple components or subsystems that interact simultaneously (Scott, 1981). Thus, resultant scholarship is primarily based on the assumption that as different components or subsystems of the organization respond and adapt to change, the entire system is affected. Sub-systems can include, but is not limited to, the technical, social, management or financial components of organizations. Moreover, the scholarship is highly reflective of the contention that an entire system ought to work together to maintain equilibrium in order to safeguard the system's ability to function and achieve its mission (Bertalanffy, 1969). Katz and

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[2] Biologist Ludwig von Bertanlanffy originally applied thermodynamic principles to advance the concept of the organism as an open system. He developed the open system theory between 1930 and 1956 and argued that "key concepts could have relevance across a broad spectrum of disciplines" (Scott 2003, p. 82).

[3] See, for example, Aldrich, 1979; Buckley, 1967; Galbraith, 1973; Katz & Kahn, 1966; Lawrence & Lorsch, 1967; Scott, 1981; and Thompson, 1967.

Kahn[4] (1966) claim that organizations are open social systems with specialized and interdependent subsystems and processes. Scott (2003) defines open organizational systems as "congeries of interdependent flows and activities linking shifting coalitions of participants embedded in wider material resource and institutional environments." Scott and Davis (2007) argue that organizations are a collection of "interdependent activities" that must be constantly motivated for the organization to survive (p. 31). Daft (2001) contends that organizations are linked to the external environment and can be viewed as a set of interacting functions that acquire inputs from the environment, processes them, and then releases the outputs back to the external environment.

Second, because the body of research conducted prior to the 1960s indicates that bureaucratic organizations often failed to do well in environments where technologies or markets were rapidly changing, scholars began to recognize and examine the environmental influences that can affect the ability of a business to function. Katz and Kahn (1966) maintain that "systems theory is basically concerned with problems of relationships, of structure, and of interdependence" (p.22) and that "open systems theory emphasizes the close relationships between structure and its supporting environment" (p.3). A principle assumption in open-systems models is that external variables or events play a major role in explaining what may be transpiring within an organization. Borrowing from the natural and ecological sciences, scholars acknowledge that an organization's environment includes any outside condition or situation, like changes in technology, demographics, economy, marketplace, or political context, which can instigate a change in demands on an organization and influence its performance (Burke, 1994). Astley and Van de Ven (1983) proclaim that "the manager must perceive, process, and respond

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[4] Daniel Katz and Robert Kahn are known as two noteworthy organizational scholars who developed one of the first open systems frameworks.

to a changing environment and adapt by rearranging internal organizational structure to ensure survival or effectiveness" (p. 248). According to Buckley (1967) components of an open system respond to environmental changes by whatever means are available to maintain the throughput of resources necessary to survive. Linsday and Rue (1980) surveyed corporations across fifteen industries and found that firms tend to adopt more complete and formal long-range planning processes as the complexity and instability of the business environment increases. In their article about how commercial activities aid nonprofits in achieving their mission in a hostile environment Moeller and Valentinov (2012) argue that nonprofits are open systems maintaining themselves in an environment in which the supply of critical resources is insecure.

The open systems model grounds a broad range conceptualizations in organization theory by giving primacy to studying the dynamic interrelationships of subsystems that exist within organizations to conceptualize the considerable influence that environmental forces exert on organizations. Also, it underscores the essential relationship between an organizational system and its environment. Modern scholars are liable to question research that fails to consider the rich context in which organizations must function. As a result, most, if not all, contemporary theories of organizations utilize an open systems model and share the perspective that an organization's survival is dependent upon its relationship with the environment.

For many decades the contrasting perspectives of closed and open systems theories have guided the study of internal and external organizational environments and the relationships between them. The 1960s marks a theoretical shift in organization theory from closed systems concepts that focused on the internal elements of organizations to an open systems approach that seeks to understand how organizations interact, adapt and are influenced by external forces (Aldrich and Marsden, 1988; Scott, 1981). While both bodies of literature explain organizational

changes in a variety of settings the open systems perspective recognizes that organizations are embedded in their environments, which penetrates, shapes and exerts influence on the organization, and broadened the theoretical lens for viewing the whole organization.

Nonprofit organizations can be viewed as open systems because they are open to external environmental transactions and influences. Research shows that environmental changes triggered by economic downturns exert influence on the nonprofit sector in the form of resource constraints, increased competition, and a greater demand for services (Boris et al., 2010; Mclean & Coffman, 2009). Accordingly, the Great Recession of 2007-2009 introduced many new pressures and challenges to nonprofits. Across the country nonprofits felt the effects of the recession in two major ways. First, nonprofits reported an increased demand for their programs and services. As people and communities continue to struggle requests for assistance, such as job training, supportive housing, and food assistance, grew considerably because of extreme job loss, high number of foreclosures, cuts in public benefits and more. A Guidestar survey found 58 percent of U.S. nonprofits experienced an increase in demand for services between 2008 and 2009, with human services organizations reporting the highest proportion of demand increases at 65 percent (McLean & Coffman, 2009). Surveys conducted by the Nonprofit Finance Fund (2009; 2010; 2011; 2012; 2013), the Bridgespan Group (Foster, Perrault, & Sable, 2009), UCLA Center for Civil Society (Howard and Kil, 2009), and the Urban Institute (Boris et al., 2010) yielded similar results.

Secondly, many nonprofits experienced declines in total revenue. Nonprofit organizations generally are established to address or respond to the needs of groups, organizations, or individuals from their general environment. Therefore, they often depend on other organizations in their environment for financial support and other required resources to carry out their mission.

23

Nonprofits derive revenue from a mixture of external funding sources, however the three primary funding categories are private contributions (individual donations, corporate gifts, and foundation grants); public funding (direct or indirect government contracts and grants); and private sector or commercial payments (user fees, membership dues, and product sales) (Hodge & Piccolo, 2005). According to an Urban Institute study of human services nonprofits with over $100,000 in annual expenses, "payments from government agencies fell; donations from individuals, corporations, and private foundations decreased; and investment returns and fee income declined" (2010, p.4). A Bridgespan survey found that funding cuts were most severe among nonprofit organizations that rely on the government as their primary funder (Foster et al., 2009).

The Great Recession also exacerbated other problems and challenges facing nonprofits. Whereas many nonprofit providers reported being forced 'to do more with less' to meet a growing demand for services while having to manage inadequate funding, there were other notable environmental changes occurring at the same time. For instance, as nonprofits saw revenue and grant sources drying up, they were subjected to increased competition for remaining funds. Adding to the stress factors brought on by the recession, nonprofits are living in a new era of accountability and changes in how governments and philanthropies dole out money. Nonprofits are under pressure from donors, trustees, regulators and even taxpayers to demonstrate how their funds are being used to make a difference. Moreover, there is greater government scrutiny of nonprofits requiring them to demonstrate impact and transparency to the public through increased reporting requirements. All of these factors together place a heavy burden on nonprofits as well as a drain on already limited resources. In the end, nonprofits must

deal with contextual changes and complexities in their operating environments lest they become vulnerable to negative outcomes, up to and including failure.

The principles of open systems theory tied directly into the purpose of this study, which was to explore the attributes of resilient organizations during and after economic recession. With regard to this study, the phenomenon examined was organizational resilience; therefore the unit of analysis was the organization. Open systems theory focuses on the arrangement of and relations between the parts of an organizational system and how they work together as a whole, which endorses a holistic approach to understanding a phenomenon. The examination of nonprofit organizations and the way they were organized and how their respective parts interacted with each other as a whole to achieve resiliency is supported by the open systems perspective that an organizational system's overall behavior depends on its entire structure.

In addition, open systems theory laid the groundwork for a number of organizational concepts that aim to build understanding of the ability of organizations to adapt to rapidly changing, unpredictable environments. The literatures included in the conceptual framework (resource dependence, organizational resilience, and the related research on nonprofit organizational capacity) are all rooted in the open systems perspective.

Open systems emphasis on the relationship and interchange between an organization and its environment provides the foundation for the exploration of organizational attributes exhibited by nonprofit organizations facing external threats and offers a wider approach to further understanding of the organizational resilience phenomenon. Hence, open systems theory supports the goals and purpose of this study. Table 1.0 below highlights the key principles of open systems theory that helped shape and are carried forward in this study.

Table 1.0 Open Systems Key Organization Attributes

Open Systems Theory	
Organizational Attribute	*Associated References*
Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.	Burke, 1994; Hanna, 1998; Katz & Kahn, 1966; Scott, 1981
Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.	Astley & Van de Ven, 1983; Buckley, 1967; Katz & Kahn, 1966; Moeller & Valentinov, 2012;
Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.	Bertalanffy, 1969; Daft, 2001; Katz & Kahn, 1966; Scott, 1981; Scott & Davis, 2007

Conceptual Support: Resource Dependence Theory

Introduced by Pfeffer and Salancik (1978), resource dependence theory (RDT) is the examination of how external resources affect organization behavior. Rooted in the open systems perspective (Katz & Kahn, 1966), the underlying arguments of RDT maintain that organizations that are dependent on their environments for resources that are critical to their survival will experience uncertainty[5] (Aldrich & Pfeffer, 1976; Pfeffer & Salancik, 1978; Schmid, 2005). The aptitude to acquire and maintain resources predicts organizational survival (Pfeffer & Salancik, 1978, p.2). Thus, RDT implies that even though the internal factors of an organization play an important role in organizational survival, even more important are "the situations in which organizations were located and the pressures and constraints that emanated from those situations" (Pfeffer & Salancik 1978, xi). In essence, all environmental forces can cause

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[5] Pfeffer and Salancik (2003) explain uncertainty as "the degree to which future states of the world cannot be anticipated and accurately predicted" (p. 67).

uncertainty for organizations as environments have both requisite resources and constraints which can limit options for organizational activity.

RDT argues two broad principles. First, organizations are not completely autonomous and, instead, are constrained by, and depend on, other organizations that control critical resources (Froelich, 1999). Therefore, the goal of an organization is to minimize its dependence[6] on other organizations for the supply of scarce resources and to find ways of influencing them to make resources available. Second, to maintain autonomy, organizations attempt to manage their dependencies on external groups (Greening & Gray, 1994). Thus, resource dependent organizations will seek to manage their external resources through a variety of means and strategies (Pfeffer & Salancik, 1978) that enable them to either exert influence over other organizations so that it can obtain resources, or respond to the needs and demands of the other organizations in its environment. Managing these dependencies involves autonomous and inter-organizational strategies.

Autonomous strategies refer to actions that an organization can take independently, without securing the cooperation of a given exchange partner or set of partners (Thompson, 1967). Examples of autonomous strategies include the following:

- *Buffering* entails practices designed to adapt to variations in resource flows and involves gathering critical resources when they are plentiful and storing them for future use.

- *Forecasting* entails an organization's attempt to forecast environmental changes and proactively adapt to them.

- *Rationing* entails practices that limit the provision of services or minimizes excess production of resources.

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[6] Pfeffer and Salancik (2003) define dependence as "the product of the importance of a given input or output to the organization and the extent to which it is controlled by relatively few organizations" (p. 51).

Autonomous strategies may help to reduce dependence on other organizations, but may not be enough to ensure sufficient and stable access to resources. As a result, organizations may be willing to trade or compromise autonomy by collaborating with other organizations to share resources. To do this, organizations may pursue inter-organizational strategies to help establish ties to other organizations. Examples of inter-organizational strategies include the following:

- *Bargaining* entails formal, yet short-term, resource exchange agreements between organizations to secure the flow of resources.

- *Co-optation* entails bringing representatives of another organization that can provide important resources into the leadership or decision making structure of a focal organization as a means of averting threats to its stability or existence" (Selznick, 1949).

- *Strategic alliances* (also referred to as joint ventures) involve an agreement that commits two or more organizations to share their resources to "pursue joint objectives through a coordination of activities or sharing of knowledge or resources" (Scott & Davis, 2007, p. 206-7). Alliances may include joining networks, interest groups and coalitions.

- *Merger* entails the acquisition of another organization and typically involves a restructuring of organizational dependence in order to stabilize critical resource exchanges.

RDT highlights the coping strategies implemented by organizations to adapt to changing environments with the aim of ensuring their survival. Research across several industries share the same viewpoint that resources affect strategy development (Campling & Michelson, 1998; Hodge & Piccolo, 2005; Mehra, 1996; Song & Dyer, 1995). In essence, RDT underscores the importance of managerial functions in strategic decision making to address external constraints (Pfeffer & Salancik, 1978). Greening and Gray (1994) assert that RDT is clearly "about

managers' exercise of strategic choices within the context of constraints" (p. 468). Herman and

Heimovics (1990) wrote "Resource dependence theory, though emphasizing that much

organization action is determined by environmental conditions, does encompass [intentional]

adaptation through management actions" (p. 109).

Although seldom included in the resilience literature, the ideas associated with RDT offer

conceptual support for this research by providing context for understanding the organizational

actions and behaviors that materialize in response to changing conditions. First, because open

systems theory assumes that the internal structures and processes of organizations are affected by

their environment, RDT offers implications for resilient nonprofits in that it helps to explain

organizational efforts to manage the environment via the development of systems and strategies

that enable it to adjust to its current realities (Hedberg, 1981; Schmid, 2004). Lan (1991)

maintained that the resource dependence relationship is important in "shaping the behavior of

organizations and the goal of the organization to survive" (p. 25).

Second, a fundamental tenet of RDT is the role of managers in strategic decision making

to address external constraints (Pfeffer & Salancik, 1978). According to RDT, dependence on

"critical" resources influences organizational actions. For instance, to obtain critical resources

leaders and managers may strategically decide to act in ways that will result in their organization

adapting to its environments, reducing uncertainty in an effort to minimize their dependence on

other organizations, or maximizing the dependence of other organizations on them (Lan, 1991;

Pfeffer & Salancik, 2003; Ulrich & Barney, 1984). Hence, organizational decisions and actions

can be explained by the particular dependency situation, which suggests that resource

dependencies affect the decisions of organizational leaders or managers to adjust or implement

strategies. This RDT tenet aligns with the organizational resilience literature (discussed in the

next section) which emphasized that resilient organizations adapt to changing conditions by making fundamental changes, in terms of their objectives, strategies, and operations. In essence, organizational resilience results from the managers and decision-makers ability to intelligently analyze and respond to a disturbance and from organization members' ability to respond effectively and collaboratively to a disruption.

Third, stemming from an open systems approach, RDT claims that organizations are embedded in networks and affiliations with diverse social actors (Granovetter, 1985), which can be understood as the product of patterns of inter-organizational dependence and constraints (Pfeffer, 1987, p.40). Hence, an organization's behavior, actions, and performance may be partly explained by its environments or contexts that provide critical resources. RDT further asserts that inter-organizational linkages form as a result of organizations attempting to secure necessary resources. In effect, resource dependent organizations may pursue strategies that establish ties to other organizations that provide resources, especially essential resources needed for its success of survival. RDT is often used as a theoretical perspective to understand joint ventures and other inter-organizational relationships (Hillman et al., 2009) and aids in the explanation of decisions to form such connections and networks and how they help organizations to acquire resources that enable them to thrive (Hillman et al., 2009; Pfeffer & Salancik, 1978). Again, a connection can be found between RDT and the organization resilience research. Specifically, two core principles stressed in the organizational resilience literature are social networks and relationships and access to resources (Gittell et al, 2006) because the research shows that resilient organizations use relationships and strategic alliances to secure need resources (Horne & Orr, 1998; Kantur & Iseri-Say, 2012; Lengnick-Hall et al., 2011).

As open systems, organizations engage in resource transactions with their environments to maintain their existence and ensure operational continuity to achieve their mission (Buckley, 1967; Katz & Kahn, 1966). In effect, organizations acquire resources and information needed to function and in exchange they produce outputs (products or services). An organization's strategy - how it acquires resources and delivers outputs- is shaped by the particular context in which it operates. Environmental uncertainty can be problematic to an organization when it impacts access to critical organizational resources. Provided that an organization can expect its environment to be stable and predictable, it can continue to function in the way in which it is accustomed. However, as the environment increasingly becomes more uncertain, the organization must adapt to the new contingencies. The loss of critical resources, especially monetary resources, impacts the internal operations of an organization. In turn, organizations devise strategies to manage environmental changes and resource constraints.

With regard to this study, nonprofits rely heavily on external funding sources, and many rely exclusively on government funding (Froelich, 1999; Smith, 1996). In exchange, communities and governments rely on the services being provided by human services nonprofits on their behalf (DeHoog, 1984; Hall, 1992). Steady funding from public entities offers a sense of stability for these nonprofits, until changes in the economy cause reduced allocations, increased competition for funds and increased and immediate demands for social programs and services. During recession nonprofits are confronted with uncertainty in how they will continue to deliver much needed programs and services. Thus, as the priorities and available resources of funders change, the nonprofits dependent on that funding will either cease to exist or will have to adapt and alter their strategies to survive and thrive (Never, 2010). Hence, seeking alternative

strategies to cope with the widespread lack of resources has quickly become very important for nonprofits.

Considering that the focus of this research is at the organizational level, RDT has been found to be one of the most appropriate theories for analyzing the relations between human services organizations and the environments in which they operate (Hasenfeld, 2000; Hasenfeld & Schmid, 1989). Hodge and Piccolo (2005) assert that resource dependence theory provides an adequate framework for the analysis of nonprofit organizational activity, such as funding, board involvement, and performance. In another example, to study the exchange relationship between government and nonprofit organizations to obtain resources needed to achieve their goals, Saidel (1991) employed a resource dependent perspective to illustrate the relationship, resource flows and degree of dependency between these entities.

Resource dependence theory supports the goals and purpose of this study. Environmental changes can bring about multiple challenges for nonprofits, thus incorporating RDT was relevant to this study and contributed to a better understanding of the coping strategies exhibited by resilient nonprofit organizations. Table 2.0 highlights the key principles of resource dependence theory (*see bold text in shaded areas*) that helped shape and are carried forward in this study.

Table 2.0 Resource Dependence Theory Key Organization Attributes

Open Systems Theory		Resource Dependence Theory	
Organizational Attribute	*Associated References*	*Organizational Attribute*	*Associated References*
Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.	Buckley, 1967; Burke, 1994; Hanna, 1998; Katz & Kahn, 1966; Scott, 1981		**Aldrich & Pfeffer, 1976; Froelich, 1999; Katz & Kahn, 1978; Pfeffer & Salancik, 1978; Schmid, 2005**
Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.	Astley & Van de Ven, 1983; Buckley, 1967; Katz & Kahn, 1966; Moeller & Valentinov, 2012;		**Greening & Gray, 1994; Katz & Kahn, 1966; Lan, 1991; Pfeffer & Salancik, 1978; Ulrich & Barney, 1984**
Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.	Bertalanffy, 1969; Daft, 2001; Katz & Kahn, 1966; Scott, 1981; Scott & Davis, 2007		
		Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.	**Hillman et al., 2009; Katz & Kahn, 1966; Pfeffer, 1987; Saidel, 1991; Scott & Davis, 2007**
		Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.	**Greening & Gray, 1994; Katz & Kahn, 1966; Pfeffer & Salancil, 1978; Saidel, 1991; Thompson, 1967**

Core Literature: Organizational Resilience

Resiliency is a multilevel notion that can be examined on the individual (micro) and

collective (macro) levels; however the concept originated in psychology at the individual level

out of the research on children who proved resilient despite adverse childhood environments and

studies about the resilient characteristics of prisoner of war survivors (Coutu, 2002; Mallak,

1998). The concept of resilience was actively taken up in the social–ecological literature (Walker

& Salt, 2006), in which notions of adaptability (interaction with the environment), self-

organization (ability to adjust to the environment) and non-linear trajectories (recognition that

the future may hold something different from the past) (McDonald, 2007) define a social

system's capacity to absorb disturbance without changing its state. And, more recently, resilience

was introduced into the organization and business literatures (Coutu, 2002; Hamel & Välikangas, 2003).

The concept of resilience has gained traction in the organizational literature and in business circles due to growing acknowledgement of the vulnerability of organizations to threats of terrorism, natural disasters, cybercrime, new technologies, political changes or other threats that can challenge their existence (Ayling, 2009). The research on organizational resilience is concentrated in the organizational sciences and business management areas, however, the available literature is somewhat fragmented and consists of a mixture of scholarly work, untested theories and trendy publications. In addition, articles about resilience can be found in a variety of subject areas to include change management, disaster management, strategy and planning, community and regional resilience, high reliability organizations, and organizational learning.

The bulk of the research is based on the premise that organizational entities can learn and develop the capacity to adapt and respond to external exigencies (Coutu, 2002; Hamel & Valikangas, 2003; Lengnick-Hall & Beck, 2003; Masten, 2001; Masten & Coatsworth, 1998). Because it would be difficult to study an organization that has not experienced crises the research on organization resilience appeared to increase after some form of catastrophic or disruptive event occurred. This research commonly sought to identify the attributes and dynamics exhibited by resilient entities so that the systems and structures believed to foster resiliency can be learned and built into organizations. In particular, the literature shows an increase in qualitative and case study research on the concept of resilience following the widespread uncertainty created by the terrorist attacks on September 11, 2001, and Hurricane Katrina in August 2005. [7] Research documenting examples of resilient organizations includes articles like Toriello et al. (2007) that

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[7] Articles about organizational resilience can be found in a variety of related subject areas such as disaster and crisis management, emergency preparedness, and community and regional resilience.

described Hurricane Katrina's impact on the operations of the largest residential, addiction treatment center in New Orleans. Their publication was written so that other addiction treatment agencies could learn from their experience and it offered recommendations for future research on organizational resilience. Another example is a case study analysis by Freeman, Hirschhorn and Maltz (2004) documenting how a strong sense of moral purpose helped Sandler, O'Neill & Partners to rebuild and recover after the September 11th attacks on the World Trade Center's South Tower where they were located at the time. Notwithstanding increased interest in organizational resilience after a major catastrophe, the literature does show that scholars and practitioners view the concept of organizational resilience to be just as crucial to surviving rapidly changing business environments characterized by increased competition, shifting customer demands, or other external changes (Coutu, 2002; Hamel & Valikangas, 2003; Horne, 1997; Horne & Orr, 1998; Lengnick-Hall et al., 2011; Mallak, 1998; Sutcliffe & Vogus, 2003).

A review of the organizational and business literatures revealed that many authors use the term resilience, but may not necessarily share a working definition of the term. The academic scholarship revealed greater effort to define the term, although still rather elusive. In essence, many of these authors seem to know a resilient organization when they see one, but cannot truly explain what conditions or factors constitute resiliency. Despite growing interest in organizational resilience, a major challenge awaiting organizational scholars and practitioners is to offer clarity about what is meant by the term. Yet, as illustrated by other disciplines this is no simple task. The organizational sciences conducts research on a wide range of organizational systems across all sectors, making it more challenging and less clear how ascribing a unifying definition of resilience would occur. As a result, the term resilience is conceptualized in different ways and there is wide interpretation of this concept. For the purposes of this study, resilience

refers to the capacity of an organizational system to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive, recover or thrive when facing disruptive environmental change.

There is a small, but growing body of scholarly research that specifically examines resiliency to uncover the factors and dynamics most associated with an organization's ability to anticipate and respond positively to disruption and departures from the routine (e.g., Lengnick-Hall & Beck, 2003; Sutcliffe & Vogus, 2003; Weick & Sutcliffe, 2001). Moreover, this area of scholarship takes an interdisciplinary approach incorporating theory not just from psychology and organizational sciences, but also from other social sciences such as sociology and anthropology. The literature shows a number of qualitative analyses, yet much of the scholarly work on organizational resilience is conceptual and definitional rather than empirical. A description of how the concept of organizational resilience is depicted in the literature is provided below.

Conceptual Understanding of Organizational Resilience

The literature shows agreement among scholars and practitioners that resilient organizations exhibit characteristics that are parallel to individuals. The term resilience first appeared in psychological studies where the focus was on an individual's ability to positively cope after failures, setbacks, and losses. As organizations generally can be defined as the structured arrangement of individuals who have joined together to meet a need or to pursue collective goals, organizational scholars have drawn heavily on individual level research to hypothesize equivalent organizational attributes as possible explanatory factors for resilient organizations (e.g., see Coutu, 2002; Freeman, Maltz, & Hirschhorn, 2004; Sutcliffe & Vogus,

2003;).[8] In an early publication on organizational resilience, Egeland et al. (1993) theorize about

the elements of individual resilience that correspond to resilience at the organizational level.

They claim that organizational resilience is similar to resilience at the individual level in that it

embodies risk and protective mechanisms that enable positive functioning in stressful conditions.

In a widely cited article on organization resilience Diane Coutu (2002) examines resilience at the

micro level and concluded that resilient individuals possess a resolute acceptance of reality;

sense that life is meaningful; and exceptional ability to improvise. She posits that resilient people

and organizations are characterized by the same three traits. Although lacking empirical support,

these and similar efforts have helped to advance the concept of resilience beyond an individual's

ability to cope, to one that examines the collective ability of organizations to positively respond

to crises.

The literature does acknowledge that resilience at the organizational level is distinct from

the individual level. First, "organizations are not monolithic systems" (Ayling, 2009, p. 185)

instead they are comprised of multiple parts. The literature concludes that organizations are not

simple structures; they are complex systems of subsystems (e.g., processes, technology, human

resources, etc.) that are intertwined and interdependent on one another. The open systems

perspective maintains that an organization is a complex system that is more than the sum of its

parts and establishes that the whole acts different to the sum. Hence, the psychological approach

to resilience is limited when applied to organizations because an organization is more than the

sum of its individual employees. Organizational resilience emerges from the multifaceted

interactions between various organizational attributes. Horne and Orr (1998) argue that

individual resilience does not in itself make a resilient organization. Lissack and Letich (2002)

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[8] There is no consensus in the literature on whether resilient individuals within an organization leads to resilience at the organizational level (Horne & Orr, 1998; Lengnick-Hall & Beck, 2003).

assert "resilience depends on the behavior of a system, due to the structure of its attributes and the interactions between them, and the perception of perturbations and change, especially unexpected emergent events" (p. 82).

Because organizations are complex systems, another distinction is that they are impacted by, and in turn affect, their external environment in ways that are different from individuals. Disruptions to organizational systems can have broad internal and external effects. Within the context of open systems and resource dependence theories, organizations engage in resource transactions with their environments to maintain their existence and ensure operational continuity to achieve their mission (Buckley, 1967; Katz & Kahn, 1966). The extent an organization is dependent on specific inputs will determine the degree to which it is able to endure crises (Jaffee, 2001). Elements in the external environment can potentially influence strategic decisions, yet organizations have the ability to manipulate and make decisions in ways that single individuals do not. Thus, unlike the study of resilient individuals, the study of resilient organizations applies a macro perspective to study the interaction and collaborative responses of the multiple layers and parts of organizational systems.

The various literatures that examine organization resilience mention a range of indicators and explanatory factors that contribute to this phenomenon. These factors can be roughly organized into three broad categories: assets, risk factors, and adaptive capacity. Assets refer to knowledge, skills, social capital, networks, and other material resources that can improve chances for success (Holloway, 2002; Knight, 2000; Worline et al., 2004). Risk factors refer to characteristics or conditions that increase chances for failure or other undesirable outcome such as lack of essential assets and resources, increased competition, and political and market shifts (Hills, 2000; Masten & Reed, 2002; Nohara & Verdier, 2001). Adaptive capacity refers to an

organization's structure and processes (e.g., coping mechanisms, goal setting, problem solving

and decision making, etc.) intended to respond to or manage external conditions (Masten 2001;

Masten & Reed, 2002). Some of the factors mentioned in the literature overlap categories and no

single factor or category alone guarantees resilience. Moreover, strength in one category does not

compensate for weaknesses in another. Instead, there are interdependencies among the different

factors. It is the combination of assets, risks and adaptabilities that determines an organization's

ability to survive crises and even achieves positive outcomes despite the circumstances.

Although this study refers to resilience as the capacity of an organizational system to

create, alter and implement multiple adaptive actions in the face of unpredictable change or

crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive,

recover or thrive when facing disruptive environmental change, for the most part, resilience is an

imprecise concept that is difficult to define, and therefore, rarely successfully measured (Walker

et al. 2004 Adger, 2000). Assessing an organization's level of resilience is complex because the

continuous and interrelated processes associated with building resilience capacity make it

inherently difficult to measure and could vary depending on the circumstances. Nonetheless, the

literature shows variances in the interpretation of organizational resilience in that it can be

portrayed along a continuum ranging from low (organizational flexibility and adaptability) to

modest or mid-level (organizational restoration) to high (organizational transformation). A low

level of resilience capacity describes organizations that have the ability to manage small threats,

but does not necessarily imply resilience. Modest or mid-level resilience capacity describes

organizations that have the ability to restore or recover from crises and resume a previous state of

normal operations. A high level of resilience capacity transforms an entity beyond recovery and

refers to the ability of an organization to thrive by capitalizing on unplanned turbulent situations

and emerging stronger through the achievement of unexpected and extraordinary outcomes
(Arovski et al., 2010).

Figure 1 Organizational Resilience Capacity

High
Ability to thrive by seizing potential opportunities to emerge from disruption stronger and having achieved extremely positive outcomes and enhanced equilibrium.

Mid
Ability to restore or recover from disruption and resume operations at the same level or equilibrium (avoiding regression or dysfunction).

Low
Ability to embrace low risk changes and disruptions, but with long-term changes to the organization resulting in a different or lesser equilibrium

Low-level Resilience (Flexibility and Adaptability)

Levels of resiliency describe an organization's capacity to manage unplanned, disruptive
change that can lead to failure if not dealt with properly (McCann, 2004). A low level of
resilience describes organizations situated to manage small, low risks such as those associated
with shifting market demands, the introduction of new technology, or changes in legislation or
political environment. While achieving low levels of resiliency may enhance an organization's
competitive advantage in a changing market or allow it to meet the demands of an ever changing
external environment, it is highly unlikely that it will enable an organization to restore operations
to a normal or strengthened state during and after disruptive, unanticipated conditions.

The literature suggests that resilient systems have continuity, meaning they maintain their
identity as well as the integrity of their internal systems (Dervitsiotis, 2003; Kanter, 1983;
Weick, 1979). Open systems theory suggests that the internal structures and processes of
organizations are affected by their environments (Tosi, 2009) so organizations may be required
to make changes to their objectives and operations in order to survive (Dervitsiotis, 2003).

Organizations undergoing a crisis presumably may implement a temporary change from business-as-usual to mitigate the impact.

What determines whether or not a nonprofit is resilient is the extent to which it is able to tolerate disturbances without collapsing into a qualitatively different state. Nonprofits are similar to their for-profit and government counterparts in that they are likely to make changes to their structure and operations to help get through the rough patches of an economic slump. For instance, the Urban Institute (Boris et al., 2010) reported that human services nonprofit scaled back their operations (82%); froze or reduced staff salaries (50%); tapped reserves (39%); reduced staff benefits (23%); borrowed money (22%); cut programs and services (21%); or reduced the number of people served (17%). After implementing such adjustments many organizations face obstacles either restoring operations to pre-recession capacity or functioning effectively at a different equilibrium.

Resilience does allow for temporary changes in functioning and dynamics, as long as the organization remains on the same trajectory devoid of major changes to their operational systems and structures (van der Leeuw, 2008). Thus, what separates resilient nonprofits from the rest of the group is their ability to implement behaviors and actions that enable them to restore or out-perform their pre-recession state, while maintaining their core identity and staying true to their mission. However, organizations with a low level of capacity normally must make major long-term or permanent changes in a bid to persist at what may be a different or lesser equilibrium. Examples of such change include the elimination of key or signature programs, services or operations, or adopting a completely new organization mission or purpose. As a result, this category marginally implies resilience and is more appropriately grounded in the change management literature.

Within this perspective, organizational flexibility and adaptability are mentioned quite frequently. According to the literature, resilient organizations mitigate loss and maintain the integrity and continuity of their systems and services by being flexible enough to adapt shifts in their environments (Ghemawat & del Sol, 1998; Lengnick-Hall et al., 2011). Organizational flexibility refers to the ability of an organization's structure to proactively, reactively or inherently embrace change through its components and its relationships with the environment (Conboy & Fitzgerald, 2004). In contrast to rigid organizational structures that hinder timely changes in processes and operations, flexible structures enable organizations to react quickly to market changes, be more responsive to new customer needs or demands, and reallocate resources in a way that encourages innovation. Perrow (2003) claims that structural considerations are critical to resilience in that *mechanical* systems (hard-wired hierarchical structures) amplify the impact of disasters whereas *organic* systems (decentralized structures with distributed authority) mitigate them. For example, prior to this era of government deregulation, utility companies did not have to deal with a competitive market. However, many utility companies are abandoning traditional, rigid and hierarchical structures in favor of more flexible flat models in order to enhance their ability to innovate and compete in their current market environment.

Organizational adaptability, although central to systems theory and closely related to resilience thinking, refers to the ability of an organization to reestablish fit with the environment (Chakravarthy, 1982). Organizations often operate in a changing environment. External episodic changes threaten survival and often force organizations to either understand and adapt to such changes or risk potentially harmful consequences (Milken, 1990; Weick, 1987). A capacity to adapt affects not only the external environment, but the internal organization as well. Thus, the concept of adaptability emphasizes an organization's ability to manage the external environment

by adapting internal processes to external conditions or by trying to attain control over external forces (Katz & Kahn, 2003). One example of an organization adapting to a changed environment is the March of Dimes. The original mission of this nonprofit was to eradicate polio; however the approval of the Salk vaccine in 1955 changed the environment in which the March of Dimes fit. Shifts in the external environment meant the March of Dimes faced the choice of whether to go out of business or to adapt and redefine its purpose. In an effort to maintain equilibrium with the environment, the organization changed its name to the March of Dimes Birth Defect Foundation and redefined its mission to incorporate the elimination of birth defects.

Flexibility and adaptability have a close reciprocal relationship with and are essential competencies for organizational resilience. However, on their own, these concepts are not sufficient enough to generate mid to high level resilient outcomes. Hamel and Valikangas (2003) suggest that organizations that aspire to be resilient must overcome political challenges by having flexible structures that enable the timely diversion and reallocation of resources. Pulley (1997) describes one essential characteristic of resilient organizations is being "geared toward remaining small, flat, and flexible" (p. 3). Robb's framework (2000) claims that one characteristic of resilient organizations is that they are able to effectively adapt to rapid, turbulent changes in markets and technologies. While flexibility and adaptability may be necessary and important, they do not automatically translate to resiliency and are just two of several competencies that enable an organization to recover or thrive during turbulent times.

Modest/Mid-level Resilience (Recovery and Restoration)

Similar to definitions of resilience in the physical and material sciences, this perspective describes organizational resilience as an ability to recover from a setback or unexpected, stressful

situations and to restore operations at the same level from where they left off (Dutton et al., 2002; Gittell, Cameron, Lim & Rivas, 2006; Horne, 1997; Horne & Orr, 1998; Mallak, 1998, Robb, 2000; Sutcliffe & Vogus, 2003). For instance, in his study on how hospitals adapted to an unexpected doctors' strike, Meyer (1982) uses the term *resiliency* (p. 520) to refer to an organization's ability to absorb a discrete environmental jolt and restore prior order (Sutcliffe & Vogus, 2003).

This stream of research aligns with the open systems model in that it focuses on the maintenance and adaptive organizational activities and strategies expected to withstand and survive environmental changes. Thus, in this context resilience relies on an understanding of the capacity of a system to recover and return to a pre-disrupted stable state after an unplanned disturbance, or as the amount of strain a system can absorb and still maintain its shape or recover operations within the bounds of a pre-determined state (Carpenter et al., 2001; Klein et al., 2003; Petchey & Gatson, 2009; Sutcliffe & Vogus, 2003).

Within this perspective, coping strategies and the ability to resume expected performance levels is the focal point (Lengnick-Hall et al., 2011). For example, Wildavsky (1988) claims resilience is the "capacity to cope with unanticipated dangers after they have become manifest, learning to bounce back" (p. 77). Additionally, this recovery-oriented perspective on organization resilience has been linked to hardiness, which is the ability to cope with tumultuous events with adaptive interpretations and actions (Kobasa, Maddi, & Kahn, 1982; Lengnick-Hall et al., 2011). Some researchers define resiliency as "organizational hardiness" (Comfort 2001) while other scholars connect and interchange the terms "hardiness" and "resilience" (Rusk, Schoel, & Barnard, 1996).

Lastly, Horne III and Orr (1998)[9] contribute to this perspective by introducing the concept of regressive behavior. In their view organizational resilience is the ability of an entity to absorb crisis or radical change and maintain or exceed the previous performance levels (Horne, 1997). Horne III and Orr define of resilience as "a fundamental quality of individuals, groups, organizations, and systems as a whole to respond productively to significant change that disrupts the expected pattern of events without engaging in an extended period of regressive behavior" (p. 31). This definition has been adopted by several researchers including Riolli and Savicki's (2003) study on organizational resilience in the information system field and Tillement, Cholez and Reverdy's (2009) study on how articulation within and between groups can affect the achievement of organizational goals and resilience in the face of unexpected events.

High-level Resilience (Thriving and Transformation)

This perspective offers a transformational view by expanding the definition of organizational resilience beyond restoration to include the ability of an organization to emerge from turbulent situations stronger and having achieved unexpected and extraordinary success. In this view, resilient organizations thrive when they capitalize on unplanned changes that can threaten survival and, rather than simply restore its prior state, achieve a new or enhanced dynamic equilibrium (Lengnick-Hall & Beck, 2009; Lengnick-Hall et al., 2011). In moving beyond restoration an organization realizes positive outcomes and optimal performance to include the development of new capabilities; improved ability to innovate and respond to change; and increased capacity to create opportunities different and better than the ones that were

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[9] Horne and Orr formed the Center for Organizational Resilience Studies in 1995 and conducted extensive research on the concept of resilience in an organizational context.

available before the disruption (Coutu, 2002; Hamel & Valikangas, 2003; Lengnick-Hall & Beck, 2003, 2005; Weick, 1988).

Central to this perspective is a body of literature that examined resilience from a developmental approach. This viewpoint places particular focus on the generative organizational dynamics that contribute to resilience. In essence, "resilience develops over time from continually handling risks, stresses and strains" thereby adding both to the strength of the current entity and also to the strength of the future entity (Sutcliffe & Vogus, 2003, p. 96). Thus, according to the developmental approach resilience is achieved when an organization not only thrives by adjusting to challenging conditions, but also, in the process of responding to change, strengthens its capabilities to make future adjustments (Sutcliffe & Vogus, 2003). Therefore, scholars often prescribe that in order to be resilient, organizations should be cautious about future operations and continuity and gain a better understanding of the environment in which they operate in order to develop the attributes and capacity required to ensure sustainability (Fiksel, 2003). Along these lines, Mallak (1998) advocates that resilient organization design and implement effective actions to advance the organization so that the entity is able to increase the probability of its own survival in a turbulent environment. Accordingly, Mallak claims that resilience is the ability to thrive and survive under difficult conditions.

Implicit in this perspective is the idea that resilience as thriving is a higher level of resilience than restoration and recovery. Lengnick-Hall et al. (2011) explain that this perspective of resilience goes beyond recovery from crises to describe an organization that ensures and leverages its resources in order to take advantage of opportunities for renewal and build a successful future. This suggests that modest resilience capacity describes the extent an organization recovers from disruptions and resumes normal operations, while high resilience

capacity is demonstrated when organizations undergo a robust transformation and, in so doing, thrive in part as a result of the adverse events (Lengnick-Hall & Beck, 2005; 2009).

As previously stated, this study regards resilience as the 'capacity' of an organization to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive, recover or thrive when facing disruptive environmental change. Hence, resilience capacity encapsulates the collective ability of organizational systems to identify, adapt, absorb and capitalize on environmental changes while preserving organizational continuity and identity and can range from low to high. Organizations with lower levels of resilience capacity are more vulnerable to change, while organizations with higher levels of resilience being most likely to thrive.

Models of Organizational Resilience

In addition to the conceptual continuum, the scholarly and applied research offers a mixture of frameworks that examine the factors and dynamics associated with organizational resilience. This body of research consists of a range of articles that look at the characteristics that have been identified as observable in resilient organizations and lacking in those that are not. These articles focus on a range of organizational assets, risk factors and adaptability processes. This research stream, however, yields mixed results as there remains little agreement on the key components and actions of resilient organizations and a lack of empirically tested analyses.

The study of organization resilience accounts for the complex arrangement of organizations in that it examines the interaction of multiple elements, layers and subgroups of organizational systems in response to disruptive, unplanned events. Scholars and practitioners

typically accept the idea that organizational resilience encompasses a combination of both individual and organizational responses to disturbances. Essentially, leaders and managers make decisions, acquire the resources, and develop systems and strategies that influence organizational performance. RDT establishes that when faced with uncertainty, decision makers determine what their organizations will do to manage and cope with the circumstances. Despite the fact that individual decisions and actions impact organizational outcomes (Avolio, 1999; Boerner, Eisenbeiss, & Griesser, 2007; Lado, Boyd & Wright, 1992; McShane & Von Glinow, 2000; Rowe, 2001; Zhu, Chew & Spangler, 2005), it takes the collective elements of an organizational system – people, technology, and organizational structure – working together to achieve resilient outcomes.

A good part of the literature seeks to break down the elements of organizational systems (e.g., organizational structure, culture, internal and external networks, human capital) to identify the underlying attributes and dynamics that foster a capacity for resilience. Such research suggest that resilient organizations are said to include factors such as flexibility; agility; ability to adapt; shared and clear goals and identity; and leadership (Mallak, 1998; McCann, 2004; Pulley, 1997). Communication and the sharing of information also are cited as a vital factors leading to resiliency (Weick, 1996; Wheatley, 1992) plus, there are researchers that highlight the importance of shared core values (Collins & Porras, 1994; Coutu, 2002); organizational learning (Putman, 1995; Weick, 1996; Wheatley, 1992); and organizational processes, structure and design (Hamel & Valikangas, 2003; Robb, 2000).

While this information offers some insight into what might be ingredients for resilient outcomes, there are several shortcomings to this type of analysis. First, the literature contains a largely normative body of work primarily comprised of prescriptive advice. Unfortunately, much

of this work identifies simple characteristics that only partially explain an organization's capacity to be resilient, and therefore, the prescriptions may only be partially effective as well. Moreover, the characteristics mentioned in the publications may be necessary and important, but they do not automatically translate to resiliency and are often just one of several competencies of resilient organizations. In addition, many of these prescriptions are not evidenced-based and are often based on a wide variety of single organizations or industries which makes it difficult to generalize or compare results. For example, in the aftermath of 9/11 articles written about how certain airlines recovered from bankruptcy by restructuring and reinventing themselves around their core values (Gittell et al., 2006; Lengnick- Hall & Beck, 2005) are specific to one type of organization and industry and focus on a narrow set of factors that contribute to resiliency. In another example, Mallak (1998b) reports on the development and testing of several scales designed to measure aspects of resilience in the health care provider industry. He identified six factors associated with resilient health care providers in Michigan, but noted that further application of these resilience scales in similar settings as well as other industries is needed. Even though some scholars and practitioners contend that best practices can be applicable to all types of organizations, given the complexity of organizations and the environments in which they operate, following best practices prescriptions is limited in that this work tends to assume stability and predictability across various organizational contexts.

Other scholars, although not many, attempt to go a little deeper by developing frameworks that connect the competencies and characteristics presented by organizational theorists to provide a more structured way of viewing and defining the attributes commonly linked to organizational resilience. The following paragraphs provide a brief description of the most commonly referenced frameworks found in the literature.

Ed Deevy presents one of the early frameworks of organizational resilience. His research

is based on work conducted in rapid response management. Deevy (1995) states that there are

three critical components of organizational resilience: 1) vision for the future (Burke, 1994;

Weick, 1996); 2) releasing of human potential in the workplace (Lengnick-Hall, Beck, &

Lengnick-Hall, 2011); and 3) trust and confidence in the leadership (Burke, 1994; Pulley, 1997).

Horne and Orr (1998) view resilience as the qualities that enable organizations to respond

positively to major changes in the environment allowing them to continue to function and

perform effectively (p.31). Their model identifies certain organizational behaviors – community,

competence, commitment, communication, coordination, and consideration – that support the

development resiliency and are embedded in the organization's people and processes, ready to be

revealed when awareness is initiated.

Robb's (2000) framework suggests that a resilient organization is able to sustain

competitive advantage over time through its capability to simultaneously do two things: deliver

excellent performance against current goals and effectively innovate and adapt to rapid, turbulent

changes in the markets and technologies (p.27). According to Robb, resilient organizations are

able to do four things: create structure and dissolve it; provide safety in the midst of change;

manage the emotional consequences of continuous transformation and change (anxiety and

grief); and learn, develop and grow (p. 27). However, Robb's work is intended for use in the

corporate sector as illustrated by his application to telecommunications and messaging

companies. Furthermore, Robb acknowledged limitations to his framework when he states that it

is an "idealized template that may never be achieved in fullness" (p.32).

Coutu (2002) presents a theoretical framework for organizational resilience that contends

resilient organizations, akin to resilient individuals, possess three qualities: 1) built-in systems

that equip organizations to understand, accept and adapt to the reality of the market place; 2) a clear organizational mission statement accompanied by a deep belief in the value of their purpose as an organization; 3) the ability for the organization to utilize existing resources and improvise with changing market conditions. Coutu's framework captures the complexities of inter-systemic dynamics, which is highly relevant to nonprofit organizations.

Hamel & Valikangas (2003) introduce the concept of strategic resilience and theorize that organizations that hope to be resilient must master four challenges. First an organization must overcome the cognitive challenge by having the ability to see what needs to be changed and be willing to consider the necessary changes. Second, organizations must overcome the strategic challenge by creating a menu of options to counteract failing strategies. Third, organizations must master the political challenge by having a willingness to divert resources from past activities to future ones followed by the creation a broad menu of new ideas supported with the requisite talent, resources, etc. The final challenge, the ideological challenge, requires that an organization think beyond its existing place in history and embrace a belief of flawless execution and excellent operational abilities. Although similar to the work of other researchers, Hamel and Valikangas propose a framework better suited to for-profit, market-driven companies. So applying this conceptualization of resilience to study nonprofit organizations is limited since the 'products' of nonprofit organizations are not clearly defined and profit is generally not the goal.

Sutcliffe and Vogus (2003) identify two types of precursors of organizational resilience that enable firms to adapt intelligently to crisis situations, while averting maladaptive rigid responses (Staw et al., 1981). One type encompasses resources to build and enhance competence; and the other includes mastery systems to maintain or restore efficacy. These groups are

interrelated in that they refer to an organization's access to social capital, conceptual slack, and its ability to quickly process feedback and reallocate expertise and resources as needed.

Denhardt and Denhardt (2010) identify five characteristics of resilient organizations. In their view, resilient organizations foster a culture of respect and trust; promote the mental and psychological health of their employees; they are "flexible" in that they are willing to try new approaches and depart from usual modes of operation; are "reliable" in that they have stable infrastructures to manage and share information and resources; and have "excess capacity which allows the organization to survive even if one component fails."

Lastly, University of Texas researchers Cynthia Lengnick-Hall and Tammy Beck (2003; 2005) define resilience as an organization's ability and confidence to act decisively and effectively in response to conditions that are uncertain, surprising, and sufficiently disruptive that they have the potential to jeopardize long-term survival (2009). They argue that to be resilient, an organization needs to have a culture that supports three types of capacity: cognitive, behavioral, and contextual. Their framework suggests that these three characteristics play distinct, yet complementary roles in facilitating an organization's ability to adapt and respond to crises.

Cognitive capacity is a conceptual orientation that enables organizations to notice, interpret, analyze and formulate responses to evolving disruptive situations in ways that go beyond survival. This component underscores the ability to understand the changes happening in the environment, make sense of the changes, and look for opportunities to develop new skills and resources to respond to changes. Cognitive resilience depends on an organization's ability to conceptualize solutions that are innovative, timely and relevant (Amabile, 1988) and includes the mental, emotional and intellectual orientations that enable decision-makers to question and make

sense of environmental changes in order to intelligently analyze and respond to crises. According to Lengnick-Hall and Beck (2009) "cognitive resilience requires a solid grasp on reality and a relentless desire to question fundamental assumptions that may no longer apply" (p. 9). There are multiple factors that contribute to cognitive resilience, but three concepts worth mentioning are mindfulness, constructive strong ideological identity and sensemaking.

Mindfulness refers to a cognitive state of awareness or alertness that is characterized by active information processing, openness to new information, awareness of multiple perspectives and interpretations of situations, and not being bounded to the status quo. In theory, mindfulness is required for organizations to achieve positive outcomes when environmental uncertainty is elevated (Barton & Sutcliffe, 2008) because it reinforces the effectiveness of sensemaking processes. Essentially, organizations that are "mindful" pay close attention to what is happening around them and have the cognitive capacity to act timely and appropriately when unexpected events occur (Weick & Sutcliffe, 2001). Also, mindfulness enables organizations to better manage environmental complexities by helping them to detect, process, and respond to early warning signals. Weick and Sutclifffe (2001) described five cognitive practices that constitute mindfulness: *Preoccupation with failures* (avoiding complacency and learning from failures); *Reluctance to simplify interpretations* (seek information from multiple, diverse sources); *Sensitivity to operations* (listening to others, particularly people on the frontlines who see the challenges or from other organizations and adjusting strategic programs accordingly); *Commitment to resilience* (commitment to the success of all organizational programs by purposely developing shared values and championing confidence especially when facing adversity); and *Deference to expertise* (empowering, sharing or transferring decision-making authority to the person or group with the most expertise.) Although empirical studies on

mindfulness are limited, the link between mindfulness and organizational resilience has been endorsed by other researchers (for example see, Coutu, 2002; Hoy, 2003; Vogus & Welbourne, 2003; Weick, Sutcliffe & Obstfeld, 1999).

Organizational identity refers to the collective awareness or agreement among members that the organization has certain distinctive features that distinguish the organization from its peers and competitors. Identity at the organizational level concerns capturing that which provides meaning to a level above and beyond its individual members – a self-referential meaning where the self is the collective and involves a shared understanding by the collective (Corley et al., 2006). Such self-referential meanings may be tacit or explicit, taken for granted or more consciously available (Corley & Gioia, 2003). Viewed as a property of the collective, an organization's identity defines a shared sense of "who we are as an organization" (Puusa, 2006) and correlates to organizational behavior, long range strategy, and decision-making. Young (2003) argued that clarity and consensus about organizational identity are essential elements in setting successful long-term strategy and making structural choices in a nonprofit organization. According to DeGeus (1997) research into strong surviving or enduring organizations revealed a strong sense of identity as one of four critical survival factors.

Mindfulness and organizational identity help steer and shape sensemaking processes. A key challenge for organizational leaders is to manage meaning in a way so that the collective can construct mental models that ground their understanding of or attach meaning to the achievement of desirable ends (Smircich & Morgan, 1982). To foster sensemaking, it is important that an organization's ambitions be rooted in reality (Heifetz & Sinder, 1988), therefore leaders need to frame and shape the context in a way that enables all involved to assign meaning and make sense of the situation. Changes in strategies, especially unexpected changes, have the potential to leave

significant gaps between intent and ability. In the absence of information, people are prone to create their own meanings from which they operate, which can derail the entire effort. Effectively connecting the dots, it is assumed, will bring together necessary bits of information in order for effective decision making to occur (Kronenberg & Khademian, 2009). Furthermore, having a micro-level understanding of the processes and potential barriers defining organizational performance will help leaders engage ambiguous situations, motivate the followers and build the requisite capacity necessary for achieving positive results.

It is generally accepted that organizational resilience is strongly influenced by mindfulness, organizational identity, and sensemaking processes that can positively or negatively influence organizational efforts. Coutu (2002) stresses the importance of shared values in developing organizational resiliency. She states, "strong values infuse an environment with meaning because they offer ways to interpret and shape events" (p. 52). Collins and Porras (1994) argue that "the role of a strong, value-driven, core identity that offers a prime directive for organizational choices is a prevailing theme in reports on resilient organizations" (Lengnick-Hall & Beck, 2005, p. 751). McCann (2004) describes sensemaking in the organizational resiliency context, as the process of scanning and interpreting large amounts of data and then quickly creating a hypothesis and mental model about what the organization is experiencing. Horne III (1997) argue that a "shared sense of organizational purpose/mission and interactive planning consistently appear as critical success factors in the continued resilience of organizations" (p.27).

Behavioral capacity encompasses the actions and activities that enable an organization to learn more about the situation, implement new routines and processes, and fully use its own resources and capabilities under trying conditions. Essentially, the behaviors that comprise this component are intended to create and capitalize on an organization's flexibility. Two elements,

practiced resourcefulness and counterintuitive action juxtaposed with useful habits and behavioral preparedness, combine to create behavioral resilience. Thus, behavioral resilience is attained out of a dynamic tension between behaviors that foster creativity and unconventional actions, and familiar and well-rehearsed routines that keep an organization grounded to provide the platform for inventiveness (Milojevic et al., 2010).

The organizational resilience literature emphasizes that resiliency reflects a dynamic capacity that enables organizational systems and processes designed to "retain resources in a form sufficiently flexible, storable, convertible, and malleable" (Gittell et al., 2006, p. 303; Sutcliffe & Vogus, 2003; Wildavsky, 1988; Worline et al., 2004). Other theorists espouse similar claims. Mallak (1998) defines resilience as "the ability of an individual or organization to expeditiously design and implement positive adaptive behaviors matched to the immediate situation, while enduring minimal stress" (p. 148). Smith (2002) supportes Weick's theory on sensemaking and its relationship to resilience and theorizes the importance of developing routine and role structures to halt the erosion of organizational resilience by preventing an effective response from those responsible for controlling events. Hamel and Valikangas (2003) argue that to be resilient an entity must have necessary resources available and the ability to apply or reorganize them to ensure functionality during or after a disturbance. Wildavsky (1988) argues that a key mechanism for developing resiliency is the ability of organizations to retain financial reserves in a form that is sufficiently flexible to cope with unanticipated events.

Contextual capacity provides the setting for integrating and using cognitive and behavioral resilience. Contextual factors are interconnected in that they have reciprocated effects on one another and they create a supportive organizational environment in which resilient behaviors and attributes can develop (Kanter, 1983; Kantur & Iseri-Say, 2012; Lengnick-Hall &

Beck, 2003). As a result, "organizations are better equipped to cope with external threats and changing circumstances" (Kantur & Iseri-Say, 2012, p. 767). Factors that contribute to contextual resilience are broad resource and social networks, deep social capital, and deference to expertise (Lengnick-Hall & Beck 2011; 2005).

From an organizational standpoint, social relationships are valuable assets that enable individuals to act as groups, undertake complex actions, and achieve organizational goals (Coleman, 1988; Nahapiet & Ghoshal, 1998). A predominant theme in the literature is that resiliency results from the presence of both positive relationships and the access to adequate resources (Gittell et al., 2006). Hence, this component reflects the combination of interpersonal connections, resource networks, and supply lines that provide the footing for companies to rapidly cope with and respond to disruptive changes and conditions. Essentially, organizations are embedded in a web of relational ties and networks with purposeful interactions between actors. Through collaborative actions organizational members are able to respond to environmental threats and challenges in ways that facilitate enhanced strength and competency. Lin (2001) refers to social networks as the social relationships between individual actors, groups, organizations, communities, regions and nations that serve as a resource to produce positive returns.

Social capital has been defined as an asset inherent to these social relations and networks (Leana & Van Buren, 1999). It generally refers to the value of membership or participation in these arrangements and the benefits individual entities derive from their social relationships (e.g. Adler & Kwon 2002). The literature on social capital underscores the partnerships and resources made available to an entity via reciprocal, trusting relationships (Adler & Kwon, 2002; Hitt & Ireland, 2002; Lin, 2001); and emphasizes that social networks have value, contribute to a firm's

outcomes, and can be mobilized to facilitate action (Adler & Kwon, 2002; Lin, 2001; Nahapiet & Ghoshal, 1998; Putnam ,1995). Social capital is derived from both intra- and inter-organizational relationships. Internal social capital can help build relationships inside an organization that can reduce transactions costs, facilitate communication flows, and enhance knowledge creation and accumulation (Lin, 2001; Nahapiet & Ghoshal, 1998). External social capital can help organizations build successful partnerships and coordinate actions and alliances necessary to achieve their desired goals (Adler & Kwon, 2002; Lin, 2001; Putnam, 1995). The benefits gained from deep social capital are consistent with factors linked to resilient organizations. For instance, social capital has been shown to strengthen supply chain relationships, development, commitment and performance (Byungin & Byunghak, 2013; Denhardt & Denhardt, 2010; Uzzi, 1997); organizational learning (Putnam, 1995; Robb, 2000; Weick, 1996; Wheatley, 1992); and the creation of intellectual capital (Nahapiet & Ghoshal, 1998; Sutcliffe & Vogus, 2003).

Deference to expertise refers to the ability of organizations to empower or transfer decision-making authority to the person or group with the most expertise. According to Sutcliff and Vogus (2003) "in organizational settings resilience is engendered when individuals who are most likely to have the relevant and specific knowledge necessary to make a decision and resolve a problem are given decision-making authority" (p. 103). Often this deference migrates downward rather that upward in the organizational hierarchy (Weick & Sutcliffe, 2001) because in many instances people who are better positioned to recognize the first warnings of a crisis tend to be lower ranking staff on the front lines with little to no decision making authority. As unexpected crises occur, resilient organizations endeavor to see what those on the front lines may know and have the flexibility to alter organizational structures and patterns of deference in order to make decisions quickly and accurately.

Lengnick-Hall and Beck argue that these three capacities work both independently and interactively to detect and deal with disruptive change and that resilience is achieved at the highest level when an organization has strong capacity in all three areas. Of all the frameworks available in the literature, this model provides a formal and highly structured way of viewing and defining organizational resilience; incorporates the core ideas of various theorists; and considers the psychosocial dynamics that have been shown to maintain organizational systems, which is especially important when analyzing nonprofit systems. However, little has been done to empirically test their framework.

The various frameworks presented in the core literature suggest an organization's capacity for resilience is multidimensional and can result from the assets it has in place and from the processes and activities in which it engages. For example, Masten's (2001; Masten & Reed, 2002) research shows that organization resilience can be developed through asset-focused and process-focused strategies. Assets can be characterized as tangible (inventory, facilities, funds, people, etc.) or intangible (social capital, mindfulness, trust, knowledge, etc.) resources that enable organizations to fulfill their mission. Processes are characterized by the series of actions or activities in which an organization engages that are directed toward a specific aim. While organizational assets and processes are distinct attributes the concepts are mutually dependent in that resilient organizations implement processes or engage in certain activities to acquire and exploit assets and resilient organizations have certain assets in place that enable them to engage in processes or activities to sustain functioning during crises. Thus, the models of organizational resilience presented in the literature largely suggest that resilience results from a combination of assets and processes and, therefore, tend to ascribe both to organization resiliency.

The working definition for this study refers to organization resilience as the capacity of an organization to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011). Capacity implies a set of organizational attributes that help or enable resiliency. One of the key principles of the open systems perspective carried forward in this study maintains that organizations are complex systems consisting of a collection of interrelated parts (or subsystems) that operate as a whole to accomplish an overall goal. Accordingly, assets and processes are distinct organizational attributes, yet they are mutually dependent elements that work together to help organizations fulfill their mission. In view of this relatedness, for purposes of this study an organization's assets and processes together comprise the attributes that can contribute to its capacity for resilience. Hence, the research on organization resilience supports the goals and purpose of this study. Table 3.0 highlights the key principles of organization resilience *(see bold text in shaded areas)* that helped shape and are carried forward in this study.

Table 3.0 Organization Resilience Key Organization Attributes

Open Systems Theory		Resource Dependence Theory		Organization Resilience	
Organizational Attribute	*Associated References*	*Organizational Attribute*	*Associated References*	*Organizational Attribute*	*Associated References*
Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.	Buckley, 1967; Burke, 1994; Hanna, 1998; Katz & Kahn, 1966; Scott, 1981		Aldrich & Pfeffer, 1976; Froelich, 1999; Katz & Kahn, 1978; Pfeffer & Salancik, 1978; Schmid, 2005		**Lengnick-Hall & Beck, 2005, 2009, 2011; Mallak, 1998; McCann, 2004; Robb, 2000; Weick, 1988**
Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.	Astley & Van de Ven, 1983; Buckley, 1967; Katz & Kahn, 1966; Moeller & Valentinov, 2012;		Greening & Gray, 1994; Katz & Kahn, 1966; Lan, 1991; Pfeffer & Salancik, 1978; Ulrich & Barney, 1984		**Conboy & Fitzgerald, 2004; Dernhardt & Dernhardt, 2010; Ghemawat & del Sol, 1998; Hamel & Valikangas, 2003; Lengnick-Hall & Beck, 2009; McCann, 2004; Pulley, 1997**
Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.	Bertalanffy, 1969; Daft, 2001; Katz & Kahn, 1966; Scott, 1981; Scott & Davis, 2007				**Coutu, 2002; Horne & Orr, 1998; Lengnick-Hall & Beck, 2005, 2009, 2011; Lissack & Letich, 2002; Sutcliffe & Vogus, 2003**
		Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.	Hillman et al., 2009; Katz & Kahn, 1966; Pfeffer, 1987; Saidel, 1991; Scott & Davis, 2007		**Dernhardt & Dernhardt, 2010; Gittell et al., 2006; Horne & Orr, 1998; Kantur & Iseri-Say, 2012; Lengnick-Hall & Beck, 2011; Vogus & Sutcliffe, 2007**
		Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.	Greening & Gray, 1994; Katz & Kahn, 1966; Pfeffer & Salancil, 1978; Saidel, 1991; Thompson, 1967		**Ghemawat & del Sol, 1998; Hamel & Valikingas, 2003; Mallak, 1998; Martin-Breen & Anderies, 2011; Masten, 2001; Masten & Reed, 2002; van der Leeuw, 2008**
				Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.	**Collins & Porras, 1994; Coutu, 2002; Cummings et al., 2005; Deevy, 1995; Horne, 1997; Kimberlin et al., 2011; Lengnick-Hall & Beck, 2011; Pulley, 1997; Weick, 1996**
				Organizations have effective leadership that reflects the needs of the organization.	**Burke, 1994; Deevy, 1995; Lengnick-Hall & Beck, 2011; Horne & Orr, 1998; Mallak, 1998; McCann, 2004; Pulley, 1997**

Core Literature: Nonprofit Sector Research

The external environment has become increasingly important and influential for the nonprofit sector (Schmid, 2004). As evidenced by the research, nonprofits are vulnerable to changes in supply and demand (Twombly, 2003), especially when brought on by recession or other disruptive environmental shifts. Yet, the frequency and probability of economic recessions, there is little in the scholarly literature about how nonprofits survive and thrive recessionary periods (Never, 2010). What is more, despite a growing interest in the concept of organizational resilience in the nonprofit sector, research that specifically focuses on this topic is rare. Apart from popularized treatments of nonprofit resilience in the literature, there was only a handful (if that many) of scholarly works on the subject, which tended to be theoretical in nature offering only a small body of empirical work. Alternatively, the nonprofit research does offer an extensive body of related research about the many factors can influence the success or failure of nonprofit organizations. This section provides an overview of the available scholarly nonprofit literature relevant to this study.

In one of the earliest studies on the effects of economic recession on the nonprofit sector, Liebschutz (1992) examines the impact of the 1981-82 recession on six nonprofit agencies located in Rochester, New York. Liebschutz presents a longitudinal analysis of the coping strategies implemented by these agencies during the Reagan years, a time when nonprofits experienced severe cuts in federal funding. The findings of her study show that agencies either responded by making certain cutbacks (i.e., limiting programs, staff reductions, and reducing overhead expenses) or by establishing partnerships and collaborations to provide additional services and gain access new revenue streams.

More recently, Roche (2010) conducted in-depth interviews with leaders of small to mid-size nonprofits to examine the characteristics associated with stable and vulnerable organizations during the 2007-2009 recession. Roche found that regardless of size and operation tenure, stable nonprofits better positioned to endure and survive severe and sudden revenue loss exhibited a governance and leadership function that was energized, actively engaged, and outwardly focused in relationships with donors, supporters and public officials; had a substantial and accessible volunteer corps; and developed formal risk and crisis management plans. Key findings from her research also revealed that "leaders in financially stable nonprofit organizations recognized risk-vulnerability and were more apt to employ means by which to mitigate threats, both before and after a crisis was triggered" (Roche, 2010, p. 30).

In the fall of 2010, graduate students at the Evans School of Public Affairs at the University of Washington interviewed nonprofit leaders at 37 nonprofit organizations in the Seattle area to determine how resilient nonprofits were handling the difficulties caused by 2007-2009 recession. The results of their study show that the economic downturn led resilient nonprofits to revisit their strategic plans and concentrate on alignment of their programs with their missions; actively form significant, cost-reducing partnerships; and increase earned income through fees and other charges to offset the loss of government funding. While the results of this study substantiate earlier research on organization resilience, the organizations were hand-picked by the students and therefore do not represent a random sample; thus limiting the ability to draw broad conclusions.

With the exception a few qualitative studies, much of the research studying the impact of the 2007-2009 recession on nonprofit organizations is quantitative. Recent survey data presented by the Nonprofit Finance Fund (2009; 2010; 2011; 2012; 2013), the Bridgespan Group (Foster,

Perrault, & Sable, 2009), the Johns Hopkins Listening Post Project (Salamon, Geller, & Spence, 2009), UCLA Center for Civil Society (Howard and Kil, 2009), the Urban Institute (Boris et al., 2010), and Guidestar (McLean & Brouwer, 2009; 2010; 2012) all show that the Great Recession prompted nonprofit leaders to initiate a range of innovative, resourceful, and in some cases entrepreneurial, coping strategies to help generate new revenue and stabilize operations. Survey results show that nonprofits frequently reported reducing expenses (Foster et al., 2009; Howard & Kil, 2009; Salamon et al., 2009; Boris et al, 2010; McLean & Brouwer, 2012; NFF, 2013); scaling back on programs and services (Foster et al., 2009; Boris et al., 2010); launching new or expanded fundraising efforts, sought new funding sources; (Howard & Kil, 2009; Salamon et al., 2009; NFF, 2013); forming partnerships and collaborations (Foster et al., 2009; Salamon et al., 2009; NFF, 2013); relying more heavily on volunteers (Salamon et al., 2009); improving visibility via better communications, increased marketing and advocacy (Howard & Kil, 2009; Salamon et al., 2009; NFF, 2013); and measuring outcomes and impact (Foster et al., 2009; Salamon et al., 2009).

Generally, these survey results match up with the resilience research in that the nonprofits reporting positive outcomes appeared to display cognitive, behavioral and contextual capacities. However, it should be noted that these quantitative research efforts were focused more on assessing the state of the nonprofit sector as a whole and the strategies implemented to stay afloat and cope with the effects of the recession, not on examining the organization resilience phenomenon or attributes of resilient entities. Thus, the coping strategies and factors presented may not necessarily imply resilience and cannot be directly attributed to this phenomenon. Although these survey results provide information on the range of coping strategies implemented across the sector, there still remains a need to comprehend what resilient nonprofit organizations

and their leaders actually did to thrive during and after the Great Recession. This outstanding

need suggests that a qualitative, exploratory research agenda may be better suited to gain a more

in-depth understanding about the values, decision-making, behaviors and assets ascribed to

resilient nonprofits (Babbie, 2001; Maxwell, 2005; Merriam, 2002).

Setting aside the limited research on nonprofit resilience, over the last ten years the

nonprofit literature has placed a great deal of attention on related organizational concepts such as

organizational effectiveness, sustainability, and capacity. Scholars of nonprofit organizational

effectiveness acknowledge that the concept is multidimensional (Herman & Renz, 2008), but

generally use the term to refer to organizational performance and goal attainment. Although it

has several definitions organizational effectiveness describes how effective an organization is in

achieving outcomes related to its programs and operations (Etzioni, 1964; Herman & Renz,

2008). The literature about organizational sustainability contains many different definitions and

interpretations of the term; however it is often understood to describe the tools and mechanism

necessary for the long-term maintenance of programs and services. Whereas resiliency refers to

entities exposed to external stressors that manage to fare well and demonstrate positive outcomes

(Braverman, 2001; Sutcliffe &Vogus, 2003); sustainability is more concerned with the steps

organizations take to ensure a prolonged existence so that it can continue serving its respective

stakeholders and constituents. Nonprofit capacity, in particular, has received considerable

attention from the public and nonprofit management literatures and is probably the most

developed of these three concepts in the literature. Nonprofit capacity refers to an organization's

ability to achieve its mission, sustain itself over time, and have a significant, positive impact on

lives and communities. Since the research inferred that resilience requires certain capacities that

enable organizational systems to identify, respond, and adapt to changes in their environments, the research on nonprofit capacity informs and directly relates to this study.

Nonprofit Organizational Capacity

Originating from the scholarly field of organizational behavior, the research on nonprofit capacity is grounded in open systems and resource dependence theories. Like the organizational resilience literature, the research on organizational capacity purports that it is the relationship between an organization's systems and activities and its environment that fosters organizational stability and effectiveness (Blumenthal, 2003; Campobasso & Davis, 2000; Herman & Renz, 2008; Sowa, Selden & Sanfort, 2004). The resource dependence framework emphasizes the strategic actions organization's use to adapt to environmental contingencies and secure the flow of critical resources (Bielefeld, 1994; Pfeffer & Salancik, 1978). The nonprofit literature studies the organizational attributes needed to effectively implement and perform coping strategies and to what extent possession of certain attributes can make a difference in achieveing positive outcomes (e.g., survival or resilience) or negative outcomes (e.g., failure or dissolution).

Nonprofit scholars seek to understand capacity in a variety of contexts (Christensen & Gazley, 2008; Eisinger, 2002; Ingraham, Joyce et al., 2003; Sowa, Selden et al, 2004; Yu-Lee, 2002). Because the nonprofit sector is extremely diverse, the needs and abilities of nonprofit organizations vary from one organization to the next (DeVita, Fleming & Twombly, 2001). Conceptual frameworks related to capacity have been developed and used in various nonprofit contexts such as international development organizations (e.g., Glickman & Servon, 1998), neighborhood and community groups (e.g., Chaskin, 2001), human services organizations (e.g.,

Eisinger, 2002) and other community development organizations (e.g., Glickman & Sevron, 1998).

In addition to using the term capacity in a variety of context, scholars often use the term capacity broadly (Misener & Doherty, 2009; Morgan, 2006). In his research on food assistance programs, Eisinger (2002) defines capacity as "the ability of an organization to accomplish its mission effectively" (p. 115) and emphasizes that key organizational attributes influence organizational effectiveness or mission fulfillment. Similarly, organizational capacity is defined by Yu-Lee as the "ability to perform work" (p.1); Hall et al. (2003) define it as a function of an organization's "ability to draw on or deploy a variety of types of organizational capital" (p. 4); and Honadle (1981) regards capacity as a way to measure the "survival ability of organizations" (p. 575). In effect, these definitions reinforce a common theme throughout the literature that organizational capacity is a multidimensional concept (Eisinger, 2002; Hall et al., 2003; Hou, Moynihan, & Ingraham, 2003).

The term capacity describes a wide range of abilities and resources essential for nonprofits to fulfill their missions. Even though capacity is generally framed as a set of organizational attributes that impact organizational performance, there is a divided opinion on the key elements of organizational capacity. Some authors (Glickman & Servon, 2003; Mackay et al., 2002; Rowe et al., 1999) argue that capacity refers to those technical and managerial capabilities needed to carry out primary organizational functions and accomplish established goals, while others maintain that capacity denotes the inputs, resources and systems necessary for organizations to successfully carry out their functions and provide programs and services (Lusthaus et al., 1995; Yunga et al., 2008). Because the literature has not yet identified a consistent set of elements (Misener & Doherty, 2009) what constitutes organizational capacity

tends to vary from one context to another and frameworks can differ in terms of the number and names of key elements.

Similar to the research on organizational resilience, a good part of the nonprofit research examines frameworks or specific elements of capacity. Although there is no universally accepted list, there are some commonalties found in the literature (De Vita et al., 2001; Eisinger, 2002; Hall et al., 2003). As a matter of fact, a review of the literature shows that there is overlap with the research on organizational resilience as many of the key elements of organizational resilience and nonprofit capacity are the same. Thus, another underlying assumption is that achieving organizational resilience requires "ongoing commitment to investing in building organizational capacity to respond constructively to disruption" (Hamel & Valikangas, 2003; Kimberlin, Schwartz & Austin, 2011, p. 13; Vogus & Sutcliffe ,2007). A description of the most common elements frequently cited in the nonprofit literature that overlap with the organization resilience literature follows below.

An element of capacity is clarity of mission, vision and overarching goals to steer organizational operational and programmatic strategy. This refers to the core values, principles and other guiding philosophies that provide the context that shapes organizational activities and articulates why the organization exists. In the nonprofit sector, the mission, vision and strategy communicates who the organization is, where they are going, and what they want to accomplish. Clarity and commitment to mission, vision and strategy creates a unique and powerful organizational identity, which has a strong influence on a nonprofit's operations and performance. Alignment of mission, vision, and strategy is the roadmap that guides a nonprofit's purpose and direction, especially during times of constraint. Moreover, as mentioned in the previous section, resilient organizations have continuity in that they maintain their identity.

Hence, the ability of an organizational system to maintain its identity in the face of internal change and external shocks and disturbances is often cited as an attribute of resilient organizations and high capacity nonprofits (Cummings et al., 2005; DeVita et al., 2001; Horne, 1997; Krug & Weinberg, 2004; Lengnick-Hall & Beck, 2005; McKinsey & Company, 2001).

The nonprofit literature describes the governance and leadership function as one that guides the various management and operational systems that can influence the alignment of values and purpose across the organization (Carver, 1997; Herman & Heimovics, 1991; Taylor, Chait, & Holland, 1996). Organizational leaders are expected to provide solutions, security and meaning to complex situations (Heifetz & Sinder, 1988). Smircich and Morgan (1982) claim that leadership is realized in the process, whereby one or more individuals succeeds in attempting to frame and define the reality of others (p. 258). Therefore, it is important that leaders pay close attention to how they manage themselves and their followers in the midst of difficult times. In the nonprofit sector, governance primarily refers to an organization's governing or advisory board, which is usually the ultimate decision making body of the organization with responsibility for overseeing the policies, programs, and organizational operations including review of achievement of strategic goals, financial status, and executive director performance. Leadership refers to key organizational leaders such as the chief executive and other senior management staff who have strategic responsibility for setting priorities and providing direction to the organization. However, leadership is a collective function as it can be performed by paid and volunteer staff at all levels.

According to the literature, governance and leadership roles within an organization can contribute to that organization's capacity to perform and fulfill its mission in several ways (Carver, 1997; DeVita et al., 2001; Herman & Heimovics, 1991; Taylor, Chait, & Holland,

1996). For instance, organizational leaders envision and articulate the organization's strategy; and they make decisions and establish the systems and mechanisms to achieve organizational goals (Chait & Taylor, 1989; Herzlinger, 1994). Furthermore, the governance and leadership functions can facilitate the acquisition of necessary resources, extend an organization's outreach, enhance the nonprofit's image and reputation within the community and could be instrumental in establishing partnerships, collaborations and other working relationships that advance the goals of the organization (DeVita et al., 2001; Frederickson & London 2000; Ingraham, Joyce, et al., 2003; Krug & Weinberg, 2004).

Operational resources refer to the essential elements of organizational systems that can support a nonprofit's capacity to carry out its administrative, management and program functions. The resource dependence literature maintains that organizations depend on a variety of resources for their survival, success or high performance. In his study on resource interdependencies between public and nonprofit organizations, Saidel (1991) presents six kinds of resources for nonprofit organizations: revenues, information (technology) access, legitimacy, service delivery capacity and political support. The organizational resilience research consistently identified the importance of resources in helping organizations to cope positively with unanticipated events or under challenging conditions. For instance, the findings from Gittell, Cameron, Lim and Rivas' (2006) study on organizational resilience and Meyer's (1982) study on organizational adaptations to an environmental jolt, both conclude that financial reserves coupled with a strong commitment to human resources are vital to an organization's ability to cope with environmental disturbances.

Although there are many types of resources that are important for organizational systems; three core resources are frequently associated to high capacity nonprofit performance in the

literature: human resources, financial resources, and infrastructure (Bozeman & Bretschneider, 1986; Burgess, 1975; Finn, Maher & Forster, 2006; Frederick & London, 2000; Hall et al., 2003; Ingraham, Joyce et al., 2003; Jaskyte, 2004; Kamal, 2006; Kim & Bretschneider, 2004; Misener & Doherty, 2009; Perrings, 2006).

Human resources refer to the collective competencies, knowledge, attitudes, motivation, and behaviors of individuals in the organization. How well an organization recruits, develops, and retains competent, skilled staff (paid and volunteer) can have a direct effect on other capacity elements and impact performance. Also, human resources capacity can include how the human capital (paid and volunteer) is structured within the organization. Organizational structure can determine the level of responsiveness to community needs, client demands, or external changes and constraints.

Financial resources refer to overall financial health of an organization and its ability to allocate the proper amount of funds to fulfill the mission and support operations. Financial resources include the fiscal systems and practices that enable organizations to secure revenue and support from a variety of sources. Some nonprofit scholars claim that financial capacity is the most central resource because without adequate funding nonprofits have difficulty securing other resources needed to deliver programs and services.

Infrastructure refers to the day-to-day operational systems and physical assets that contribute to the organization's capacity to function. In order to administer programs and services it is important that nonprofits have sufficient systems (e.g., strategic planning, policies, procedures manuals, and performance measures) as well as physical assets (e.g., suitable building space, requisite equipment, and up-to-date technology). Critical organizational infrastructures can be defined as the physical, social, economic or cyber assets that, if disrupted

or destroyed, would seriously degrade the ability of an organization to accomplish its mission (Moteff & Parfomak, 2004).

Collaborative capacity refers to an organization's ability to form strategic relationships that significantly advance their goals; join networks and alliances that expand their influence; and establish ties with other organizations to secure necessary resources. Organizational collaborations describe a broad spectrum or continuum of relationships that can range from client referral arrangements to formalized agreements that stipulate each partner's roles and responsibilities, to alliances and coalitions that work to address common concerns. An organization's ability to successfully collaborate may depend on the depth of other key elements, such as effective leadership, skilled human capital, financial resources, and sufficient systems and infrastructure (Arya & Lin, 2007; Chaskin, 2001; DeVita et al., 2001; Foster-Fishman et al., 2001; Glickman & Servon, 1998; Goodman, Speers et al., 1998; Hall et al., 2003; Jackson, 2009; Misener & Doherty, 2009; Page, 2003; Sowa, 2008).

Program delivery and impact refers to an organization's ability to demonstrate tangible outcomes commensurate to the resources invested and show that programs are high quality and making a difference to society. To do this, organizations must have capacity to identify outcomes and appropriate measures, collect and manage meaningful data, and use data to evaluate performance and make improvements. The ability to assess factors (internal and external) that can affect program outcomes and utilize this information to inform strategic goals can enhance organizational learning and strengthen the link between organizational strategy and program activities. A longitudinal study conducted by Alexander (2000) identifies producing results-based data to promote an impression of competency with funders as an effective adaptation strategy for nonprofit human service organizations challenged by dwindling grants and

donations. This element of capacity is mutually dependent on other factors in that it is directly impacted by other core elements, such as human resources, financial resources and systems and infrastructure (DeVita et al., 2001; Hall et al., 2003; Ingraham, Joyce, et al., 2003; Kaplan 2001; McKinsey & Company, 2001; Misener & Doherty, 2009).

Depending on organizational needs, some nonprofits may emphasize certain elements over others. Since the elements are interrelated and mutually dependent on one another, a combination of elements is necessary for nonprofits to survive and thrive (DeVita et al., 2001). Hence, capacity building frameworks often call for interaction between organizational elements in order to achieve positive outcomes (Austin et al, 2011; Jackson, 2009; McKinsey, 2001). It should be noted that nonprofits with capacity are not guaranteed to be resilient; however the parallels with the resilience literature indicate that these organizations may stand a better chance.

Nonprofit Organizational Failure

An organization's capacity to manage unplanned, disruptive change can lead to resilience or failure, if not dealt with properly (McCann, 2004). Although this study is not designed to compare resilient nonprofits to non-resilient entities, it is important to examine the literature to see what factors contribute to organizational failure and how this body of work offers additional insight and understanding of the organizational attributes of resilient nonprofit organizations.

Research on organizational failure has become increasingly important as organizations face competing pressures and changes in the current political and economic climate. Like the research on organizational resilience and nonprofit organizational capacity, the research on organizational failure stems from open systems and resource dependence theories. Scholars and practitioners often publish articles on organizational failure in the business literature, so the focus

has been on private, for-profit companies. Some organizational scholars claim their work is germane to all sectors, including nonprofits (Guy, 1989; Kaufman, 1985; Wolf, 1988). Even though nonprofits do share some similarities with private sector organizations, the nonprofit sector possesses distinct characteristics that warrant research specific to this type of organization.

Over the last decade, the nonprofit literature has increased the focus on organizational failure; however little is empirically known about the attributes most commonly associated with this phenomenon. One reason for the lack of research could be the difficulty in studying nonprofit failure. Essentially, nonprofits rarely declare bankruptcy (Greenlee & Tuckman, 2007) and they are more likely to merge with other nonprofits or simply disappear without any formal notification to respective state and federal tax authorities (Hagar et al., 1996). In addition, dissolution of a nonprofit does not necessarily imply failure as many nonprofits voluntarily dissolve once they have successfully achieved their mission. As a result, distinguishing successful nonprofits from failed nonprofit that dissolve can be difficult. Despite these challenges, there has been a recent movement in the nonprofit literature to understand determinants and indicators of unfavorable outcomes.

A number of scholars examine the organizational characteristics found in unsuccessful nonprofits. This stream of research looks at demographic indicators of organizational failure, such as age and size. For instance, youth is often considered a liability for organization survival (Stinchcombe, 1965) and there is research that supports this claim (Bielefeld, 1994). However, this finding was modified after studies showed that nonprofits between five and nine years of age might be more likely to fail than younger nonprofits or older entities that have been in operation for more than 20 years (Bruderl & Schussler, 1990; Gronbjerg, 1993; Twombly, 2003). With regard to size, research indicates that small and medium human services nonprofits are more at

risk and likely to struggle than larger organizations, especially during recession (Bielefeld, 1994; Fernandez, 2008; Galaskiewicz & Bielefeld, 1998; Twombly, 2003). Furthermore, the research suggests that the smaller a nonprofit the greater the likelihood of having difficulty attracting essential resources and performing the administrative requirements attached to certain kinds of funding (Hagar et al., 2004), and therefore, increasing its probability to fail.

Akin to the research on organizational resilience and organizational capacity, another stream of research examines specific factors that contribute to organizational failure. Moreover, the factors commonly cited in the organization failure literature mirror some of the same elements that can contribute to an organization's success. Four commonly cited contributors to organizational failure are lack of mission, ineffective leadership, deficient resources, and the inability to adapt and respond to environmental changes.

Like the research on organizational resilience, the nonprofit literature has established that clarity of mission, vision and goals can direct and shape organizational activities and influence outcomes (DeVita et al., 2001; Krug & Weinberg, 2004; McKinsey & Company, 2001). Essentially, in order to make strategic and structural choices, nonprofits must know who they are, where they are going, and what they want to accomplish (Young, 2001). Respectively, the lack of a clear mission has been shown to have unfavorable financial and organizational implications. Because the mission establishes a nonprofit's purpose and identity, an unclear mission can hinder the direction and activities an organization must undertake to achieve the desired impact.

According to RDT, the source or supplier of an organization's resources influences its patterns of behavior, goals and mission. Although resources for nonprofit organizations come from various places (e.g., government agencies, businesses, foundations, individuals, and earned

income activities) some nonprofits can easily identify a stable and steady source of funding. In this case the nonprofit may develop a high level of dependency on organizations that provide critical resources and, in some cases, even to take on the characteristics and values that are similar to those of its main funding source (Froelich, 1999; Hillman, Withers & Collins, 2009; Lan, 1991; Pfeffer & Salancik, 2003; Useem, 1987). During times of constraint, increased competition for critical resources can make a nonprofit more dependent on in-and-outside stakeholders or organizations that control needed resources. This can directly or indirectly have an adverse effect on organizational behavior and performance. For instance, organizations might change or compromise their mission and goals to meet the demands of those controlling the resources, which can interfere with the guiding principles that shape an organization's strategy and activities.

In the nonprofit sector, more often than not, when an organization's finances are constrained and leaders feel desperate to act, some nonprofits compromise (or abandon) their mission to pursue funding outside the scope of their organizational objectives and end up taking on new programs that may not align with their purpose. When nonprofits lack a clear mission or lose focus of their intended purpose they tend to judge the perceived financial sustainability as more important than the survival of the mission of the organization (Beachy, 2011). However, seeking organizational survival to the detriment of the long-term mission is ultimately self-defeating (Beachy, 2011) and can adversely affect an organization in several ways from damaging its reputation among stakeholders to jeopardizing key funding streams.

Leadership is a key element in an organization's success or failure. Fiedler (1971) claims that "an organization's success or failure, indeed its very survival, depends in large part on the leadership it is able to attract" (p.1). Typically, leadership is a collective function in nonprofits

that includes governance, the chief executive, senior leaders within the organization, and other key stakeholders that share in the responsibility of instilling a vision and making decisions that determine the direction for the organization. Because nonprofit governing boards have the ultimate decision making authority and financial oversight; ineffective boards can contribute to failure. In particular, nonprofits in decline or facing crises situations require strong leadership to turnaround and revive the organization in a timely manner, or risk termination (Kimberlin, Schwartz & Austin, 2011). Thus, having a board that is disengaged or contentious and a cumbersome governance structure can prevent a nonprofit from making imperative changes that can turn around and revive the organization ahead of its demise (Mordaunt & Cornforth, 2004).

The chief executive also plays a critical role in organizational failure. Organizations are adversely impacted if their leaders fail. Research conducted by Herman and Heimovics (1990; 1994) found that a nonprofit's chief executive is often perceived as centrally responsible for outcomes (1990) and that they are often held responsible for all successes and failures tied to the group (1994). As previously mentioned, leaders have responsibility to establish vision and purpose for the organization as well as set goals that enable a distinct direction for the nonprofit. Moreover, solid leadership ensures the provision of resources crucial to an organization's success. The significance of leadership is especially increased during periods of crises or significant change (Murphy, 2006) as strong leaders possess the wherewithal to make decisions and create order to guide their organizations through troubled times (Shelley & Jones, 1993). Incompetent leadership capacity can sabotage operations and decrease the likelihood that organizational and programmatic goals will be achieved.

Some scholars study how the lack of inputs, in particular financial resources, can cause an organization to close its doors. According to these scholars, securing and sustaining funding is

essential to nonprofit survival, thus financial resources are important to nonprofit viability (Gronbjerg, 1991; Hagar, 2001). Unlike public agencies, nonprofits do not have legally mandated budgets, nor do they have customers who may be willing to cover the costs of services provided, like for-profit businesses (Gronbjerg, 1991). Thus, this body of work draws attention to financial distress as the most cited reason for nonprofit failure (Gronbjerg, 1993; Hager 2001). For instance, Hager (2001) found that arts related nonprofits had a high rate of failure due to financial vulnerability resulting from prevalent revenue concentration and negative operating margins. In addition, government funding is viewed by many nonprofit practitioners as a form of fiscal security that may help to avert financial distress (Chambre & Fatt, 2002; Froelich, 1999; Grønbjerg, 1993). However, the literature suggests that nonprofits that heavily rely on government funds may be more likely to fail than organizations with diverse revenue streams (Gronbjerg, 1993; Hager, 2001; Hager et al., 2004; Tuckman & Chang, 1991).

Aside from financial inputs another highly valued resource mentioned in the literature is human capital (staff, volunteers, and clients). Twombly (2003) contends that to be viable, nonprofits must possess capacity or competence to meet the demands of its environment, particularly during challenging times. A study by Fernandez (2008) shows that insufficient human, financial and physical resources restrained performance and were common causes of nonprofit failure. Also, Hager, Galaskiewicz, Bielefeld, and Pins (1996) conducted a panel study of nonprofits that closed and found that personnel loss and turnover were commonly cited internal factors for closure.

The resource dependence literature assumes that control and stability of critical resources instigates power struggles such as organizational and management autonomy, dependence and interdependence between organizations and their environments. An organization makes and

effort to exchange resources that it needs for its success or survival; therefore, the stability of organizational resources can affect an organization's behavior, performance and existence. In particular, RDT suggests that the uncertainty or instability of important organizational resources can increase an organization's vulnerability by reducing its autonomy, which can negatively impact an organization's chances for survival (Pfeffer & Salancik, 2003). Provan (1980) found that an individual nonprofit organizations' autonomy regarding service delivery and decision making were weakened when the United Way, as an umbrella organization, controlled their critical resources.

Lastly, because nonprofits must continuously adapt to ever-changing environmental factors there is a small body of work that looks at the effect that shifts in the environment have on organizational failure. Rooted in open systems theory this stream of literature examines the extent to which nonprofit systems have capacity to anticipate and respond to external exigencies, such as changes in the funding environment, increased competition, technology upgrades, or changes in client needs and demands. The resilience literature highlights that resilient organizations exhibit cognitive capacity that enables them to accept, understand and make sense of the changes in their external and internal environments (Coutu, 2002; Lengnick-Hall & Beck, 2005, 2003). In contrast, nonprofits with a lack of awareness and understanding either fail to take appropriate action in response to external threats or they tend to make incremental adjustments that are too small or too slow to have a positive impact (Knauft, Berger & Gray, 1991; Wilson, 1989). Hence, an ability to adapt can lead to resilient outcomes, while an inability to adapt can lead to organizational decline and failure.

The definition of resilience employed in this study refers to the capacity of an organization. The core literature on nonprofit capacity describes common elements of

organizational capacity essential for nonprofit to fulfill their missions. Hence, the research on

nonprofit capacity supports the goals and purpose of this study. Table 4.0 highlights the key

principles of nonprofit capacity (*see bold text in shaded areas*) that helped shape and are carried

forward in this study.

Table 4.0 Nonprofit Organization Capacity Key Organization Attributes

Open Systems Theory		Resource Dependence Theory		Organization Resilience		**Nonprofit Capacity & Failure**	
Organizational Attribute	*Associated References*	*Organizational Attribute*	*Associated References*	*Organizational Attribute*	*Associated References*	***Organizational Attribute***	***Associated References***
Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.	Buckley, 1967; Burke, 1994; Hanna, 1998; Katz & Kahn, 1966; Scott, 1981		Aldrich & Pfeffer, 1976; Froelich, 1999; Katz & Kahn, 1978; Pfeffer & Salancik, 1978; Schmid, 2005		Lengnick-Hall & Beck, 2005, 2009, 2011; Mallak, 1998; McCann, 2004; Robb, 2000; Weick, 1988		**Foster et al., 2009; Hodge & Picolo, 2005; Never, 2010; Schmid, 2004; Twombly, 2003**
Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.	Astley & Van de Ven, 1983; Buckley, 1967; Katz & Kahn, 1966; Moeller & Valentinov, 2012;		Greening & Gray, 1994; Katz & Kahn, 1966; Lan, 1991; Pfeffer & Salancik, 1978; Ulrich & Barney, 1984		Conboy & Fitzgerald, 2004; Dernhardt & Dernhardt, 2010; Ghemawat & del Sol, 1998; Hamel & Valikangas, 2003; Lengnick-Hall & Beck, 2009; McCann, 2004; Pulley, 1997		**Kimberlin et al., 2011; Knauft et al., 1991; Twombly, 2003;**
Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.	Bertalanffy, 1969; Daft, 2001; Katz & Kahn, 1966; Scott, 1981; Scott & Davis, 2007				Coutu, 2002; Horne & Orr, 1998; Lengnick-Hall & Beck, 2005, 2009, 2011; Lissack & Letich, 2002; Sutcliffe & Vogus, 2003		**DeVita et al., 2001; Eisinger, 2002; Froelich, 1999; Herman & Renz, 2008;**
		Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.	Hillman et al., 2009; Katz & Kahn, 1966; Pfeffer, 1987; Saidel, 1991; Scott & Davis, 2007		Dernhardt & Dernhardt, 2010; Gittell et al., 2006; Horne & Orr, 1998; Kantur & Iseri-Say, 2012; Lengnick-Hall & Beck, 2011; Vogus & Sutcliffe, 2007		**DeVita et al., 2001; Hall et al., 2003; Frederickson & London, 2000; Jackson, 2009; Misner & Doherty, 2009; Sowa, 2008**

Open Systems Theory		Resource Dependence Theory		Organization Resilience		Nonprofit Capacity & Failure	
Organizational Attribute	*Associated References*	*Organizational Attribute*	*Associated References*	*Organizational Attribute*	*Associated References*	*Organizational Attribute*	*Associated References*
		Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.	Greening & Gray, 1994; Katz & Kahn, 1966; Pfeffer & Salancil, 1978; Saidel, 1991; Thompson, 1967		Ghemawat & del Sol, 1998; Hamel & Valikingas, 2003; Mallak, 1998; Martin-Breen & Anderies, 2011; Masten, 2001; Masten & Reed, 2002; van der Leeuw, 2008		**Bryson et al., 2003; Fernandez, 2008; Froelich, 1999; Hager, 2001; Hodge & Piccolo, 2005; Never, 2010**
				Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.	Collins & Porras, 1994; Coutu, 2002; Cummings et al., 2005; Deevy, 1995; Horne, 1997; Kimberlin et al., 2011; Lengnick-Hall & Beck, 2011; Pulley, 1997; Weick, 1996		**Beachy, 2011; Bryson et al., 2003; Devita et al., 2001; Eikenberry, 2004; Young, 2001**
				Organizations have effective leadership that reflects the needs of the organization.	Burke, 1994; Deevy, 1995; Lengnick-Hall & Beck, 2011; Horne & Orr, 1998; Mallak, 1998; McCann, 2004; Pulley, 1997		**Carver, 1997; DeVita et al., 2001; Herman & Heimovics, 1991; Kimberlin et al., 2011 ; Krug & Weinberg, 2004; Ingraham et al., 2003**

Summary

The economic shock of 2007-2009, produced new challenges and demands for the nonprofit sector and created an unstable operating environment for many nonprofit organizations that, in many cases, threatened their very existence. Risk factors such as uncertainty, stress, and anxiety combined with an organization's lack of assets and capacity to adapt led to several nonprofits having to close their doors or significantly cut essential programs and services (Boris et al., 2010). Yet, some nonprofits managed to not only maintain and survive tough times, but also flourish and achieve high levels of performance with minimal levels of dysfunction.

According to the literature, there is no formula to explain why nonprofits survive, thrive or fail. So, this begs the question, what factors and dynamics contribute to nonprofit resilience?

Because nonprofits that do not have the ability to make effective systemic adaptations in response to severe economic recession can threaten their strategic positioning and viability in the market place (Dervitsiotis, 2003; Huber & Glick, 1995); the goal of this research was to explore, after the fact, the dynamics and characteristics exhibited by resilient nonprofit entities. This study was based on the idea that resilient nonprofit organizations have capacity to successfully adapt to environmental shocks and changes in order to meet the needs of their clients and enable their organizations to thrive. With regard to this study, environmental changes have to do with the exigencies brought on by the 2007-2009 economic recession. The specific phenomenon explored in this study was organization resilience as it relates to nonprofits, which is linked to multidisciplinary bodies of knowledge. So, the conceptual frramework invoked streams of scholarly and applied research about open systems theory, resource dependence theory, organization resiliency and nonprofit organizational capacity and failure in an effort to inform the forthcoming discussion about the attributes exhibited by resilient nonprofits during and after the recession.

In summary, this multidisciplinary review of the literature and resultant conceptual framework has several implications for this study. The open systems approach provides conceptual support for understanding how organizational structure and actions and the interaction between the different components of an organizational system influence an entire system's ability to respond and adapt to environmental changes. RDT helps to explain 'how' and 'why' coping strategies are implemented to reduce certain resource dependencies as well as increase the ability of nonprofit organizations to respond resiliently to drastic constraints on

resources that once ensured their stability and sustainability. Also, RDT provides context to partially explain an organization's behavior, actions, and performance. The core literature on organization resilience defines the perspective taken in this research by explaining that resilient organizations successfully adapt to environmental shocks and crises by exhibiting three key capacities: cognitive, behavioral and contextual (Lengnick-Hall & Beck, 2003; 2005). Cognitive capacity is the ability of organizational decision-makers to intelligently analyze and respond to crises (e.g., through constructive sensemaking). Behavioral capacity refers to the actions and activities that enable organizations to effectively respond to a crisis (e.g., through learned resourcefulness). Contextual capacity refers to the ability of organizations to create an environment that supports the development of resilience (e.g., through social networks and deep social capital). The literature further indicates that the potential for resilience at the organizational level is increased when all three capacities are maximized. Correspondingly, the core nonprofit literature has implications for the nonprofit organizations studied. This stream of literature implies that nonprofit organizations with certain capacities will be better positioned to achieve resilient outcomes.

This study refers to resilience as the capacity of an organization to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011). To better understand what is meant by an organization's capacity for resilience, the goal of this study is to explore the attributes exhibited by resilient nonprofit organizations. The existent multidisciplinary literatures on open systems, resource dependence, organization resilience and nonprofit capacity and failure enhance understanding of the organization resilience phenomenon and, therefore, inform the conceptual framework. These literatures were selected because they have direct applicability to the exploration of resilient

nonprofit organizations and they highlight a wide range of organizational attributes that contribute to or hinder an organization's ability to survive and thrive environmental changes and threats. This chapter outlines the key principles from each body of research that helped shape and are carried forward in this study.

Looking across the literatures, the key principles drawn from the research reveal a high degree of overlap and commonalities. So, to avoid repetition and narrow the scope of information relevant to the exploration and understanding of organization resilience as it relates to nonprofit organizations, the key principles carried forward from the four streams of scholarly and applied research were reviewed and synthesized to construct a conceptual framework that integrates those organizational attributes posited to contribute to an organization's capacity to achieve resilient outcomes (see Table 5.0). The attributes included in Table 5.0 represent the distinct bodies of research and collectively constitute a conceptual framework of the attributes of resilient nonprofit organizations.

The conceptual framework was developed from the literature to structure and guide the direction of this research, provide context for interpreting and explaining the research findings, and deepen understanding of the organization resilience phenomenon. Table 5.0 borrows from each of the streams of research and captures seven attributes theoretically linked to resilient organizations. According to the literature a nonprofit's performance is multidimensional and usually cannot be attributed to a single factor or measure (Herman & Renz, 2008; Jamrog, Vickers, Overholt & Morrison, 2008). Consistent with this premise, the attributes included in the conceptual framework are interrelated and mutually dependent on one another. In essence, some organizations may emphasize certain attributes over others; therefore it is assumed that a combination of attributes is necessary for resiliency. The research, however, does not underscore

the relationships between the attributes or specify agreement on the key attributes of resilient nonprofit organizations.

There is little formal, scholarly research that focuses on resilient nonprofit organizations. By empirically exploring the multiple dimensions of resilient nonprofit organizations, this study is a step towards filling that void. Conducting this study of resilient nonprofit organizations post-recession, will enable researchers to gain a deeper understanding of the attributes exhibited by these outlier groups and what they mean for the nonprofit sector when facing severe economic challenges or crises. The findings of this research could ultimately influence nonprofit operations and offer practical applications to weaker nonprofits struggling to survive and recover from recession. The next chapter outlines the case study methodology employed in this study.

Table 5.0 Consolidated List of Organizational Attributes Referenced Across the Open Systems, Resource Dependence, Organization Resilience, and Nonprofit Capacity and Failure Literatures

	Open Systems Theory	Resource Dependence Theory	Organization Resilience	Nonprofit Capacity & Failure
Organizational Attributes	*Associated References*	*Associated References*	*Associated References*	*Associated References*
Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.	Buckley, 1967; Burke, 1994; Hanna, 1998; Katz & Kahn, 1966; Scott, 1981	Aldrich & Pfeffer, 1976; Froelich, 1999; Katz & Kahn, 1978; Pfeffer & Salancik, 1978; Schmid, 2005	Lengnick-Hall & Beck, 2005, 2009, 2011; Mallak, 1998; McCann, 2004; Robb, 2000; Weick, 1988	Foster et al., 2009; Hodge & Picolo, 2005; Never, 2010; Schmid, 2004; Twombly, 2003
Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.	Astley & Van de Ven, 1983; Buckley, 1967; Katz & Kahn, 1966; Moeller & Valentinov, 2012;	Greening & Gray, 1994; Katz & Kahn, 1966; Lan, 1991; Pfeffer & Salancik, 1978; Ulrich & Barney, 1984	Conboy & Fitzgerald, 2004; Dernhardt & Dernhardt, 2010; Ghemawat & del Sol, 1998; Hamel & Valikangas, 2003; Lengnick-Hall & Beck, 2009; McCann, 2004; Pulley, 1997	Kimberlin et al., 2011; Knauft et al., 1991; Twombly, 2003;
Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.	Bertalanffy, 1969; Daft, 2001; Katz & Kahn, 1966; Scott, 1981; Scott & Davis, 2007		Coutu, 2002; Horne & Orr, 1998; Lengnick-Hall & Beck, 2005, 2009, 2011; Lissack & Letich, 2002; Sutcliffe & Vogus, 2003	DeVita et al., 2001; Eisinger, 2002; Froelich, 1999; Herman & Renz, 2008;
Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.		Hillman et al., 2009; Katz & Kahn, 1966; Pfeffer, 1987; Saidel, 1991; Scott & Davis, 2007	Dernhardt & Dernhardt, 2010; Gittell et al., 2006; Horne & Orr, 1998; Kantur & Iseri-Say, 2012; Lengnick-Hall & Beck, 2011; Vogus & Sutcliffe, 2007	DeVita et al., 2001; Hall et al., 2003; Frederickson & London, 2000; Jackson, 2009; Misner & Doherty, 2009; Sowa, 2008
Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.		Greening & Gray, 1994; Katz & Kahn, 1966; Pfeffer & Salancil, 1978; Saidel, 1991; Thompson, 1967	Ghemawat & del Sol, 1998; Hamel & Valikangas, 2003; Mallak, 1998; Martin-Breen & Anderies, 2011; Masten, 2001; Masten & Reed, 2002; van der Leeuw, 2008	Bryson et al., 2003; Fernandez, 2008; Froelich, 1999; Hager, 2001; Hodge & Piccolo, 2005; Never, 2010
Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.			Collins & Porras, 1994; Coutu, 2002; Cummings et al., 2005; Deevy, 1995; Horne, 1997; Kimberlin et al., 2011; Lengnick-Hall & Beck, 2011; Pulley, 1997; Weick, 1996	Beachy, 2011; Bryson et al., 2003; Devita et al., 2001; Eikenberry, 2004; Young, 2001
Organizations have effective leadership that reflects the needs of the organization.			Burke, 1994; Deevy, 1995; Lengnick-Hall & Beck, 2011; Horne & Orr, 1998; Mallak, 1998; McCann, 2004; Pulley, 1997	Carver, 1997; DeVita et al., 2001; Herman & Heimovics, 1991; Kimberlin et al., 2011; Krug & Weinberg, 2004; Ingraham et al., 2003

CHAPTER 3:

RESEARCH METHODS

Introduction

The purpose of this research was to learn about the attributes exhibited by resilient nonprofits during and after the 'Great Recession' of 2007-2009. Although there have been six recessions recorded in the U.S. since 1970 there is little in the scholarly literature on nonprofits that have endured and thrived severe past recessionary periods or that address 'why' 'how' and 'what' nonprofit organizations and managers actually do to effectively continue carrying out the mission of their organizations during severe economic downturns. To address this gap in the research, this study used a qualitative, case study approach.

In designing this study of nonprofit resilience the case study methodology addressed issues of validity and reliability by using a case study protocol, conducting a pilot case, selecting seven case organizations and examining several data sources. The data for this study were collected from semi-structured interviews with the executive directors of each case organization and document analysis. Chapter three presents a review of the research design and methods selected for this study and explains case selection, data collection, and data analysis techniques.

Description of the Research Design

A qualitative, multiple case study research design was selected as the method to explore the organizational attributes of resilient nonprofits for two reasons. First, as discussed in the literature review, with the exception of a few qualitative studies, much of the research that examined how nonprofits survive and cope during economic recessions is quantitative. While

this survey data identified interesting trends, they did not offer much understanding about the activities and dynamics exhibited by resilient entities. Bromley (1986) claimed that case studies have a broader scope than quantitative studies, which tend to be rather narrow in their focus. Fittingly, the objective of this research was broad in that it aimed to explore and describe the complex web of organizational systems, activities, and dynamics of resilient nonprofit organizations. According to Schein (1988) "The key to understanding what makes an organization more or less effective in how it does things . . . One must understand various processes—how goals are set, how the means to be used are determined, the forms of communication used among members, their processes of problem solving and decision making, how they run meetings and groups, how superiors and subordinates relate to each other, and ultimately how leaders lead" (p.15). So, to explore the attributes of resilient nonprofits, this study employed a process approach that allowed the researcher to analyze organizational systems and behaviors that may not be easily quantified.

Research about organizational behavior and theory rely heavily upon process approaches to provide contextual information relevant to understanding and creating a more complete picture to ways in which various organizational factors can affect resilient outcomes. Process approaches are designed to probe and identify organizational inputs, actions and events to link these activities into cohesive wholes, while also offering distinct descriptions, to explain how a particular phenomenon evolved (Mohr, 1982). The literature review maintained that organizational behavior is the outcome of various interlinked systems and subsystems that are interrelated and mutually dependent on one another. Hence, to explore the attributes of resilient nonprofit organizations requires an approach that enables an in-depth examination of these underlying components and how they interact. The relatedness of the elements makes it difficult

to examine each one in isolation; therefore the literature supports an exploratory process approach as the most appropriate methods of empirical inquiry to better understand these subtleties and dynamics.

According to Merriam (2002) case studies are the most appropriate method to evaluate and describe a process as this approach encourages thinking in story lines rather than events. Qualitative studies are rendered useful where organizational processes are involved, as process explanations tend to be presented as narratives (Hult, Walcott, & Weko, 1999) to foster deeper understanding and derive meaning from the series of occurrences (Polkinghorne, 1995). According to Stake (1995) "To sharpen the search for understanding, qualitative researchers perceive what is happening in key episodes or testimonies, and represent happenings with their own interpretation and stories (i.e. narratives). Qualitative research uses these narratives to optimize the opportunity of the reader to gain an experiential understanding of the case" (p. 40). Based on the objectives of this study, it made sense to apply a process lens to explore the organizational attributes of resilient nonprofits during and after the recessionary period. Hence, a multiple case study approach enabled the researcher to probe more deeply into areas that quantitative research may be too rigid to access (e.g., organizational culture and motivations for making certain decisions) and capture linkages between key capacities, assets, actions and events that are often lost in quantitative studies.

Second, with regard to this study, the phenomenon examined was organizational resilience, with specific emphasis on nonprofit providers. Despite a growing interest in the concept of organizational resilience, research that specifically focuses on this phenomenon is rare. While it has gained traction in the organization and business literatures, the concept of

organizational resiliency remains abstract and theoretical. Therefore, this study endeavored to present a more concrete picture of the organization resilience phenomenon.

Qualitative research seeks to understand a phenomenon via the information and insights of participants gained through a process of inquiry. Yin (2003) wrote that "in general, case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over events, and when the focus is on contemporary phenomenon within some real-life context" (p.1). Since organization resilience has received little systematic research exploration the case study approach was chosen as a suitable method to gain new knowledge, provide a deeper understanding and present a more vivid portrayal of this phenomenon (Merriam, 2002).

Case study research requires gathering data from key sources to analyze the depth and breadth of complex phenomena (Babbie, 2001). The qualitative researcher poses broad, general questions and analyzes the information for descriptions and themes to portray a picture for the reader (Creswell, 2007). This entails studying a relatively small number of people or sites to collect and present data from the participant's viewpoint. Generally, case study researchers select a few cases, but generally work with a large number of variables (Creswell, 2007). The data provided by multiple cases differ and are much richer than those from a single case study, therefore expanding the research scope and potential for replication (Yin, 2003). Multiple cases are comparable to multiple experiments, so the more cases that can be chosen to establish or refute a theory, the more robust are the research outcomes.[10] As this study explored the various attributes of resilient nonprofit organizations, seven organizations were selected for examination.

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[10] In the multiple case study design there are no firmly established rules about how many cases are required to satisfy the requirements of the replication strategy. However, Yin (1994) suggests that typically six to ten cases are sufficient to "provide compelling support for the initial set of propositions" (p.46).

A multiple case study approach enabled the systematic examination of individual, yet interconnected cases comprised of numerous parts or members. While individual cases have their own distinctive dynamics and characteristics to take into consideration; the appeal of a multiple case study approach rests in the "collection of these cases or in the phenomenon exhibited in those cases" (Stake, 2006, p.vi). To gain a more robust understanding of resilient nonprofit organizations individual cases were selected from whom the researcher could receive authentic descriptions of the organizational systems and processes (Stake, 2006). Each case in this investigation has its own unique experience of achieving resilience; however, the significance of this investigation lies in the total picture generated from characterizations of the resilient organizations selected for this study. Because exploratory case studies aim to explore a phenomenon of interest and deepen the understanding of the underlying processes and dynamics the case study methodology was further justified (Merriam, 2002).

Stake (2006) conveyed a process for qualitative, multiple case study research that involves (a) deciding upon the issues to be researched; (b) developing a relevant central research question; (c) defining data sources and data-gathering activities; (d) organizing, examining, and analyzing the collection of data; and (e) reporting the findings using a cross-case analysis. This study followed the procedures outlined by Stake (2006). Creswell (2007) expressed that qualitative research allows for the emergence of a general pattern of understanding as it starts to merge into themes. Once the individual studies were organized and their unique dynamics and experiences examined, attributes common to all seven sites were analyzed. In this study, the researcher conducted a thematic analysis across the cases to examine and reported the common themes (Stake, 2007).

Case Selection

Case organizations were identified using a multi-step process. First, a workable definition of what constitutes a resilient nonprofit organization for this study was created. The conceptual framework revealed that organizations successfully adapt to environmental shocks and crises by exhibiting a range of attributes. This research informed the criteria that was used to screen and select each nonprofit organization for case analysis. Essentially, based on these criteria the researcher focused on purposive sampling which is a "qualitative inquiry that typically focuses on relatively small samples…selected purposefully to permit inquiry into an understanding of a phenomenon in depth" (Patton, 2002, p. 46). Purposive sampling of cases is used to provide an intensive examination of a specific subject or event (see Babbie, 2001; Patton, 2002, p. 46; Yin, 1989, p. 48).[11] Since purposive sampling selects cases in order to increase understanding and describe a particular group in depth, only the organizations that met the criteria listed below and were willing to contribute to this study were asked to participate.

Selection Criteria:

- Geographical location – This study only considered nonprofit organizations that operate in Virginia. Limiting the locations to one state helped to understand how organizations achieved resiliency despite facing similar challenges, conditions, and resources as their peers. This study covered a mix of organizations from rural, urban and suburban areas, in order to capture a range of local level social, political, and economic contexts that can influence the attributes exhibited by resilient nonprofits. Selecting a range of cases allowed the researcher

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[11] Purposive sampling, also known as purposeful, judgmental, selective or subjective sampling, is a common type of non-probability sampling technique that involves the deliberate selection of certain cases to include in a study because they have particular characteristics that are of interest to the researcher. According to Patton (1990), the "logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research, thus the term purposeful sampling" (p. 169).

to gain greater insights into organization resilience by looking at it from various angles. This strategy enabled the identification of common themes or principle outcomes across the sample.

It should be noted that there is significant difference between the scope and scale of nonprofits operating in Northern Virginia and in the rest of the state (Salamon & Geller, 2012). Northern Virginia encompasses two of Virginia's largest urbanized areas (Arlington and Alexandria); is home to the largest number of nonprofits in Virginia (39 percent); and possesses a high concentration of the state's economic resources and activities, wealth and affluence (Okos, Goren & Cassidy, 2012; Salamon & Geller 2012). Compared to the rest of the state, the Northern Virginia area fared better during the Great Recession, experiencing a lesser extent of damage and negative impact. Nevertheless, Northern Virginia was not immune to the effects of the housing and economic downturn.[12] While resilient nonprofits in northern Virginia responded to and adapted in conditions that may be different from the rest of the state, including these entities in this study helped to identify common patterns that represents a cross-section of resilient nonprofit organizations and present a broader picture of this phenomenon.

- Type of nonprofit – This study was limited to public-serving charitable organizations with 501(c)(3) status since these organizations reported the highest increase in demand for services during the recession (McLean & Coffman, 2009). To narrow the scope of providers, this study focused solely on organizations that primarily deliver services related to workforce

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[12] Despite the unique context in which Northern Virginia nonprofits operate, these organizations faced threats to their survival and ability to thrive. Often overlooked are the large pockets of poverty in Northern Virginia, and the effects of the recession on low income residents and the nonprofits that provide social service to these communities. The collapse of the housing market and high employment increased the demand for assistance for many Northern Virginia area nonprofits. The growing demand coupled with government spending cuts and increased competition for funding placed significant pressures on nonprofit operations in Northern Virginia (Allerd & Roth, 2010; Okos, Goren & Cassidy, 2012).

development or housing. Because employment and housing were two prevalent issues impacted by the economic downturn, these types of nonprofit organizations faced similar challenges and were intimately involved in providing services in communities across Virginia during and after the recession. Nonprofit type was verified by accessing the organization's website and checking the NTEE[13] classification.

According to the literature, size and age can have some bearing on a nonprofit's likelihood of success and failure. Nonprofits that managed to thrive during and after the recession despite their size and age, exemplified resiliency. Because large nonprofits are less likely to struggle, even during recession, this study only included small and medium size nonprofits with average annual revenues up to a maximum of $1,500,000 between 2006 and 2011. Because there is no formal agreement on what constitutes a small, medium or large nonprofit organization, research studies define size in many different ways (e.g., budget, number of staff, client base, etc.) and use a variety of break downs for each category. For purposes of this study small nonprofit organizations are defined as those having an average revenue of $499,999 or less and medium nonprofits are defined as having average revenues between $500,000 and 1,500,000.

Moreover, nonprofits that have been in operation for more than 20 years or less than five years are less likely to fail. Therefore, this study only considered organizations that had been in operation at least five years, but no more than twenty years when the recession began in 2007. The age of the organization was confirmed based on the year it was approved by the Internal Revenue Service as a 501(c)(3), tax-exempt, charitable organization.[14]

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[13] The National Taxonomy of Exempt Entities (NTEE) system is used by the IRS and the National Center for Charitable Statistics (NCCS) to classify nonprofit organizations.

[14] The IRS ruling date is the approximate year the organization was founded.

- Financial health – The literature suggests that resilient nonprofits have behavioral and contextual capacity to access and allocate the proper amount of resources to fulfill the mission of the organization. Because the purpose of this study was to further understand and describe the attributes of resilient nonprofit organizations, information-rich cases were sought to draw meaningful insights and generate understanding of this phenomenon. Thus, this study only included nonprofit organizations that demonstrated reaching or exceeding their pre-recession[15] financial capacity as of December 2011. While financial resources are important to a nonprofit's viability, as discussed in the literature review, researching failed or dissolved nonprofit can be challenging. Distinguishing successful nonprofits from failed nonprofit that dissolve can be difficult since nonprofits rarely declare bankruptcy (Greenlee & Tuckman, 2007) and they are more likely to merge with other nonprofits or simply disappear without any formal notification to respective state and federal tax authorities (Hagar et al., 1996). In addition, dissolution of a nonprofit does not necessarily imply failure as many nonprofits voluntarily dissolve once they have successfully achieved their mission.

  To objectively establish whether a nonprofit maintained or exceeded their pre-recession funding levels, the researcher reviewed publically filed IRS data. The quantitative data available about nonprofits focus mostly on budget information filed on 990 returns to the IRS. Budget data is useful for gauging things like revenue growth, spending trends, and fiscal capacity. Financial health was confirmed via an initial examination of the 990 returns filed between 2006 and 2011.

- Commitment to mission, programs and services – According to the literature, resilient organizations possess cognitive capacity and are able to maintain their identity when facing

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[15] For purposes of this study the term 'pre-recession' refers to the peak output level timing of December 2007. Therefore, cases selected for this study.

internal changes or external shocks (Cumings et al., 2005). Consequently, another criterion

for information-rich case selection was continuity of pre-recession functions, services, and

identity (Walker et al. 2006). Stability of organizational missions, programs and services

were confirmed by accessing the organization's website and reviewing the 990 returns filed

between 2006 and 2011.

The second step in the selection process entailed utilizing two national databases to

search for nonprofit organizations that met the resilience criteria for this study. The National

Center for Charitable Statistics (NCCS)[16] and Guidestar, Inc.[17] were used to generate a list of

registered nonprofits operating in Virginia. This list was narrowed down to seventeen

organizations that had 1) an IRS approved 501(c)(3) status as of 2002 or older; 2) a classification

of or related to workforce development or housing and shelter; 3) an average annual revenue up

to a maximum of $1,500,000; and 4) available 990 filings between 2006 and 2011 that show the

organization either reached or exceeded their pre-recession level of financial operations.

The last step in the selection process was sending a recruitment letter (see Appendix A)

to the executive director of each organization via email asking them to participate in the study.

Seven executive directors replied that they were willing to participate in the study. Subsequently,

each executive director was asked to sign an informed letter of consent (Appendix B) and return

it to the researcher before the scheduled interview occurred. Next, phone or in-person interviews

were scheduled with each executive director.

Although the selected cases have several commonalities in terms of their programs and

services, there was a diverse cross-section of organizations which helps to maximize the

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[16] The National Center for Charitable Statistics (NCCS) is a clearing house of data on the U.S. nonprofit sector in the United States and can be accessed at http://www.nccs.urban.org.

[17] GuideStar is an information service specializing in reporting on U.S. nonprofit organizations. GuideStar also serves to verify that a nonprofit organization is established and that donated funds are used as intended. The website can be accessed at http://www.guidestar.org.

applicability of the study to a wider range of environments. The nonprofits in this study operate in a mix of rural, urban and suburban areas located in the northern, central or southwestern regions of the state. They reflect various sizes and ages, and have a range of funding streams; staff structures; and client populations (see Table 6 for descriptive statistics of the cases studied).

Table 6. Description of Case Organizations

Org	Regional Location	Age when recession began in 2007	Size	Average Revenue	Average Expenditures	Current revenue ≥ Pre-recession revenue	Continuity of mission, programs and services
Pretest	Northern	13	Mid	652,940	548,684	Yes	Yes
1	Northern	7	Small	428,338	379,407	Yes	Yes
2	Central	9	Mid	1,359,196	1,336,378	Yes	Yes
3	Central	12	Small	280,320	239,769	Yes	Yes
4	Central	12	Mid	1,449,379	1,411,146	Yes	Yes
5	Southwest	10	Small	180,675	169,650	Yes	Yes
6	Southwest	14	Mid	761,931	802,376	Yes	Yes
7	Southwest	19	Small	276,530	237,424	Yes	Yes

Source: Urban Institute, National Center for Charitable Statistics, Core Files (2011-2006)

Data Collection

For this study, data collection consisted of semi-structured interviews and a review of pertinent documents. Data were collected over a 9-month period from July 2012 through March 2013. Data collection involved seven semi-structured interviews that lasted between 60 and 90 minutes and took place either in-person or via telephone; and analysis of documents including 990 filings, annual reports, and other relevant organizational documents. Organizations were asked to provide other supporting documentation relevant to gaining an understanding of resiliency as it relates to that specific group.

The unit of analysis was the organization; therefore, the data collected centered on organizational capacity rather than on the ability and skills of individual managers or employees

(Appelbaum & Donia, 2001). The literature review provided in chapter two established open systems theory as the theoretical foundation for this research. The open systems perspective views organizations as a collection of systems and subsystems that interrelate and mutually contribute to the overall mission of the organization as a whole. Analyzing each component in isolation is difficult and, at times, impossible. Therefore, the performance of the whole system is greater than the sum of the performance of its parts. In this study, organizational resilience is viewed as a phenomenon manifested in the collective ability of an organization's systems and subsystems to respond and adapt to environmental changes. So, in line with the open systems perspective and the objectives of this study, this research took a broader view of the case organizations by exploring the collective impact that individuals, groups, structure and other components had on an organization's capacity for resilience.

The instrumentation for data collection consisted of developing an interview protocol (Appendix C). The model of organization resilience presented by Lengnick-Hall & Beck (2003; 2005) informed the data collection and analysis for this study. As discussed in chapter two, their model offered a solid basis to systematically explore resilient nonprofits. Cognitive resilience is an organization's capacity to make sense of environmental changes and intelligently analyze and respond to crises. Research suggests that certain factors, such an organization's culture and processes (tangible and intangible), contribute to the ability to notice, interpret, analyze, and formulate responses to unplanned situations (Lengnick-Hall & Beck, 2009).   The interview protocol included the following questions intended to explore cognitive capacity:

- What is the mission of your nonprofit?

- How has your organization traditionally dealt with challenges?

- When and how did organization realize that this economic slowdown was going to be different?

- When or how did organization recognize/identify the effects of the recession on operations?

- What were key challenges encountered because of the recession?

- How does your organization's current state compare to its pre-recession state?

- Are there things you would do differently if you had to do it all over again?

- What suggestions do you have for other nonprofits about improving their resilience capacity?

Behavioral resilience is an organization's capacity to coordinate actions to adjust its structures and processes to achieve positive outcomes during times of change and uncertainty. It is reflected in the actions taken to promptly respond to unforeseen circumstances and allows the organization to efficiently adapt and achieve change with minimal dysfunction. Behavior capacity enables organizations to cope with and recover quickly from crises and unplanned events. The interview protocol included the following questions intended to explore behavioral capacity:

- How has your organization traditionally dealt with challenges?

- When or how did organization recognize/identify the effects of the recession on operations?

- What were key challenges encountered because of the recession?

- How did your organization address challenges?

- Are there any innovative or new practices that your organization implemented?

- How is your organization preparing for future recessions/crises?

Contextual resilience is an organization's capacity to create an environment that supports the development, integration and application of cognitive and behavioral capacities. Research suggests that factors such as social capital and intra and inter organizational relationships contribute to this attribute and enable organizations to cope with and respond to crises. The interview protocol included the following questions intended to explore contextual capacity:

- What is your position/role?

- How is your organization known to others/characterized by others in the community?

- Does your organization collaborate/partner with other nonprofits?

- What conditions or factors contributed to your organizations capacity for resilience?

Prior to starting data the collection, the researcher pre-tested the instrument with a current executive director of a mid-sized housing nonprofit and a seasoned former nonprofit senior staff executive. The pretest allowed the examination of the interview instrument as well as feedback on the usefulness of the protocol. Revisions to the interview protocol were made based upon their feedback and comments. Two questions were eliminated and several questions were reordered. The final interview protocol consisted of seventeen questions. The interview protocol and related recruitment letter were approved by the Institutional Review Board (IRB) (Appendix D).

Interviews were semi-structured with open-ended questions and were conducted with the executive director at each case organization.[18] Each respondent was asked a core set of questions; however the researcher posed probing questions to stimulate further insights on

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[18] This study was designed to explore the resilience capacity of organizations, so the researcher targeted individuals most likely to have insights into the systems and processes of the entire organization and how they interact. In small and medium nonprofits, the executive director typically has a broad reach and a wider range of responsibilities than leaders of larger organizations. The relatively smaller size of their workforces promotes more centralized decision-making, therefore it is not uncommon for executive directors of small and medium nonprofits to make or be involved with virtually all the strategic and operational decisions.

certain issues. All interviews were digitally recorded then transcribed by the researcher. The transcripts served as the primary data sources therefore, the transcribed interview data was reformatted to assign line numbers that were used as identifiers for cross referencing the data. Upon completion of the study, interview recordings and notes were stored in a password protected file and will be destroyed after three years.

Data Analysis

This study followed the multiple case study design where the data were analyzed case by case through thematic analysis followed by cross-case analysis (Stake, 2006). Analysis of interview transcripts and organizational documents was completed for each case. In addition, themes common to all cases were reviewed for a cross-case analysis. With regard to the thematic analysis, Braun and Clarke's (2006) step-by-step guidelines were followed. These guidelines suggest (1) familiarizing yourself with your data, (2) generating initial codes, (3) reading through each transcript to get immersed in the data, (4) reviewing themes, (5) defining and naming themes, and (6) producing the report. For this qualitative study, the researcher followed the procedures for merging findings recommended by Stake (2006) who describes three different cross case procedures for a multiple case study.

The analysis process was deductive in that the main coding scheme was derived from the conceptual framework.[19] Specifically, the categories were based on the four streams of literature in the conceptual framework that suggest resilient organizations exhibit the following key organizational attributes:

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[19] Deductive content analysis is appropriate for studies that intend to explore and describe a phenomenon or verify an existing theory (Zhang & Wildemuth, 2009).

- Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.

- Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.

- Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.

- Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.

- Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.

- Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.

- Organizations have effective leadership that reflects the needs of the organization.

The coding process occurred over multiple steps. The interview transcripts were initially examined closely to search for specific pieces of data that 'fit' into these categories and could be coded under these headings. Each case was examined across these attributes. Key words, phrases, sentences or paragraphs from each transcript were cut and pasted into these main categories. To ensure that each unit of text was traceable to its original context the text line and case reference numbers also were entered in each corresponding box. In some instances a unit of

text was coded into two different categories.[20] Subsequently, within each of the primary

categories the data was reexamined to look for secondary patterns and further reduced to reveal

findings.

To better understand the attributes of resilience the next step of the data analysis process

entailed further analysis of the interview transcripts and organizational documents to elicit

themes about the attributes exhibited by resilient nonprofit organizations. The data provided rich

context on the attributes of resilient nonprofit systems (e.g., structure, culture, resources, assets,

activities, processes, etc.) which present a more concrete picture of the organization resilience

phenomenon. Subsequently, the data was reexamined to look for secondary patterns and further

reduced to reveal findings. As themes emerged they were identified, defined and interpreted to

present a more concrete picture of the organization resilience phenomenon. (research results are

presented in chapter four).

Validity and Reliability

Credibility of this study was accomplished through triangulation by utilizing several

methods to gather data. According to Creswell (2007, p. 202), the process of triangulation

"involves corroborating evidence from different sources to shed light on a theme or perspective."

In this study, data from interviews and organizational documents were used to identify major

themes related to nonprofit organizational resilience and ensure the credibility of the research.

Moreover, the use of multiple cases enhanced validity and contributed to the reliability of

the findings (Brannick & Roche, 1997; Miles & Huberman, 1984) by providing replication of the

findings and strengthening the analysis and subsequent theory development. In this study, the

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[20] Qualitative analysis allows the researcher to assign a unit of text to more than one category simultaneously
(Tesch, 1990).

mix of geographical locations and local settings, and selecting a diverse cross-section of workforce development and housing providers further enhanced the validity and reliability of the findings.

Limitations

With respect to this study, the case study methodology provided detailed, rich qualitative information that provided a fuller understanding of what resilient nonprofit organizations look like in practice. In spite of this, the limits of this approach must be taken into consideration. Although qualitative data are key to understanding organizational behavior, in practicing case study research, the researcher relied on respondents to retrospectively recall information. The ability to accurately recall events can be altered by the amount of time elapsed since their occurrence and with their frequency, thereby increasing the opportunity for recall omissions, memory lapses or distortions (Grele, 1998). The researcher probed and asked for specific examples and stories of events to help address this concern.

Another limitation is the possibility of respondents tailoring their responses in a way that presents a positive image of themselves and their organizations by calling attention to certain details and events, while lessening the importance of, or omitting others (Pasupathi, 2001). To help alleviate this possibility the researcher ensured the privacy of the interview and the confidentiality of any information obtained from it.

In addition, the effects of the recession varies from state to state and also from place to place (e.g., Northern Virginia and the rest of the state), but this study only looked at one state (Virginia), so there may be limitations on whether the conclusions drawn from this study can be applied elsewhere. Also, this study was limited to workforce development and housing and

shelter organizations; therefore, it may be difficult to determine if the cases examined can be generalized to the wider population of human services nonprofits.

Summary

As discussed in chapter two, there is a lack of information on organizational resilience, especially as it relates to nonprofit organizations. To address this gap, this chapter explained the research methodology employed in this qualitative, multiple case study. The cases were discussed as well as procedures for case selection, data collection, and data analysis. The researcher also described strategies to strengthen validity and reliability and addressed the limitations of this study. The research results are presented in the next chapter.

CHAPTER 4:

FINDINGS AND ANALYSIS

Introduction

Fluctuations in the economy can be expected, which means the nonprofit environment is ever changing. Yet, there is little in the scholarly literature about how nonprofits survive and thrive recessionary periods (Never, 2010). According to the literature, resilient nonprofits are better positioned to achieve positive outcomes during times of stress and environmental change. So, understanding resilience and the factors that contribute to an organization's capacity for resilience is more important than ever. Gaps in the existing literatures about organizational resilience and nonprofit capacity to survive, and even thrive, economic recessions inspired this study to explore the attributes exhibited by resilient nonprofit organizations during and after the Great Recession of 2007-2009.

The conceptual framework developed in chapter two offers a research agenda to explore the attributes of resilient nonprofit organizations. As suggested in the literature, an exploratory study is a reasonable starting place to gain a more in-depth understanding about the attributes posited in the conceptual framework to determine the extent to which those assets and processes align with the research (Babbie, 2001; Maxwell, 2005; Merriam, 2002). The following framework emerged from the research:

- Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.

- Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.

- Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.

- Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.

- Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.

- Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.

- Organizations have effective leadership in place that reflects the needs of the organization.

The conceptual framework was developed from the literature to structure and guide the direction of this research, provide context for interpreting and explaining the research findings, and deepen understanding of the organization resilience phenomenon. In this chapter the findings are presented in light of the conceptual framework, drawing comparisons, highlighting new insights and suggesting connections among the attributes. The findings offer a more complete picture of how resiliency takes shape and translates into organizational assets and processes.

This chapter features an analysis of the organizational attributes identified in the framework. Seven resilient nonprofit organizations participated in this study and the data from the case studies are interpreted and discussed. In Chapter 4, data collection, interview findings, data analysis, and interpretations of the data are presented.

Description of Case Organizations

Seven 501(c)(3) human services nonprofits in Virginia participated in this study. The organizations were small and medium sized with budgets between $150,000 and $1,500,000. The organizations ranged in age from seven to nineteen years old at the time the recession began in 2007, and the number of paid staff ranged from 3 to 15 (a mix of full-time and part-time staff was common). The organizations selected for this study provide primary programs and services related to housing or workforce development (some organizations deliver programs and services in both areas.) The executive director of each organization voluntarily agreed to participate in the study and understood from the informed consent form that the researcher would attempt to maintain confidentiality.

Data Collection and Analysis Procedures

A recruitment letter was emailed to the executive directors of seventeen nonprofit organizations asking them contribute to this research. Seven executive directors replied that they were willing to participate in the study. Each executive director signed an informed letter of consent and returned it to the researcher before the scheduled interview occurred. Two interviews were conducted in-person and the rest were conducted on the phone. Each interview lasted 60-90 minutes.

Interviews were semi-structured with open-ended questions. Each respondent was asked a core set of questions; however probing questions to stimulate further insights on certain issues were posed by the researcher. All interviews were digitally recorded then transcribed by the researcher. The transcripts served as the primary data sources therefore, the transcribed interview data was reformatted to assign line numbers that were used as identifiers for cross referencing the data.

Data collection also included review and analysis of pertinent organizational documents including IRS form 990 filings, annual reports, and other relevant materials. Organizations were asked to provide other supporting documentation relevant to gaining an understanding of resiliency as it relates to that specific group.

Initial Data Analysis

This study followed Stake's (2006) the multiple case study design where the data were analyzed case by case through thematic analysis followed by cross-case analysis. Analyses of interview transcripts and organizational documents were completed for each case. The following guidelines for thematic analysis (Braun & Clarke, 2006) were followed: (1) familiarizing yourself with your data, (2) generating initial codes, (3) reading through each transcript to get immersed in the data, (4) reviewing themes, (5) defining and naming themes, and (6) producing the report.

The main coding scheme was derived from the conceptual framework that suggests resilient organizations exhibit certain attributes. The interview transcripts were initially analyzed to search for specific pieces of data that 'fit' into these categories and could be coded under these headings. As subcategories emerged they were identified, defined and interpreted.

Descriptive Data Analysis

      To better understand the concept of resilience the interview transcripts and organizational documents were analyzed to elicit themes about the attributes exhibited by resilient nonprofit organizations to depict how these attributes translate to practice. The data provided rich context on resilient nonprofit organizational systems (e.g., structure, culture, resources, assets, activities, processes, etc.) which presents a more concrete picture of the organization resilience phenomenon.

<center>**Themes**</center>

      For purposes of this study, resilience refers to the 'capacity' of an organizational system to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive, recover or thrive when facing disruptive environmental change. The concept of capacity is broad; therefore questions remain about the elements or attributes that constitute resilience capacity, especially for nonprofit organizations. Hence, the primary purpose of this research was to explore the key attributes exhibited by resilient nonprofit organizations to offer a clearer picture of the organization resilience phenomenon.

      The conceptual framework suggests seven key attributes linked to resilient organizations which served as the main coding scheme. The findings below highlight the assets and processes exhibited by the case organizations as they relate to the framework. As indicated in chapter two, organizational behavior is the outcome of various interlinked systems and subsystems that interact and work together as a whole to accomplish an organization's mission. The relatedness

of the attributes makes it difficult to examine each one in isolation therefore; the findings below

are not mutually exclusive.

To present a more concrete picture of the organization resilience phenomenon and how

certain attributes might appear in practice the data collected from the case organizations have

been divided into nine themes. These common themes reflect the key activities, processes, assets

or dynamics described by the interviewees and distilled from the organizational documents. The

themes are presented within the conceptual framework and are not ranked in order of

importance. The following paragraphs describe the cross-case synthesized findings of the

attributes exhibited by resilient nonprofit organizations.

Key Attribute: Organizations continually exchange feedback with their external environments, interpret and analyze that feedback, and adapt and respond to changes in their environment.

Theme 1. Resilient nonprofit organizations anticipate and respond to changes in their environments.

The conceptual framework indicates that adaptability is an essential characteristic of

resilient organizations (Katz & Kahn, 2003; Milken, 1990; Robb, 2000; Weick, 1987).

Adaptability refers to the ability of organizations to acquire information from their internal and

external environments and quickly and efficiently adapt all or parts of its systems to cope with

environmental changes. Adaptable organizations are better able to recognize changes or trends in

their environment early on, react quickly to market changes, make timely and necessary internal

adjustments, respond to client needs or demands, and increase chances of survival during

difficult times. The interview data found that the case organizations acquire knowledge and

information, recognize trends or shifting landscapes and quickly adapt strategies to cope with

environmental changes. A variety of behaviors can influence adaptability, however case

organizations primarily reported activities and processes that entailed scanning and monitoring

their internal and external environments for trends and emerging issues.

The recession affected locations in Virginia at different times and in different ways, so

the warning signals and the ways organizations became aware of environmental changes varied.

For instance, three housing related case organizations indicated that when the recession reached

their areas they noticed that either it was taking them longer to sell the homes, banks all of a

sudden started tightening up on services such as equity, lines of credit and refinancing, or in

some instances the assessments on their properties were much lower. When interviewees were

asked about when and how their organizations recognized the effects of the recession or that this

economic slowdown was going to be different from others the two most frequently mentioned

indicators were revenue loss and increased demands for services. The case organizations

provided the following examples of how they became aware of or were alerted to possible issues.

Organization #1's executive director started working for the organization one month after

the recession began. After six months when no revenue was coming into the organization, they

realized that no funding proposals had been submitted to funders during the prior year, and

donations were down. These warnings, coupled with the recession, signaled that this

organization could expect to see little to no funding in the next year.

Organization #2, explained that they at the time the recession reached their area they

recently built four homes and suddenly were unable to sell two of these houses. According to the

executive director, *"we have already lost money on these houses."* Also, the bank froze their line

of credit on two other houses that they received private monies to build. Warning signals also

came from their other programs in that they were inundated with demands and applications for

their programs and services more than doubled. For the first time this nonprofit found themselves having to turn away applicants.

Funding slowed down for Organization #3. This case organization explained that going into the recession they were receiving generous contributions from individual realtors and brokers and the local board of realtors. However, "*when real estate turned south basically all of that just stopped.*" According to the executive director, "it was probably $50,000 to 70,000 that just kind of evaporated."

Organization #4 stated that a warning sign for them was when they saw changes in the market and noticed that customer payments started coming in a little slower than usual. According to the executive director, "*When you start seeing revenue being down and you see it as a trend then you know something is going on.*"

Organization #5 explained that "*we realized this recession was different mostly through our programs and not so much in our funding.*" The recession did not hit their area immediately, so they were made aware of the recession when it became noticeable that they were not meeting their programs goals. Their program houses clients within 60 days; however "*the families that we were trying to house were not able to move into housing as quickly as they had been in the past…we were seeing that people were having higher barriers. We saw some evictions and those types of things. Also, just finding a job and finding a place to live that's affordable, those were real barriers that prevented many of them from moving forward.*"

Organization #6 recognized changes in both funding and demand. There was "*a noticeable impact on private giving*" in that their records showed they were raising about half of what they budgeted. Also, this interviewee discerned that this recession was going to be different "*when stimulus monies were drying up and presentation of need was not.*" To further detail how

their demand continued to grow the executive director shared, *"...we had about 975 requests for some type of household related assistance and we were able to fund and provide assistance for just over half of this number."*

Organization #7 also noticed an increased need for their services. Essentially, their area was not affected by the recession "quite as quickly as other towns." But they knew when the recession eventually reached them because suddenly their residents were either taking longer or were unable to obtain employment. Revenue loss was another signal that the recession had finally hit their area.

> *"To be honest, church donations were down because the people going to those churches either lost their jobs or had their hours scaled back. So we didn't make the donations that we used to make, so churches couldn't support the causes that they used to support. The same with businesses that used to donate, their donations dropped too. The businesses didn't have the extra funds that they were used to giving to the United Way."*

Five case organizations mentioned that they regularly participate in local coalitions or professional groups that provided them with information relevant to the recession. Three housing related nonprofits (Organizations 3, 5 and 6) specifically mentioned being members of their local Continuum of Care (CoC).[21] As members of a CoC the case organizations attend monthly or quarterly meetings to learn about new opportunities and share insights and information on changes and trends in the housing environment. For example, at the time the recession was about to hit their area, during one of these meetings Organization #6 gained new knowledge of what was happening in their region when foreclosure data that was distributed showed signs of increased foreclosures in their service area.

Organizations #1and #7 specifically mentioned professional affiliations as a key source of information about the recession. Organization #1, participates in a professional group made up

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[21] A Continuum of Care (CoC) is a regional or local planning body that coordinates housing and services funding for homeless families and individuals.

of area nonprofit leaders that meets monthly to share information and discuss nonprofit sector changes or trends. By participating in these meetings the executive director was able to gain insight into the effects of the recession on local area nonprofits to make sense of what might be happening. According to Organization #7,

> *"I am a member of the Association of Fundraising Professionals and because I am very active, the data that we received through magazines, professional meetings, on their website and through the speakers they have, this made us aware [of the effects of the recession] early on."*

Being mindful of deviations from the norm early on allowed case organizations to adapt by implementing timely and necessary internal adjustments. The interview data shows that the case organizations utilized information they received to respond to changes in their environments by making necessary adjustments to operations and programs or capitalizing on funding opportunities. Examples of some of the strategies enacted by the case organizations to help endure the economic downturn are described below.

Case organizations use information to pursue new funding streams. In particular, organizations #2 and 6 anticipated the types of changes that could affect their operations and positioned themselves to apply for and receive stimulus funds to proactively offset lost revenue and help get them through the recession. The American Recovery and Reinvestment Act (ARRA) of 2009 (an economic stimulus plan) contained expedited application, award and spending deadlines and unprecedented accountability and transparency requirements. Therefore, nonprofits, especially small and mediums sized organizations, had to be ready and able to comply with the strict requirements of the Act the moment funding was made available.

Case organizations make timely and appropriate adjustments to their services. For instance, organization #3 had three houses under construction when the recession hit. Because they knew early on that the recession had reached their area they were able to proactively stop

construction on two houses without causing damage to the foundations that were already built, delay construction on the third home, and swiftly devise a strategy to move the family with which they were working into a better living condition while waiting for their house to be built.

In another example, organization #5 used the knowledge that they were not meeting their program goals to temporarily expand their services from 60 to 90 days. In anticipation of making this change this nonprofit assessed their staff capacity to modify their program to meet the immediate needs of their clients.

Case organizations also use information to address changes in their target populations. Internal processes offered knowledge and data on the types of individuals seeking help, which led several organizations to pay closer attention to what was happening in terms of the demand for services. Six organizations indicated they experienced increased demands which offered knowledge about the changing needs in the community. In particular, three workforce related case organizations stated that populations that previously had never used their services (or may not have ever used community service type programs in the past) were seeking help. This internal alert meant that the organizations had to quickly assess the short and long term needs of these new clients as well as assess their organization's capacity to meet the need. As Organization #2 described,

> *"We were seeing a new type of client, many of the applicants had been working and were now seeking services. We now had a whole new range of applicants that we hadn't had before…we knew we had to look for new types of funding."*

To react quickly to client needs and demands this organization implemented a whole new scheduling procedure to help with the high demand, and they sought out and established a new partnership with a state agency to obtain funds to help with technical and general operating needs.

In another example, organization #7 explained that over time they have had higher skilled and better educated individuals seek their services, but *"now with the economy, even people with regular or high skill levels can't find a full-time job…Residents need to be busy and if they don't have jobs then we put them to work in the house and we supervise them."* This new reality led the executive director to look at ways meet the needs of their target population while also dealing with declines in revenue.

Case organizations use information to adapt their internal operations. Three organizations talked about making staff changes in response to resource constraints. Organizations #1 and 3 responded to significant decreases in revenue by reducing the number of staff, shifting job responsibilities, and relying more on volunteers to perform certain tasks. Similarly, after organization #4's records alerted them to an expected loss in revenue, they closed an office, laid off several staff, shifted job responsibilities, and brought some functions in-house as opposed to using external consultants.

Lastly, the conceptual framework maintains that organizations that make it a regular practice to keep up with current industry trends or changes and adapt as needed increase their likelihood for survival (Scott, 1981). Four organizations with programs related to workforce and economic development stated that the nature of their work requires that they pay close attention what is happening in their environments and stay current with workforce trends. As one respondent indicated, with workforce development *"if you don't stay ahead of the curve then you don't exist."* Two of these organizations indicated that it is a regular practice for their staff to meet and review employment and economic trends and discuss how this data affects their programs, services and clients. Because the other two organizations have very small staffs, one executive director meets with area nonprofit leaders monthly to discuss trends and issues and the

117

other executive director is very active an a professional association that provided information that made the organization aware of the effects of the recession early on. All four case organizations mentioned external groups or organizations that provide them with regular, up-to-date information on workforce trends. So, when the recession hit these organizations were able to process external pressures to determine the immediate needs of their clients and assess their internal capacity to handle challenges. According to Organization #2,

> *"When the recession hit we were ahead of the curve, in terms of workforce development...So, when the recession hit we were looking at workforce development and the funding that was currently being made available for Green job training [ARRA funds]."*

Each of the case organizations gather information that allows them to detect, process and respond to early warning signals. The willingness to pay close attention to what is happening around them and the cognitive capacity to interpret and adapt in a timely and appropriately manner is evident.

Theme 2: Resilient nonprofit organizations embrace change, challenge the status quo and take risks, despite uncertainty.

The conceptual framework described in chapter two contends that organizations are influenced by their environments. As the environment changes and continues to become more complex, organizations must respond and adapt to changes in order to increase their chances of survivability and resilience (Katz & Kahn, 1966; Scott, 1981). Hence, embracing change is a hallmark of organizational resilience in that it influences an organization's cognitive ability to conceptualize timely, appropriate, and possibly innovative strategies to threats and challenges that may arise.

All of the case organizations exhibit a positive disposition toward change (incremental and transformational). As one interviewee stated,

> *"...we constantly evaluate to see if we are meeting the needs of the clients and whether our program design is something that is still needed, or if there might be another way it could be done."*

Interviewees told stories of staff (paid and unpaid) voicing ideas that led to their organization trying new ways of doing things. For example, two nonprofits told stories about how they significantly improved their operations and finances (directly and indirectly) by implementing suggested changes made by front line individuals.

Organization #3 recounted how two volunteers observed the nonprofit's retail store and presented a 14-month plan to improve operations and increase revenue. As part of the plan the executive director laid off one paid staff, retained the other and agreed to have the two volunteers co-manage the operation. In the end taking the risk with the volunteers paid off. The volunteers turned things around by growing the inventory and generating more traffic through new and improved marketing tactics, which in turn increased revenue. According to the interviewee, *"In 2010, we turned almost a quarter of a million dollars net."*

Prior to the recession Organization#7 noticed that client turnover was high, which was causing staff members to be overburdened with the required paperwork. This organization wanted to learn why clients were not completing the full treatment program. One of the front-line counselors voiced that there was a gap in the current treatment plan and recommended a different counseling approach with which this employee had experience. So, the executive director assessed the suitability of this recommended approach and quickly decided to implement this alternative treatment to better meet the needs of their clients. According to the executive director, *"... our structure is flexible, one that allows these types of changes."* When they implemented this new approach *"it really changed things and had a profound effect"* with client outcomes. This nonprofit ended up cutting their turnover rate in half and now have a quality program with

positive results that they publicize and use for fund raising appeals. Consistent with the nonprofit literature, organizations with capacity to demonstrate positive outcomes and show that they provide high quality services stand a better chance of appealing to funders (Alexander, 2000). After making the program change and having positive outcomes to report this organization shared that some of their fund raising efforts have tripled the amount of money raised.

These organizations not only embrace change, they foster an environment in which all levels of staff (paid and unpaid) are empowered to voice ideas and take risks. Research suggests that staff will be motivated to challenge the status quo when they do not expect their behavior to result in punitive measures (Vroom, 1964) or feel bounded by conventional standards. A nonprofit's governance and leadership set the tone for the organization and play an essential role in establishing culture, norms and processes that embrace change (and the possibility of failure) and encourage risk-taking and innovation. In a tough economy, the willingness to take risks can weaken, however several case nonprofits took the initiative to capitalize on the circumstances and implemented unconventional strategies. Specifically, two workforce development nonprofits expanded their operations and one housing nonprofit made major investments at a time when most organizations were cutting back and spending less.

Organization #1 took a calculated risk by opening a second location six month into the recession. The executive director began working for the nonprofit one month after the recession began and quickly learned that opening a second site would increase their income. Essentially, the executive director assessed that serving a higher number of clients could potentially increase grant awards from foundations, individual donations and earned income. Although the timing of implementing this strategy amplified the challenges and pressures associated with opening a

second location, the potential benefits outweighed the risks. This nonprofit was able to stay afloat by securing the necessary funding and even opened their third location the next year.

> *"In my interactions with EDs from other organizations, most of them argued that they needed to cut back because of the recession. I took the opposite approach which was unusual. I saw the way to save [this organization's] future was to expand. Expanding was the only way to save us during the recession. If we had not expanded I think that we would have shut our doors. It's a different approach, but it worked. It wouldn't have worked for other organizations."*

Starting a new venture during the recession presents multiple obstacles and risks, yet Organization #2 capitalized on the available ARRA funds by starting a small training company in weatherization. ARRA funding was a temporary, single award that provided start-up funding, but was not enough to maintain operations beyond the initial start-up period. Consistent with resource dependence theory, an organization's aptitude to acquire and maintain resources can predict its chances of survival (Pfeffer & Salancik, 1978). This nonprofit actively sought new partnerships as a way to obtain necessary financial resources during the economic downturn and they have managed to secure resources to sustain this function. The executive director credits their success to their willingness to change, take risks and try new things.

> *"It's the ability to change your systems and get up to par with the federal requirements. Again, it's that flexibility…determination to make it happen, willingness to try new things, it's okay if it doesn't work, just try again, taking risks within boundaries."*

Organization #6, capitalized on circumstances in their local economy when they took a calculated risk by purchasing two low cost properties in foreclosure with the hope that *"we can make chicken salad out of the chicken."* Prior developers were unsuccessful with these properties; however this nonprofit determined that the potential financial benefits outweighed the risks. Although this nonprofit expects to generate income from this venture, the interviewee indicated that there would be hesitation before doing something like this again. According to the

executive director, they will know in the next five or six years if this was a good move, but *"It does seem scary."*

As discussed in the conceptual framework, nonprofits rely on other organizations for critical resources (Katz & Kahn, 1966; Pfeffer & Salancik, 1978). However, the Great Recession increased uncertainty and constraints, which in turn increased competition among area nonprofit organizations. Consequently, the case organizations shared that during and after the recession they are taking advantage of new and different technologies to look for new ways to promote their programs, recruit volunteers, and fundraise. All of the case organizations have a Facebook page; however other social media and technologies were mentioned in the interviews or via other organization documents. Examples of how some of the case organizations are taking advantage of new technologies to change the some of their processes are provided below.

To stretch their dollars during the recession Organization #2 tried some new things and *"some worked and some didn't."* To concentrate on building their individual donor base this nonprofit changed the way they communicated to their donors. The executive director explained,

> *"Part of it is that we couldn't afford to send out all the mailings we had been sending. So, we ramped up our use of social media and our use of electronic communications. We reworked our web page, set up an emailing system and joined a bunch of collective groups so that we could get our message out. We used various social media networks, we started tweeting and doing things to get our name out there. We formed relationships with local newspapers and the local radio station to get the message out. We became very creative about how they got their message out.*
>
> *…We couldn't do the things that we normally would have done so we had to find new ways to **not** spend those dollars. We started asking for things. We put out a list and I started asking for donated vehicles in order to sell them and make ends meet. A big fund raiser takes a lot of time and money and you don't make a lot of money doing it. We started selling things on Craigslist. We got all these donated items that we sold the, on Craigslist. For smaller organizations I highly suggest it."*

During the recession Organization #3 revamped their retail operation in an effort to increase their income. This included increased pickups of donated items which then increased their inventory. A volunteer noticed that they had some *"unusual antiques that had been donated"* but the organization assessed that their normal customer base would not be interested or willing to pay what the antiques were worth. As the executive director explained,

> *"This other volunteer put them up on Craigslist and just Craigslist alone generated a lot more traffic. Even though they weren't interested in a particular item they would say that they didn't know about the [store] so they would come in and start buying stuff."*

According to their newsletter, this nonprofit created a social media internship opportunity to bring further attention to their cause, promote their retail store and recruit volunteers.

During the recession organization #4 had to figure out how to operating with fewer resources. They realized that they were spending a lot of money sending out letters, postcards and the like. A staff member suggested automating some processes and using web-based and online forms of communication to save time and money. Although the executive director was not familiar with some of the new technologies, he embraced the change and allowed the staff member to immediately revise and transform their conventional ways of doing things. As a result, "eighty percent" of their correspondence with their clients is through the internet and they even began producing an online newsletter. The interviewee described that they have since revised their applications because the older versions did not even ask for an email address. *"That's how serious we are about this."* According to the executive director,

> *"All of those things that we do now I would say that maybe a year ago would have been by mail. And now it's the internet. We use Twitter and I don't even know about some of that stuff...We are becoming more involved with social media and we are using it as a vehicle to help brand the name of the organization, and it is paying off."*

Organization #6 unveiled a new website. Like other small nonprofits, this organization was looking at ways to cut costs during the recession. So instead of paying the cost of printing

materials, the organization created an online resident application and posts on the website their

admissions criteria, program guidelines, and ways to support their nonprofit through financial

contributions and in-kind gifts. As stated in an organizational document, *"the website is a useful*

tool for potential residents, services agencies, grantors, and donors." As the interviewee shared,

> *"Particularly with a small nonprofit, you have to constantly reinvent yourself. As a fund*
> *raiser you have to constantly think outside the box to look at things that previously you*
> *wouldn't have thought possible or thought you would do… The economy changes, the*
> *needs change in your community; and you have to monitor those things. The world we*
> *live in now takes a lot of flexibility."*

Key Attribute: Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies, and operations to acquire necessary resources and improve chances of survival.

Theme 3: Resilient nonprofit organizations remain flexible in their structures and processes.

The conceptual framework presented in chapter two conveys that flexible structures help

make it possible for organizations to enact new strategies or change processes and operations

quickly, with little notice, cost, loss or disruption of services (Ghemawat & del Sol, 1998).

Consistent with the research, the resilient nonprofits in this study had flexible structures that

enabled them to react quickly to market changes, be more responsive to new customer needs or

demands, and reallocate resources. All of the case organizations conveyed stories that implied

flexibility. Six nonprofits actually described their organizations as flexible or nimble, however

there were variations in how they apply these terms. For example, one nonprofit used the term to

refer to their ability to quickly restructure staff functions and reallocate resources to help them

deal with the needs of their clients during the recession. Another nonprofit used the term to

describe their ability to swiftly implement new systems and procedures to help them deal with

increased demands for their services. A few nonprofits used the term to explain how they were

able to rapidly expand their programs and services to meet demands. And, several used the term to describe their organization's flat, decision-making structure.

Despite variances in the ways organizations described their flexibility, there are some similarities in the problem-solving and decision making processes employed by each group. Small and medium sized case organizations selected for this study lend themselves well to flexible structures as they tend to be less formal and have flat organizational structures. As Organization #4 stated, *"Being a small organization, we don't have a lot of layers…. We flattened the organization, which makes it more flexible and also it improves communication."* The ability to make timely decisions is enhanced by a centralized decision-making structure, primarily resting with the executive director. In essence, the executive directors that participated in this study seemed to have a broad reach in that they made virtually all programmatic and operational decisions. This may have served as an advantage to their ability to adapt to changing circumstances. Generally, case nonprofits:

- Acquired and used data and information from various sources to understand the challenges of the recession and assess their immediate organizational needs.

- Processed and analyzed information to further assess whether temporary or permanent changes were necessary.

- Selected and committed to an appropriate course of action.

- Informed the boards of their plans for final approval or agreement before refocusing, reorganizing or reallocating resources.

As small and mid-sized nonprofits these organizations did not have to deal with multiple layers of approval and red tape, but instead had easy access to their boards, which made for quick

decision making. Specific examples that suggest flexible structures and processes of case

organizations are described below.

Case organizations react quickly to external realities and change by improvising or

enacting coping strategies. After Organization #4 saw changes in the market and delays in

customer payments they decided to take a closer look at the financial statements that they

regularly receive from their customers to project the impact of the revenue loss on the

organization's bottom line. Their entire staff came together, and met regularly, to figure out how

to balance the needs of the organization with the new external reality. This organization quickly

implemented several cost savings strategies that they had not thought about before. For instance,

there were tasks that they were paying consultants to perform and after meeting and assessing

their internal assets they realized some of their staff members had skills and expertise in these

areas and could perform these functions in-house.

> *"Oh marketing, we started doing some of our own marketing and we brought it in-house
> instead of paying an outside consultant to do our marketing. My assistant now makes our
> business cards now and instead of paying for boxes of business cards we do them in-
> house now. My CFO said that she has IT experience so now she's doing the website. So it
> was those types of things that we were able to move in-house instead of paying external
> dollars."*

Also, organization #4 closed one of its offices, which resulted in some permanent

reorganization and restructuring of staff and resources. In the end, adapting internal processes

and reallocating staff and resources reduced organizational expenditures by almost a half a

million dollars, which helped this group endure the recession and continue to support their

customers during a time of great need.

Another example, organization #3 was able to reallocate financial resources by building

flexibility into their budget and financial resources. This nonprofit lost funding during the

recession; however, the executive director learned about a program that would allow their

organization to take out loans against mortgages they possessed. Capitalizing on this opportunity

not only allowed this nonprofit to react to market changes, but provided needed revenue during

the recession. Their ability to quickly take advantage of this program, adjust their budget and

reallocate financial resources enabled their organization mitigate loss and adjust service delivery

to meet the current circumstances. According to the executive director,

> *"These were board supported initiatives, but they were brought to the board, it's not like the board went out looking for them. In this case it was me being involved in state meetings and going to board and saying here's what we can do."*

Case organizations quickly adapt programs and services to respond to changing client

needs. Organization #5 gave an example of flexibility by describing how they quickly altered

their programs based on the immediate needs of their clients. According to the interviewee, the

design of their program "*is pretty flexible, so it allows for individual decisions to be made pretty

quickly.*" Essentially, this organization saw that the effects of the recession in their areas created

several barriers that prevented this organization from meeting their program goals. So, this

program temporarily changed their treatment format from 60 to 90 days to accommodate the

needs of their clients. "*The design of our organization being quite flexible and not so structured

led us to be resilient. This was because we could ebb and flow a little bit.*"

Similarly, organization #6's annual report stated that the nonprofit "*is responding to the

on-going weak economy with new crisis assistance programs…*" Specifically, the executive

director of this organization was alerted early on to the increased number foreclosures in the

region, so they assessed staff capacity and skills to implement foreclosure prevention counseling.

Their flexibility to reallocate staff resources allowed them to address client needs during

recession.

In another example, organization #7 shared that they implemented a new treatment method after assessing that something was missing since many of their clients were not completing their program. The executive director explained that they were able to quickly make this change because the structure of their organization places these types of decision with her position, with little input from the board.

Case organizations quickly deploy unconventional responses or new initiatives. For instance, after organization #1 realized that their projected income was going to be much lower than expected the executive director shifted the focus of the organization in two ways. The first shift was to focus more on workforce development. As indicated in their 2009 annual report, the organization transitioned to focus more narrowly on employment and career advancement services to meet area demands and needs. As a result the executive director went from five to three full-time staff and introduced two new part-time positions. The second shift was an expansion of programs. The executive director assessed that the cost of opening a second site was fairly low, and could yield higher donations and allow the organization to serve more clients in different locations. According to the executive director, *"[we] can expand and be more nimble than many other workforce development programs… If there's a need and a demand [we] can usually make it work."* In their 2011 annual report, their flexibility is further demonstrated in that the report shows expansion to two additional locations with services provided at four locations in total. The quick decision to narrow the focus of the nonprofit and expand services has resulted in a lowered cost per service unit, new foundation and government funders, and a higher number of clients served. The ability of the executive director and the board to move quickly in making these organizational changes has strengthened the organization both financially and programmatically.

In another example, organization #2 refers to their organization's flexibility as their willingness to try new things. The interviewee described them as *"…always being open to possibilities that we hadn't thought about before."* During the recession the demand for their services skyrocketed. For example, they planned a job fair for 50 people, but instead they had 400 people show up. According to the executive director, *"I pulled every staff person together to discuss how to address this situation. We had to regroup and we had to put together a plan quickly."* They also found themselves having to turn away applicants to their job training programs. To meet the demands in their area they quickly sought out and applied for new federal funding, which enabled them to start a new training program in weatherization, an area in which they had little experience. According to their website the weatherization training program remains active.

The flexibility of the case organizations facilitate their responsiveness to environmental contingencies and offset the effects of the recession on each organization's ability to function.

Key Attribute: Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.

Theme 4: Resilient nonprofit organizations place strong emphasis on forming strategic, successful, and mutually beneficial external relationships to fulfill their mission.

The case organizations regularly engage in arrangements and activities that enable them to stay connected to key networks and constituencies. The research on resource dependence theory, organization resilience, and nonprofit capacity all espouse the importance and benefits inter-organizational relationships[22] and collaborative networks. Organizations are not completely

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[22] An inter-organizational relationship is established when two or more organizations enter into an agreement. The agreement can be formal or informal. Inter-organizational relationships may include partnerships, collaborations, alliances, joint ventures, and other arrangements (Mayhew, 2003).

autonomous and, instead, are constrained by, and depend on, other organizations that control critical resources (Froelich, 1999, Katz & Kahn, 1966; Pfeffer & Salancik, 1978). Hence, organizations that endeavor to broaden their external focus and connections are more likely to advance their goals; expand their influence; and secure necessary resources (see Chen & Graddy, 2010; Lin, 2001; Sowa, 2008).

Regardless of location, size or type all of the case organizations stressed the primacy of cultivating **relationships** in forming partnerships and building successful **collaborations.** Moreover, all the interviewees indicated that their nonprofits have a history of partnerships and collaborations that started before the recession began in 2007. When asked what suggestions they had for other nonprofit about improving their resilience capacity, Organization #1 responded that *"It's all about partnerships, too. Partner, partner, partner."* Organization #2 stated,

> *"The number one thing I would say to other nonprofits, build partnerships. It doesn't matter if it's with the guy across the street or if it's with the governor's office, build partnerships. It's so important in order to be known, in order to work with people and not for people. We must build partnerships with the folks who walk through our door; you have to build a relationship with those people. It has to be a partnership where [Organization #2] does their part and the clients do their part as well. For us that's just really important across the board. And we work really hard at it."*

A broad external focus and willingness to establish ties with other organizations were apparent in the range of inter-organizational relationships described during the interviews. These arrangements consisted of a mix of loose, informal arrangements (e.g., client referrals), formal agreements that specify each partner's roles and responsibilities, and alliances and coalitions that work to address common concerns. Specific examples provided in the interviews included supporting the mission of area nonprofits by volunteering and serving on boards; assisting local nonprofits and community groups by teaching classes and workshops; serving as a training site for another nonprofit; and even obtaining funding to serve as a fiscal agent to smaller

130

organizations that lack this capacity. Moreover, several interviewees mentioned active participation in professional associations as well as community groups; and two interviewees said that their nonprofit takes the lead in convening local and regional coalitions and area networks.

The findings show that the case organizations form inter-organizational relationships with diverse community and institutional organizations across the government, business, and nonprofit and faith-based sectors. The case organizations seemed highly engaged in local and regional area arrangements. The nonprofits located in rural areas tended to have more regional affiliations and be actively involved in regional coalitions. All of the case organizations had agreements with a mix of public entities. State level partners were the most common public entity mentioned by six case organizations, followed by five nonprofits that have federal level arrangements and three that partner on the local level. All of the case organizations had some form of inter-organizational relationship with other nonprofits and community organizations. Of these partner groups, churches or other faith-based entities were major partners mentioned by six case organizations. Organization #5 described how having a network of church partners helped save them during the recession. Essentially, their lease ended so they were forced to move locations. The expenses associated with moving made this quite a difficult challenge for them, especially during a recession. So, they reached out to their network of churches that support their programs and were offered housing in a building that is owned by one of the churches in their network.

Another finding is that board linkages played a role in the ability of several case organizations to develop relationships, establish partnerships, or gain access to social and resource networks. Five nonprofits described their board as a resource that can be leveraged to

131

expand their reach and access to beneficial connections. For example, at Organization #1 board members affiliated with a local college initiated and led the effort to develop a partnership between the nonprofit and the college. This partnership resulted in an earned income funding stream for the nonprofit. Organization #2 relayed that a board member's connections linked the nonprofit to a professional consultant who conducted a business analysis pro bono and then connected the nonprofit to a development consultant who provided services at no cost. Organization #3 stated that their nonprofit is looking for individuals in the banking industry to fill vacant board positions in order to help them establish relationships, and eventually partnerships, with area banks. Three nonprofits talked about the utility of board members with wide networks through which they can promote the nonprofit and raise funds.

The case organizations built relationships or engaged in partnerships for a variety of reasons, yet securing human capital and financial resources were mentioned most frequently. Six nonprofits remarked that partnering is a major part of their nonprofit's operating model. For instance, Organization #2 stated that *"Partnerships and collaborations are a part of our identity, it's who we are. If we didn't partner we wouldn't exist."* And, Organization #5 conveyed that *"Partnering and collaboration has always been a part of our model, but more so recently."* These nonprofits have operating models that rely heavily on partnerships with individuals or group volunteers to carry out primary operational and service delivery functions. For example, nonprofits partner with volunteers to perform functions such as:

- Event planning and outreach

- Administrative work (client intake, bookkeeping, accounting, grant writing, etc.)

- Technical services (maintenance and upgrades of technology, managing websites and social media, etc.)

- Program delivery (preparing and serving meals, teaching and training, construction, monitoring residents overnight, etc.)

These nonprofits view volunteer relationships as valuable resources that allow them to provide quality services or programs, reduce costs, and build their organizational capacity via the specialized skills their volunteers possesses. Organization #1 remarked that they are able to serve more clients with the same amount of money because their model hinges on the use of volunteers. Through their relationships Organization #2 has received free consultation and technical assistance services. According to the interviewee, "*partnering allows us to provide a much stronger presence and programs. No one entity can do it alone…You just can't operate in a silo anymore.*" Organization #3 provided the example about volunteers using their specialized talents to revamp and increase the revenue of the nonprofit's retail operations. Organizations #5 and #7 provided examples of how building relationships evolved into a stable and consistent core of volunteers that enable them to provide daily overnight monitoring and meals for their clients at no cost to their nonprofit.

The case organizations also cultivate individual and inter-organizational relationships to secure financial resources. In particular, four nonprofits gave examples of how inter-organizational relationships help them to secure funding. Organization #2 was approached by a local university partner to apply for a joint federal funding opportunity and talked about how their network strengthens their ability to generate new revenue.

> *"Having these networks certainly helped us to make through the recession. Mainly because it helped to know about funding and it helped us to be able to apply for grants that otherwise we might not have been able to get because they require collaboration or partnerships. It allowed us to get in-kind donations that we might not have gotten otherwise."*

Organization #5's participation in a local alliance helped increase their government funding.

> *"We receive federal, state and local money. Although this has always been the mix, we now are getting more government money than we used to. This has changed because of our involvement with the Continuum of Care (CoC)...we are more aware of this funding and how to go after it."*

Organization #6 is an active member in a regional intermediary that provides intermediary funding (e.g., construction financing), access to technical assistance, and advocacy at the state and national level.

> *"So, [the intermediary] is an enabling tool for our organization to grow its mission and the things that we want to do. If we relied on local banks for financing we would probably still be back on the very first deal trying to get the bank to understand what we are trying to do and approve it. [The intermediary] is a great thing for us."*

Prior to the recession Organization #7 dissolved their relationship with the United Way. However, a noticeable cut in federal funding and the inability to meet fund raising goals led them to reconsider renewing this relationship, but in a way that would allow them to benefit financially. According the interviewee,

> *"I thought, maybe we need to look at the United Way relationship in a different way and becoming a United Way partnering agency. Rather than just getting designated gifts, we would get a piece of the big pot of the money that United Way raises. So we went from maybe getting six or seven thousand dollars for the year in designated gifts to getting thirty-five thousand dollars of United Way money."*

Theme 5: Resilient nonprofit organizations have supportive and constructive internal relationships.

Knauft et al., (1991) argue that the relationship between a nonprofit's board of directors and the chief executive officer can "make or break" it. Furthermore, the resilience literature suggests that resilient organizations exhibit internal factors such as mutual trust (Denhardt & Denhardt, 2010; Horne & Orr, 1998); shared values (Collins & Porras, 1994; Coutu, 2002); and open and frequent communication (Weick, 1996; Wheatly, 1992). Therefore, the relationship

between a nonprofit's governance and the chief executive can contribute to its success or failure, especially during tough economic times.

For each of the case nonprofits the board and the executive director share leadership responsibilities and are the primary decision makers. Even though the interview protocol did not specifically ask questions intended to obtain data about the relations between the board and the executive director, all seven case nonprofits spoke positively about their board and described a constructive, supportive relationship. Organization #1 even submitted their board for consideration for a leadership award in May 2011 in recognition of their leadership and guidance through the recession. When ask why the organization's board is deserving of the leadership award, the award submission stated,

> *"Since 2008 the [organization] board of directors has effectively led and managed dramatic changes in the organization to meet the needs of our ever-changing community. Over the 3-year period the board has expanded the board and the organization as well as established a strong organization for 2012 – both financially and programmatically. Perhaps most importantly, the board had turned the organization into a learning organization…..the board is committed to leading an organization that is curious, receptive and proactive in order to best meet the needs of our clients and our community."*

In a 2008 newsletter and annual report, organization #6's board chair publically thanks the executive director for leading the organization during difficult times. According to the executive director,

> *"Having a supportive board plays into [our] success an awful lot. It's a trust factor between the board and me. At some point this all segues into the next staff person, the next executive director and a succession plan, how the board will interact with the next person. It's a dance around the dance floor in that you have to have both partners working hand in hand and trusting each other. Trust is a lot. It's me trusting their willingness to support something that may be a little off of the mission, trusting the financials and the outcomes and the meaning of our programs to the clients."*

Moreover, each nonprofit described the ways in which their board is actively engaged in their nonprofit's operations. The activities mentioned by interviewees were strategic planning,

135

fund raising, facilitating partnerships, securing resources, financial oversight, and reviewing outcomes and performance metrics. For instance, the executive director of organization #5 and the board participate in facilitated planning sessions to focus on the future of the nonprofit. Organizational documents and the nonprofit's newsletter indicate a partnership with the executive director and the board to *"implement our mission, strategies for implementing rapid rehousing, ways of ensuring adequate funding, maintaining sufficient staffing, equipping families for success, expanding existing community resources, and establishing [the nonprofit] as a well-known and respected area non-profit organization."*

Six nonprofits described regular and open communication with board members. When asked about making major organizational decisions or changes, especially during the recession, several interviewees conveyed that they consult or inform their boards and that during the recession their board supported their decisions.

Organization #1's board is mostly comprised of scientific and technical professionals. The executive director explained that presenting numbers and quantitative data means something to this group. So when the idea to expand came up during the recession the executive director used numbers and *"showed how they were spending X amount for cost per service unit"* which *"means something to scientist, computer programmers and mathematicians."* By understanding and knowing how to communicate with the board she was able to gain their support and trust to open a second site despite operating with a budget deficit.

In another example, Organization #7 described board support of funding decisions,

> *"The board was consulted on changes, such as with becoming a United Way partnering agency. They were consulted with the plans and the information...The board is good and active... I kept the board informed with changes in the government regulations and what we were doing as an organization to keep funding. They were informed of the final decision of the funding sources."*

Interestingly, six executive directors have long-standing relationships with their organizations and the board, which could contribute to the positive board-executive director relationship. One executive director founded the organization and the other five were involved with the organization in some capacity prior to becoming the executive director. Specifically,

- Two are former employees;

- Two are former board members; and

- One is a former board member and employee of a nonprofit that was acquired by the current organization.)

Key Attribute: Organizations have effective leadership that reflects the needs of the organization.

Theme 6: Resilient nonprofit organizations have engaged, competent and effective leadership.

The nonprofit research claims that a nonprofit's leadership shares responsibility for instilling a vision and making decisions that can influence organizational outcomes (Carver, 1997; Herman & Heimovics, 1991). Studies show that an engaged and involved board is linked to positive operating performance (Hodge & Piccolo, 2005) and can help guide a nonprofit through tough times. The case organizations either conducted some level of board development or paid particular attention to their board composition prior to and during the recession. As discussed in the nonprofit capacity literature, governance can contribute to a nonprofit's capacity to fulfill its mission and can facilitate the acquisition of necessary resources (Carver, 1997; DeVita et al., 2001).

Five nonprofits mentioned strengthening the knowledge and functioning of their boards. For example, Organization #7 described educating the board on changes in their funding

environment, emphasizing how significant reductions in government funding called for the board to adjust their roles and *"to rise to the occasion and do fundraising."* The interviewee explained that the board did not know how to fundraise, but that they were willing to listen and learn.

> *"[The board] took on the annual breakfast from our advisory board, who were originally the table captains for that. I asked the board to take it over from the advisory board. The board took it over and has kept that event going and its brining in new dollars every year, even throughout the recession."*

Four nonprofits mentioned getting a consultant to work with their boards. The consultants helped the case nonprofits with a range of activities, such as developing strategic plans, strengthening their mission statements, establishing board policies and procedures, and determining board composition needs. For instance, Organization #1 described implementing an annual board contract signed by every board member that outlines their roles, responsibilities and expectations for fund raising and participation.

Three case organizations mentioned restructuring their board composition before or during the recession and two case organizations discussed post-recession efforts to make changes. Enhancing their nonprofit's ability to secure necessary operating resources was commonly cited as the reason for making changes. The nonprofits indicated that they strategically target individuals from certain industries (e.g., banking, technology, financial, or legal) to fill vacant board positions that reflect the needs of the organization. Consistent with the resource dependence literature, organization that apply co-optation as a strategy retain representatives of other organizations that can provide important resources to the leadership or decision making structure (Selznick, 1949). For example, organization #3 stated that they

> *"...are trying to identify the types of jobs that would fit in with the particular board positions. So, we are out there in the community talking to people within a specific target group. There's someone in banking we are trying to get interested in serving on the finance committee and so on."*

Organization #4 explained,

> *"When I am looking for board members I look for people who can get out and help raise dollars for this organization because it's all about bringing in funding. It's not only important for the board to give an approval for operations; it's important for board members to help generate funds as well."*

In another example, during the recession, while working with a consultant Organization #1 recognized the need to move from having a board made up of friends of the founder and people in the local neighborhood to a more diverse board that included corporate executives that work for major employers in the metropolitan area. A document review shows that the board has since recruited several executives from companies such as Microsoft, E-Trade, Northrop Grumman and Accenture which has led to new partnerships and revenue streams for the nonprofit.

Organization #6 was formed out of the merger between two nonprofits, which meant merging two boards at the onset of the recession. So, it was important for them to look at the needs of the new organization and they realized that they needed to *"have a really good sit down session with the new board."* So they got a grant from a local foundation to do a strategic plan and needs assessment to guide the new organization. According to the strategic plan, an organizational objective is to *"Assess board competencies and structure, develop recommendations if needed and enact those recommendations by June, 2009."*

The nonprofit research cites executive director as a key factor in a nonprofit's success or failure (Herman & Heimovics 1990; 1994). Although all of the participating executive director's seem to demonstrate leadership competencies and skills to successfully manage their organizations, all of the executive directors specifically described how their past experiences plays into their ability to effectively guide their nonprofit's programs and operations. Examples

of how prior experience helped the executive directors to lead the nonprofit through the recession include:

- Four interviewees stated that they held past positions as grant writers which contributed to their ability to write successful grant applications, especially during and after the recession.

- Three interviewees credited their prior experiences working for the United Way, the local department of social services, and as a minister to their ability to successfully form partnerships and collaborations.

- Three interviewees had finance backgrounds and indicated that their accounting and finance abilities helped them to manage scarce financial resources and make sound financial decisions during and after the recession.

- Two interviewees had prior experience as an executive director of a nonprofit organization.

- Two interviewees had prior experience at the executive level in the for-profit sector.

- Five interviewees had prior nonprofit experience with three of these interviewees having worked for large nonprofit organizations.

> **Key Attribute: Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.**

Theme 7: Resilient nonprofit organizations continually seek new funding sources and have diverse revenue streams.

Financial resources are essential to a nonprofit's ability to support its operations and fulfill its mission. The literature on nonprofit failure revealed that lack of financial resources and financial distress are frequently cited as reasons for nonprofit failure (Gronbjerg, 1993; Hager 2001).

Generally, nonprofits rely on three primary funding sources: *private funding* (individuals, foundations, churches, or corporate entities); *earned income or commercial funding* (membership fees, dues, retail revenue or investment income); and *public funding* (government contracts or grants). When asked about their *primary* funding source three nonprofits said public and three nonprofits said private. The mid-sized nonprofits were most likely to rely on government funding as their primary source of revenue. Although only one nonprofit responded that their primary funding is commercial revenue, five of the case nonprofits indicated that they intend to grow this revenue source.

Also discussed in the conceptual framework, nonprofits with diverse revenue streams are more likely to survive than organizations that rely heavily on one source of funding (Bielefeld, 1994; Gronbjerg, 1993; Tuckman & Chang, 1991). Studies have shown that revenue concentration can increase a nonprofit's financial vulnerability, and ultimately its chances of organizational failure (Hager, 2001). Moreover, resource dependence theory posits that nonprofits that obtain their inputs from a limited range of organization are more likely to dissolve (Fernandez, 2008).

Typically, human services nonprofits rely heavily on government funds and less on diverse fundraising efforts (Froelich, 1999; Smith, 1996). Yet, the case nonprofits examined for this study engage in a variety of fund raising strategies. Five nonprofits stated that they receive a mix of funds from private, public and commercial funding sources. One nonprofit relies on public and private money and only one nonprofit relies exclusively on public funds (albeit a mix of federal, state and local money). Organization #7 stressed,

> *"You really have to have everything in the mix. We need government funding, we need foundation funding, we need the rent that the [clients] pay, we need fund raising events, and we need direct mail, which we do. You have to have a diverse array of fund raising opportunities going on."*

141

Five case nonprofits indicated that they generate revenue via commercial, earned income strategies. Two nonprofits with programs related to workforce and economic development shared that through their earned income strategies their workforce development programs essentially *"pay for themselves."* This allowed them to expand their services to meet the increased demand during and after the recession. When asked what suggestions they had for other nonprofits looking to improve their capacity for resilience, three housing nonprofits recommended that other nonprofits develop an earned income strategy.

> *"If every nonprofit could do something like a [retail store] it is amazing what that generates. The Goodwill industries in our area, their last annual report that I saw shows that they are generating over two million dollars a year in selling donated materials…It seems that from the standpoint of availability of money in the community, people get it. They understand that if they buy from us the money is going back into the community."*

> *"With regard to achieving positive outcomes and surviving the recession, those nonprofits that have some type of social enterprise are doing better than those that don't…Try to figure out how to be socially entrepreneurial about something and to be creative with what they might have a skill set of or access to, in terms of starting a bakery, or some kind of service. Just be open to looking for opportunities or ways to be entrepreneurial and getting there successfully."*

> *"Never say never. Always look out for opportunities to do new and different things. Look for profitable opportunities, if one comes your way, think about it. I've seen some organizations that have come up with a for-profit business that is funneling money into their nonprofits. It doesn't work all the time, but it's good. We are now looking into earned income. I have had a few ideas that haven't come to fruition yet, but they may eventually. There are ways to do things that will further your program and that will put money in your coffers."*

While Organization #4 did not have earned income, the interviewee talked about their plans to diversify and develop their commercial revenue stream.

> *"We rely heavily on [government] grant funding. However, I'm trying to change that a bit, we're trying not to rely so much on grant funding. We're trying to generate revenue through earned income based on our services, our programming as well as our products."*

Six case nonprofits mentioned plans to grow their private donations. For example,

Organizations #4 and #5 stated,

"I had never really thought about looking for private investors and now that is a new strategy for us. It's something that just started and it just started in our thinking about how to get funding that is different from the traditional way."

"The donations from congregations is our highest percentage of revenue. Between our annual fund raiser and our individual contributions we get quite a significant amount of individual contributions in comparison to some of the other organizations of our same size…We have realized that we need to focus on individual contributions. Growing our donor base will be the thing that keeps us going, it will be more sustainable. So, this is our next challenge."

Two nonprofits cited private donations as a main source of revenue that helped them get through the recession. Below are examples provided by three case nonprofits describing some of the new strategies they pursued to increase private donations during and after the recession.

"We really thought that we had to implement a new strategy for how we thank our donors and volunteers. So we implemented an annual event where we them give certificates and all the food is donated. We increased their communications to folks and found creative ways to say 'thank you' throughout the year and not just at this annual event. It really makes a difference. We have anywhere from 150 – 200 people to attend and we get everything donated. Every partner gets a certificate and a thank you for their partnership whether they gave money or volunteered."

"…we put together a proposal for sponsorship…So far, we haven't gotten a lot of traction but it's fairly fresh and we are going to keep working that aspect to build up the business contributions. We have been involved in the Combined Federal Campaign (CFC) and that has been building over the last several years. According to the last fiscal year's data we got almost $10,000 in the last CFC. I remember the first year that we started; it was only a couple hundred dollars. So we are getting some traction with that."

"We are planning more signature fundraisers. I have found that with fundraising, when people realize that times might be tough, one of the things is that we have people who will say "I'll give a matching gift." So we have had a little more of that, matching gifts, the last few years. For example, they might say that if the board will match 'X' amount then I'll give this amount."

Despite broad cuts in government funding, several case nonprofits described regularly seeking new opportunities to apply for government grants or contracts. During the recession two mid-sized nonprofits actually increased their federal level funding. These nonprofits have the

capacity and infrastructure to manage federal funds and were positioned to capitalize on federal stimulus monies that enabled them to meet the local community's immediate needs and demands without having to shoulder the added expenses. Post-recession six case nonprofits have been actively seeking to expand the scope of government grants to which they apply to generate new revenue. For instance, Organization #3 has been meeting with their county government to discuss new funding opportunities to help them build their infrastructure. In addition, Organization #5 saw increases in their public revenue and said that they are actively pursuing grants *"to fund some of those things that weren't funded before."*

In the wake of the recession, having fiscal reserves or sources of funding that can provide a nonprofit with resources during difficult times has been brought into sharper focus. The resource dependence literature uses the term buffering to refer to practices that involve gathering critical resources when they are plentiful and storing them for future use. Three small case nonprofits discussed having access to funding sources that can provide resources during times of need.

Organization #1 entered the recession with a deficit. During the recession they opened a second site after concluding that serving a higher number of clients could increase their private and commercial income streams. This nonprofit has since opened six more sites and successfully implemented several earned income strategies. They set aside some of these funds and have approximately twenty percent of their operating budget in reserves. The interviewee stated,

"You have to have money. Without it there are no services. A lot of people think it's all about doing good work, but you can't do good work without money in the bank."

Organization #3, a small housing nonprofit, regularly attends a state housing organization's meetings and learned about a program that allows participants to take out loans

against mortgages at a three percent interest rate. To help them get through the recession they

took advantage of this program in order to free up some funding.

> *"So, instead of waiting fifteen years for some of those principle payments to come in we were able to pull ahead with those payments. Typically those notes range from about $25,000 to 50,000. Once we got into that plan, that started to bring some cash in, and our main focus was to keep the construction going. That started to help us to recover from what we had gone through earlier. The very first loan was pulled in 2006, but we did several more in 2007 and 2008. Just looking at the alternatives that were there, when you look at a zero interest note that's got 20 or 25 years before it's going to be paid off, pulling it ahead and looking at where we were with other funding it really wasn't that hard of a decision….It made sense to have that money available now rather than wait 20 to 25 years to get it with zero interest."*

While Organization #5 has not yet established a source of future funding, they are

exploring forming an endowment.

> *"We realized that funding is not always a sure thing, particularly government funding is risky and we can't depend on it. There's now talk of forming an endowment. We don't have an endowment, but we really need to have one and we really need a planned giving program."*

Key Attribute: Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.

Theme 8: Resilient nonprofit organizations have assets, systems and infrastructure needed to administer quality programs and that enhance their ability to address and benefit from situations that emerge.

According to the conceptual framework, resilient organizations have systems and

infrastructure in place to manage and share information and resources (Denhardt & Denhardt,

2010). As explained in chapter two, infrastructure refers to the day-to-day operational systems

and physical assets that contribute to the organization's capacity to function and to effectively

administer programs and services. Consistent with the research, the value of systems and

infrastructure comes through in the cases examined for this study. The findings show that case

organizations, regardless of type, size and location, invested (and continue to invest) in building

their nonprofit's capacity and therefore, have infrastructure to enhance their long-term capabilities. According to Organization #2,

> "Building this infrastructure before the recession definitely helped our organization. But, I think that had we still been small we may have survived very well. But, being a mid-sized nonprofit without a good infrastructure would not have worked. Small organizations just don't need that level of infrastructure, unless they are trying to build themselves. If you are trying to take your organization to the next level you need it. Unfortunately, there are a lot of mid-sized organizations that don't have any infrastructure and having it puts us in a better position for earning money and getting funds."

The top three types of capacity and infrastructure mentioned either directly or indirectly were human resources, operational support systems and physical assets.

Human Resources

The interview notes and organization documents show that case organizations invest in their paid and volunteer staff. Three interviewees specifically talked about how training and technical assistance helped strengthen their staff capacity to lead the nonprofit during the recession. When asked what factors contributed to their organization's capacity for resilience or what suggestions they have for other nonprofits about improving their capacity for resilience two of these organizations mentioned the value of technical assistance.

Organization #2 started building their infrastructure before the recession, which, as the executive director conveyed "definitely helped our organization." They made a partnership with another organization that provided them with a free consultant for a number of years who worked with them on board capacity and development as well as getting other policies and practices in place such developing as personnel policies, strategic plans and annual plans, and putting together a template for annual staff evaluations. As the executive director described,

"All those pieces that for a small organization aren't usually in place. So pretty soon we looked like a mid-sized organization because we had all of these pieces in place that most organizations wouldn't have. Our whole infrastructure was just suddenly built overnight because of having this consultant. "

Organization #6 explained that when the recession began he was participating in an executive education program sponsored by the Harvard University Kennedy School of Government. Participating in this program presented him with two challenges, successfully consolidating the two boards of the nonprofit organizations that merged and increasing the organization's first time homebuyer's services by ten percent. Working on the goal to unite the boards led to additional work with consultants to develop a strategic plan for the organization. Having set the program goal to increase the homebuyers services positioned them to apply for stimulus funds. According to the executive director,

> *"And actually during the recession and during the stimulus from the Obama administration, funding for this kind of development work was on an upswing. So, the timing was really great…The ironic thing was that as a performance challenge to do 10% of the first time homebuyers, unexpectedly to us, we wrote that in 2007 and we achieved it or surpassed it partly because we were experienced and had the capacity to do it, but because the rest of the market just fell to pieces…So, the good news was we increased our production. We were able to do this with staff capacity, permanent financing, and the pieces of the development puzzle were all available."*

As previously mentioned, volunteers are central to the operations of six case organizations. These six case organizations have a paid volunteer management professional on staff to increase their organization's capacity to involve volunteers. The general responsibilities for this position described in the interviews and via organizational documents include establishing formal channels for volunteer recruitment, matching volunteers with assignments that match their interests and skills, adequate training and support, regular communication, written policies and job descriptions, and frequent recognition. As stated by Organization #1,

"Without the structure the [clients] and the volunteers aren't going to stay. You have to have structure."

The interviewees described how having a stable volunteer corps expanded their organization's capacity to meet the high demands for their services during the recession when resources were declining. For example, organization #1 was able to call on volunteers to fill the voids that created when the staff was reduced; organization #3 relied on two volunteers to run their retail operation after they laid off staff; and organization #2 shared that they *"expanded our intern program and the Americorps program because the demand was so high. And we multiplied our volunteers significantly to help meet the demand."*

Support Systems

Certain types of support systems are necessary to receive and manage public and private funding. Operational systems such as financial, technical and performance and outcome measures are among the most salient factors to support the application and reporting requirements connected to these funding sources. All of the case organizations receive a mix of government funding. In an age of increased accountability, public agencies are requiring nonprofits to demonstrate how their funds are being spent and making a difference. So, financial systems that can generate timely and accurate financial reports are considered compulsory, especially to manage federal grants and contracts (five nonprofits stated that they receive federal money.) Meeting these standards can be burdensome for many small and mid-sized nonprofits. According to Organization #2,

> *"On the positive side, if you are able to get those federal dollars that are extremely limited then it sends a message that [our organization] is a strong organization, so that draws other partners and funders to your organization. There are lots of folks that now want to partner with us. Being able to get a federal grant is viewed as a positive in that it*

148

speaks to the credentials of the organization and the experience of the staff…So, for us to get these grants says something about our ability. It has a lot to do with our credentials and the experience of our staff.”

To a greater extent public and private funders are interested in knowing whether the nonprofit programs that they fund are really making a difference. As a result, requiring nonprofits to measure outcomes and impact in order to receive funding awards has become a widespread practice. To be resilient, Organization #1 suggested that other nonprofits should *“have a system for measuring outcomes.”*

Organization #4 relies mostly on federal grants to support their programs and have noticed cuts and increased competition for federal dollars. So, to ensure their nonprofit remains competitive for the limited available funding they have a performance measurement system in place to monitor outcomes and help them make programmatic and organizational decisions that can improve their performance.

> *“We also use performance measures. We all have goals that tell what it is that we are trying to achieve. We have quarterly assessments and sometimes even more frequently than that to see where we are. And if we are not meeting those goals then we talk about why we aren’t meeting them and what can we do to change that.”*

Like many funders, the United Way requires their grantees to meet strict financial, administrative, and service delivery reporting requirements (Stone, Hager, & Griffin, 2001). According to annual reports and interview notes, four of the case organizations receive funding from their local United Way. To position their nonprofit to receive United Way funds, Organization #7 pointed out the importance of having a system in place to track and report data.

> *“We have to do performance management, the United Way is always looking for data and the government is always looking for numbers and we have a responsibility to our donors. The United Way application is one of the most difficult I’ve ever done. The United Way is always seeking more data to see if you are doing the best that you can do. I just can’t report outputs; people want to know what we are doing with our residents. So you have to track things …we have to show the positive impact and show the outcomes of our programs.”*

Organization #6's annual reports and newsletters highlight two technical support systems that strengthen their ability to manage daily operations as well as communicate their impact to funders. First, to further the collaboration among local service providers, this nonprofit manages a web-based intake, referral and client management database. In 2006 they received grant funding to purchase the licensing, train staff and conduct multiple trainings for partner agencies. Having this system in place during the recession was useful. According to a newsletter article,

> *"This system allows the sharing of client demographics, housing, income, benefits and other client-related information between partner agencies. This sharing of information results in a better assessment of client needs, improved quality of services and enhanced coordination of services among local providers."*

In 2008, during the recession, organization #6 implemented a dashboard and started publicizing the data in their annual reports. The dashboard data is also published on their website to help them further demonstrate the value of their services to stakeholders, potential funders and partner nonprofits, and clients.

It should be noted that all of the case organizations, except organization #3, had a strategic plan in place during the recession.

Physical Assets

Having physical assets is another factor that may have contributed to the ability of the case organizations to effectively manage and deliver services during and after the recession. Physical assets refer to facilities, office and program space, equipment such as computers and software, telephones, servers, and other essential tools that can impact a nonprofit's operations. Although physical assets can enhance the quality and functioning of operations, the expense to obtain and maintain these items can be a drain on resources, especially for small and medium sized nonprofits. All seven case organizations have facilities or access to space to run their

operations and deliver programs and services. However, four nonprofits indicated that they

acquired their facilities or program space through inter-organizational relationships, placing

minimal strain on their resources. For example, one nonprofit operates out of donated space

provided by one of their faith-based partners and another nonprofit's building was donated to

them as a gift. The other two examples are described below.

Organization #1 explained how gaining access to adequate facilities and equipment to

conduct workforce development programs has allowed them to expand to other locations during

and after the recession, which in turn allows them to generate new income. The interviewee

stated that their nonprofit succeeds *"because they have the infrastructure."* Their model is to

establish agreements with other organizations to obtain donated space. This nonprofit currently

has agreements with five facilities. As part of these agreements Organization #1 provides all the

necessary equipment, conducts all of the IT maintenance, and delivers services and in exchange

the partner conducts marketing and outreach to their networks. Additionally, partner

organizations must agree to grant full access so that Organization #1 can update and maintain the

equipment as needed. Prior to entering into any agreement, the executive director and the IT

manager must approve the facility to ensure compatibility with their system to minimize network

failure, and make sure the facility can accommodate clients. Obtaining program space at no cost

to the organization allows Organization #1 to allocate necessary resources to ensure they have

reliable, updated equipment to deliver quality programs.

About a year before the recession began Organization #6 merged with a local nonprofit

that was doing similar work and managing the facility in which several nonprofits (including

Organization #6) were co-located. According to Organization #6, the nonprofit with which they

merged had a good mission and was well known in the community, but was languishing. The

merger enabled Organization #6 to obtain the facility and, in turn generate revenue by managing the co-located space.

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Key Attribute: Organizations have shared, clear sense of identity, values, goals, and mission that direct and guide their work and activities.

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Theme 9: Resilient nonprofit organizations rely on their mission and identity to direct their activities, establish shared meaning, and shape their image to external stakeholders.

The conceptual framework implies that clarity of organizational mission, vision, strategy and identity is an element of nonprofit capacity and organization resilience (Coutu, 2002; DeVita et al., 2001; Lengnick-Hall & Beck, 2005). In effect, an organization's mission is expected to guide the scope of its work and activities. A review of the case organization's IRS 990 returns filed between 2006 and 2011, websites, annual reports (if available) and strategic plans (if available) indicate that the case organizations' core missions remained constant during the recession and that their programs and services are reflected in their missions. Two nonprofits shared that their missions have evolved or were slightly modified since the recession to capture some of the new programs and services they added during the recession to meet the needs of their communities. However, both nonprofits maintained that their core missions and purposes have stayed the same.

Four case nonprofits have broad mission statements that convey their beliefs, values, and target population, while three organizations have mission statements more narrowly written to convey the services they perform and their distinct niche that separates them from other nonprofits. A broad mission statement provides a wider umbrella under which the nonprofits can pursue a range of activities and funding. However, the nonprofit literature suggests that without a clear mission statement, a nonprofit may drift off course. Two of the case organizations with broad mission statements briefly touched on this topic.

Organization #2 explained that their mission has evolved over the years as the

organization has taken on additional programs and services.

> *"We stay extremely flexible, much to our chagrin at times, which leads folks wondering, well who are we and what do we do?...We generally don't go chasing dollars just for the sake of dollars. Some people, even our staff, may think we do that, but we don't, we are very strategic. We have an annual plan, if something comes up then we look at it to see if it's something we need to turn the corner with or not."*

Organization #6 merged two housing nonprofits prior to the onset of the recession and the

interviewee shared that due to the merger their mission is too broad and not clearly defined.

Their strategic plan states that a weakness for the organization is that they "don't always

communicate our purpose clearly" and they are "guilty of mission creep – opportunistic." The

executive director explained that when the nonprofits merged they decided to keep the mission

broad to capture all the programs both organizations were delivering and to remain *"attractive*

and appealing to a local community foundation" in order to maintain this funding stream. The

executive director explained,

> *"A lot of what we are doing or interested in pursuing is under the umbrella of this really broad mission, which might be too broad. The board is actually sitting down later this month to re-examine the mission. With the current mission if there is an opportunity to do something to help low income people they will give it a shot...So if you read our mission statement it doesn't have the word housing in it, it doesn't have the word poverty in it. So that's why we think we need to take a step back and make sure we are okay with what it says and what we are doing and maybe wordsmith the language. We sort of get dinged from time to time, HUD comes in and says 'well you're doing all this housing work, but we don't see housing or housing counseling in your mission.'"*

Three out of the four case organizations with broad mission statements had strategic or annual

plans in place which may have helped provide directions during the recession. The one case

organization that did not have a strategic or annual plan in place is part of a national network that

establishes its programs and services, which may have provided the necessary direction for this

group. It should be noted that during the interview the executive director relayed that it is on their immediate agenda to create strategic, annual and succession plans for the organization.

The organization resilience and nonprofit literatures suggests that organizational identity is a key element in steering an organization, setting its long-term strategy (Young, 2003) and defining a shared sense of "who we are as an organization" (Puusa, 2006). For many nonprofits their identity is reflected in their name, therefore the name of the organization can serve as a branding tool to promote the organization's programs and services or convey the essence of who they are as an organization. Having a strong identity and name recognition can help nonprofit organizations attract resources, stakeholders and clients, which can be advantageous, especially during times of constraint. Below are examples provided by three case nonprofits that describe how they selected or changed the names of their nonprofit in an effort to better reflect who they are as an organization.

After the recession Organization #5 changed their name to more closely link themselves with the national network in which they have been affiliated since the late 1990s. As written in their newsletter "our organizational name may have changed, but our programs remain the same." According to the executive director,

> *"The name change allows for more of a branding opportunity if all of the organizations have the same name, and it better reflects the greater scope of our services. Having all of the organizations under [the national network], having the same name opens up opportunities. It's sort of like having the name Big Brothers Big Sisters. There is no change to the identity and mission of the organization…Nothing else about the organization has changed except its name."*

Organization #7's also changed their name after the recession. The executive director explained,

> *"We changed our name because we were mostly known by the name of our program. We were not known as [the former name of the organization]. People would try to look us up in the phonebook under [the program name] and they couldn't find us. And, so we*

154

changed our name, which is how we are known in the community and it better reflects our program and who we are as an organization."

Prior to the recession when organization #6 was forming out of the merger of two nonprofits the decision was made to maintain the name of one of the organizations. According to the executive director, that nonprofit *"was an organization that had a great name in the community."* He also shared that the nonprofit for which the current organization is named had a stronger relationship with area funders and they did not want to ruin those relationships.

Summary

In summary, the findings presented in this chapter about the attributes exhibited by resilient nonprofit organization are consistent with the conceptual framework presented in chapter two. The data show that many of the same themes surfaced repeatedly in the literature, the exploratory interviews, and the organizational documents reviewed for this study. The findings from the data show that the seven case nonprofits selected for this study exhibited a combination of assets, processes and strategies. Further analysis revealed nine common themes that help describe how these organizational attributes translate to practice. The themes that emerged from the data are:

1. Resilient nonprofit organizations anticipate and respond to changes in their environments.

2. Resilient nonprofit organizations embrace change, challenge the status quo and take risks, despite uncertainty.

3. Resilient nonprofit organizations remain flexible in their structures and processes.

4. Resilient nonprofit organizations place strong emphasis on forming strategic, successful, and mutually beneficial external relationships to fulfill their mission.

5. Resilient nonprofit organizations have supportive and constructive internal relationships.

6. Resilient nonprofit organizations have engaged, competent and effective leadership.

7. Resilient nonprofit organizations continually seek new funding sources and have diverse revenue streams.

8. Resilient nonprofit organizations have assets, systems and infrastructure needed to administer quality programs and that enhance their ability to address and benefit from situations that emerge.

9. Resilient nonprofit organizations rely on their mission and identity to direct their activities, establish shared meaning, and shape their image to external stakeholders.

The final conclusions and recommendations for further research are presented in chapter five.

CHAPTER 5:

SUMMARY, CONCLUSIONS AND RECOMMONDATIONS

Introduction

The purpose of this research was to develop a better understanding of the nature of organizational resiliency as it relates to nonprofits impacted by economic recession. This study explored the essence and meaning of resilience through the processes and experiences of seven human services nonprofits in Virginia during and after the Great Recession of 2007-2009. The primary research question that directed this research was: *What attributes are exhibited by resilient nonprofit organizations?*

The findings described in chapter four directly tie back to the organization and nonprofit literatures. The seven nonprofits that participated in this study described conditions or factors that contributed to their resiliency that reflect a combination of organizational attributes. Accordingly, nine common themes emerged across all seven case organizations. Whereas each case nonprofit organization has its own unique profile, the findings captured variations in the blend of coping strategies, assets, dynamics, and capacities described in the data. Chapter five presents the conclusions drawn from this study and recommendations for future research.

Summary and Conclusions

Nonprofit organizations are embedded in and rely on their environments for critical resources. Hence, changes in the environment, such as economic recessions, exert influence on nonprofit organizations in the form of resource constraints, increased competition and a greater demand for services (Boris et al., 2010; McLean & Coffman, 2009). In particular, the Great

Recession of 2007-2009 posed significant threats and challenges to the nonprofit sector as many organizations struggled to survive or faced insolvency due to an inability to adapt and respond to changes in a timely and appropriate manner. In contrast, there are nonprofits that have the capacity to adapt to changes and constraints in their environment and, as a result, managed to not only restore resources and operations, but also capitalize on the circumstances and emerge stronger and more prosperous that before the recession began. Questioning how certain nonprofits are better able to weather severe economic downturns than others is what initially sparked the idea for this study. There is little in the scholarly literature on resilient nonprofit organizations and the attributes that contribute to their capacity to endure and thrive recessionary periods. Hence, this study is an effort to address this gap in the research by exploring the attributes exhibited by resilient nonprofit organizations after having experienced severe economic recession.

The concept of organizational resilience refers to an organization's capacity to create, alter and implement multiple adaptive actions in the face of unpredictable change or crises (Martin-Breen & Anderies, 2011) and can indicate whether or not an entity will survive, recover or thrive when facing disruptive environmental change. But, interpreting what is meant by 'an organization's capacity' is important to understanding the phenomenon of organization resilience. The available literature was reviewed to unearth the attributes that can strengthen an organizations capacity to achieve resilient outcomes. A multidisciplinary review of the literature resulted in a conceptual framework consisting of open systems theory, resource dependence theory, organization resilience and nonprofit capacity and failure research. Each component of the conceptual framework has several implications for this study and collectively they frame the organizational attributes that can contribute to or inhibit an organization's resilience capacity.

Seven commonly mentioned organizational attributes were extracted from the integration of the key principles that were carried forward from each of the research streams. As these attributes structured and guided the direction of this research, this study set out to explore the following:

- Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.

- Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.

- Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.

- Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.

- Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.

- Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.

- Organizations have effective leadership that reflects the needs of the organization.

The findings from the exploratory interviews and document review are consistent with the conceptual framework. The range of coping strategies, activities, assets, and inputs exhibited by the case nonprofits present a clearer picture of the attributes of resilient nonprofit organizations and helps translate theory into practice. Table 7.0 builds on the conceptual framework to show the attributes identified in the literature and the associated themes from the findings to present the attributes exhibited by the resilient case organizations that participated this study.

Table 7.0 Key Attributes in the Conceptual Framework and Attributes Exhibited by the Resilient Case Nonprofit Organizations in this Study

Organizational Attributes in Conceptual Framework	Themes that Emerged from Data	Descriptions
Organizations continually exchange feedback with their external environment, interpret and analyze that feedback, and adapt and respond to changes in their environments.	Resilient nonprofit organizations anticipate and respond to changes in their environments. Resilient nonprofit organizations embrace change, challenge the status quo and take risks, despite uncertainty.	• Positive disposition toward change • Systems in place to obtain information from multiple sources about environmental changes • Pay close attention to and mindful of trends and changes in environment • Make sense of, understand and face new reality • Conceptualize innovative, unconventional and appropriate solutions • Structure and culture that encourages experimentation, risk-taking, and challenging the status quo
Organizations are flexible and rapidly adapt to conditions and changes in their external environment by adapting internal structures, objectives, strategies and operations to acquire necessary resources and improve chances of survival.	Resilient nonprofit organizations remain flexible in their structures and processes.	• Flexible structures and processes that enable the case organizations to react quickly to external realities • Responsive decision making that facilitates timely and appropriate adaptation of internal processes to mitigate loss and respond to client needs
Organizations have intra and inter-organizational relationships to ensure access to and continuous flow of information, resources, and expertise; expand influence; and fulfill their missions.	Resilient nonprofit organizations place strong emphasis on forming strategic, successful, and mutually beneficial external relationships to fulfill their mission. Resilient nonprofit organizations have supportive and constructive internal relationships.	• Broad external focus • Access to and use of social networks • Participate in area alliances, professional associations, and joint ventures • Deep social capital • Board linkages • Established understanding of roles and responsibilities • Structure and cultures that supports inter-organizational partnerships and collaborations • Knowledge and capacity to form strategic and successful partnerships
Organizations have effective leadership in place that reflects the needs of the organization.	Resilient nonprofit organizations have engaged, competent and effective leadership.	• Decisive • Rapid deployment of unconventional responses or new initiatives • Deep social capital • Use knowledge and information to discern how environmental changes could impact organizational goals and objectives • Shared values and goals • Frequent and open communication • Skills and expertise that reflect organizational needs
Organizations implement strategies to manage their resource dependencies on other organizations and acquire critical resources necessary to fulfill their missions and maintain operations.	Resilient nonprofit organizations continually seek new funding sources and have diverse revenue streams.	• Diverse revenue streams • Commercial revenue supports capacity and infrastructure building efforts • Individual donors key source of revenue • Despite size, capacity to apply for and manage federal funds
Organizations have interrelated systems and subsystems (e.g., assets, resources, infrastructure, staff, and equipment) that operate as a whole to achieve goals and fulfill their missions.	Resilient nonprofit organizations have assets, systems and infrastructure needed to administer quality programs and that enhance their ability to address and benefit from situations that emerge.	• Assets, systems and processes in place to capitalize on immediate situations and acquire resources • Established volunteer management programs to nurture relationships and build volunteer corps • Systems in place to demonstrate quality and credibility of programs and organizational capacity • Physical assets and equipment to deliver quality programs and services
Organizations have shared clear sense of identity, values, goals, and mission that direct and guide the work and activities.	Resilient nonprofit organizations rely on their mission and identity to direct their activities, establish shared meaning, and shape their image to external stakeholders.	• Culture of respect, support and trust • Strategic goals and objectives • Shared understanding of core mission and goals • Concerned about and pay attention to organizational identity and branding

As previously stated, the conceptual framework provides context for interpreting and explaining the research findings. Based on the review of the literature and the findings from this study the following conclusions are drawn.

First, the conceptual framework suggests organizations that continually anticipate, interpret, adapt and respond to changes in their environments increase their chances of survival (Katz & Khan, 1966; Scott, 1981; Lengnick-Hall & Beck, 2005). Consistent with the literature the findings show that case organizations maintain a constant state of readiness which enabled them to anticipate and respond to changes in their environments once the recession reached their areas. The case organizations expect and embrace changes in their operating context, so they continuously look for trends and variations in their environment. The nonprofits continuously think about strategies to prepare them for future challenges and change. All of the case nonprofits demonstrated that they have a habit or regular practice of receiving and processing information from their internal or external environments. This was a key attribute that allowed the case organizations to recognize the effects of the recession on their organization early on. Being cognizant of the circumstances facing their nonprofits informed their decisions to enact coping strategies to secure necessary resources and maintain service delivery to those in need. The research suggests that the ability to adapt is necessary for resilience (Lengnick-Hall & Beck, 2005; 2011). The prominence of this attribute aligns with this premise and raises the question of whether the ability to adapt is synonymous with resilience.

Additionally, pervasive throughout the organization resilience literature is the notion that resilient organizations are innovative and challenge the status quo (Amabile, 1988; Lengnick-Hall & Beck, 2009). Consistent with this literature all of the case nonprofits seem to embrace

change and new ways of operating. However, four case nonprofits in particular took calculated risks, despite the uncertainty of the recession. The case organizations that thrived during the recession exhibited the ability to conceptualize innovative, unconventional and appropriate solutions. Although having information to make the decision, the infrastructure to support the decision and the flexibility to act quickly on the decision contributed to their success, having a culture that encourages experimentation and organizational members to act was a key attribute that made it possible for these organizations to take the risks. This raises questions about organizational culture and theories of motivation.

Second, the conceptual framework suggests that flexible organizational structures support the timely adaptation of internal resources and processes to rapidly changing, unpredictable environments (Ghemawat & del Sol, 1998; Perrow, 2003; Pulley, 1997). Consistent with the literature the findings show that the case organizations remain flexible in their structures and processes. The case organizations selected for this study are considered to be small or medium sized nonprofit organizations, which are generally prone to have flexible, flat structures. The size of their workforces results in centralized programmatic and operational decision-making that rests firmly with the executive director. Hence, the ability to make timely decisions is enhanced by a centralized decision-making structure. It is possible that size naturally may have aided the case nonprofits to quickly react to changes in the economy, respond to community needs and demands, and reallocate resources.

The literature on nonprofit failure indicates that small and medium human services nonprofits are more at risk and likely to struggle than larger organizations, especially during recession (Bielefeld, 1994; Fernandez, 2008; Galaskiewicz & Bielefeld, 1998; Twombly, 2003). Yet, the case nonprofits in this study indicate the advantage that small and medium sized

structures have in their ability to quickly react to environmental changes and capitalize on circumstances. This raises questions of whether these organizations are typical of comparable nonprofits their size, type and that operate in their service areas. Also, the field would benefit from further research on similarities and differences in how small, medium and large nonprofits react to changes when facing similar challenges, conditions and constraints.

Third, the conceptual framework suggests that intra and inter -organizational relationships are central to an organization's ability to access information and resources and can expand its scope of influence (Lin, 2001; Nahapiet & Ghoshal, 1998; Pfeffner & Salancik, 1999). Consistent with the literature the case organizations in this study place great emphasis on their external and internal relationships. The case organizations have a history of building relationships and, therefore seemed to have less difficulty pursuing and establishing successful and mutually beneficial partnerships. Moreover, the case organizations heavily relied on their networks to help get them through the recession. It could appear that these organizations are not just skilled in establishing relationships and partnerships, but have developed deep social capital over time. According to the literature, social capital is an organizational asset that is both derived from and contributes to intra- and inter-organizational relationships (Lin, 2001). Hence, social capital could be viewed as a salient factor in a nonprofit's capacity to develop external and internal relationships and collaborative arrangements.

Externally, each case nonprofit had already established networks and connections, but they also continue to demonstrate a broad external focus. For example, they participate in, and in some cases lead, coalitions in their local and regional areas; actively participate in professional associations and peer learning groups; support other nonprofits in their communities; and seek out and meet with government funders. Through these types of activities nonprofits can deepen

their social capital and build positive reputations. Moreover, consistent with resource dependence theory, several nonprofits mentioned board linkages and strategically targeting board members from certain industries or with certain competencies as a means to expand their reach and build alliances necessary to help fulfill their mission. To establish external relationships the case organizations tended to exhibit certain capacities such as effective leadership; human capital and financial resources; and systems and infrastructure in place to capitalize on collaborative opportunities.

With respect to internal relations, all of the case nonprofits exhibited positive board-chief executive relationships that may have helped guide them through the recession. At a time when nonprofits were faced with increased demands and decreased funding, having an informed and engaged board that supported and understood the coping strategies needed to carry out the mission was a key attribute. The conceptual framework suggests that internal social capital can help organizations build relationships inside an organization that can reduce transactions costs, facilitate communication flows, and enhance knowledge creation and accumulation (Lin, 2001; Nahapiet & Ghoshal, 1998). The findings from this study echo the research in that the case nonprofits' leadership communicated openly and regularly and worked together to make timely decisions to adapt operations, mitigate loss and adjust programs and services in response to client needs. It should be noted that in many cases the nonprofits invested in developing this relationship by conducting training and technical assistance to build the capacity of their board function. Also worthy of note, all but one executive director has a long-standing relationship with their boards that started before they assumed their current role. It is possible that this could have influenced the shared value of teamwork and cooperative relationships among the leadership.

165

Overall the case organizations exhibited a broad external focus, however their relationships and collaborative activities seemed concentrated in the nonprofit sector. The public sector relationships developed mostly out of funding for service delivery while relationships with the for-profit sector developed through board linkages and appeared to be minimal. This raises questions around the similarities and difference in the skills and practices needed to form relationships across the sectors. Further research that compares same-sector and cross-sector relationships and collaborations would benefit nonprofit organizations as partnerships become more prevalent and more funders are looking to fund collaborative efforts.

Fourth, the conceptual framework suggests that leadership is an essential attribute that influence an organization's ability to achieve its goals and fulfill its mission (Pulley, 1997; Ingraham et al., 2003). Consistent with the literature the case organizations exhibited engaged, competent and effective leadership. Resource dependence theory posits that a manager's role in strategic decision making is to address external constraints (Pfeffer & Salancik, 1978). The nonprofit research describes the role of leadership as making strategic decisions to secure resources, extending a nonprofit's outreach and enhancing its image within the community, and building relationship (Devita et al., 2001). The executive directors interviewed for this study not only had a clear understanding of their roles, but worked closely with their boards to educate and ensure board members understood their roles as well. Moreover, the findings indicate that the executive director's past employment experiences may have influenced the coping mechanisms used to endure the recession and the level of trust instilled in them to pursue certain strategies. Interestingly, all but one executive director had long-standing relationships with the organization. This raises the question about leadership tenure, the length of time needed to build

trust among a nonprofit's collective leadership, and whether certain skills and knowledge are necessary for executive director's to effectively lead a nonprofit.

Fifth, the conceptual framework suggests that organizations must implements strategies to acquire critical, stable resources necessary to fulfill its missions and maintain operations (Katz & Kahn, 1966; Pfeffer & Salancik, 1978; Saidel, 1991). Consistent with the literature the findings indicate that the case organizations continually seek new funding sources and strategically diversify their revenue streams to ensure the continuous flow of income needed to run their programs and deliver services. The three mid-sized nonprofits included in this study had average revenues between $500,000 and 1,500,000 between 2006 and 2011. These organizations were most likely to have multiple streams of federal funding which offered them some stability and demonstrated their capacity to handle complex funding arrangements. In two cases, the nonprofits were perfectly positioned to capitalize on stimulus monies being that they already had systems in place to manage federal funds. Also, these same two mid-sized nonprofits have well-established earned income ventures in place that generate significant income.

The small case organizations implement a range of tactics to secure funding, however two prominent strategies that surfaced in the findings were forming partnerships with the intention of sharing resources or joining collaborative funding ventures and devising earned income activities. The literature suggests that the smaller a nonprofit the greater the likelihood of it having difficulty attracting essential resources (Hagar et al., 2004), therefore, increasing its probability to fail. This study included four small nonprofit organizations with average revenues below $500,000 between 2006 and 2011. All four of these small nonprofits have successfully established a stable volunteer corps that helped them to meet high demands during the recession or fill the voids left by reduced staffing structures. Moreover, two of these small organizations

thrived as a result of their earned income strategies and the other two partnered with other organizations to secure funding. As a matter of fact, the smallest case organization in this study had an average revenue of $180,000 between 2006 and 2011 and saw increases in their public funding during the recession.

Over the last decade the nonprofit sector has seen shifting trends in revenue strategies resulting in an increase in earned income and social enterprise ventures. However, questions remain about the impact of these trends on individual nonprofits and the sector as a whole. Like any organization, nonprofits need money to function. Yet, the thought of nonprofits generating income through commercial activities remains a sensitive topic. More research is needed to assess the impact of commercial activities on a nonprofit's ability to fulfill their missions and secure other forms of funding.

Sixth, the conceptual framework suggests that organizations with infrastructure improve their ability to function, achieve their goals and demonstrate the quality of their programs and services (Saidel, 1991). Consistent with the literature the findings indicate that having certain assets, systems and infrastructure in place enhance the case nonprofits' ability to address and benefit from situations that emerge and allows them to deliver quality programs and services that meet the needs within their communities. Further illustrating a constant state of readiness, prior to the recession the case organizations had infrastructure in place that may have influenced their ability to survive as well as maintain, modify or expand their programs and services during the recession. Specifically, the nonprofits already had a stable core of volunteers to call on to help meet demands for their services, diverse streams of revenue to keep them afloat, and support systems that positioned them to capitalize on immediate and collaborative funding opportunities.

Traditionally, funding practices in the nonprofit sector restrict funding to programs and services with very little amounts allowed for administrative expenses such as salaries for non-program management, facilities expenses, technology and office supplies. Thus, the ability to build infrastructure is a challenge for nonprofits, especially small and medium sized entities. In an increasingly competitive environment it has become a necessity for small and mediums sized nonprofits to have the systems in place that allow them to capitalize on funding, demonstrate the quality of their programs and services, and provide them with the capacity to partner with other nonprofits in their service area. As illustrated in the findings, some case nonprofits engage in collaborative overhead or shared infrastructure endeavors (e.g., shared space, technology, and non-program staff functions such as bookkeeping) as a solution. This strategy raises questions about the value of such efforts and how well it contributes to a nonprofit's effectiveness.

Seventh, the conceptual framework suggests that a clear, shared sense of identity, goals, and mission will direct and guide an organization's work and activities, especially during times of constraint (Cummings et al., 2005; DeVita et al, 2001; Young, 2003). Consistent with the literature the case organizations relied on their mission, goals or identity to direct their activities, establish shared meaning, and shape their image to external stakeholders. All of the case organizations exhibited consistent mission statements between 2006 and 2011. Although some case nonprofit applied modest adjustments, their core purpose and missions remained constant. But, there was some variance in how the case nonprofits conveyed their mission. Roughly half the organizations had broad mission statements (4 organizations) or narrowly written statements (3 organizations). While broad statements provided a wider umbrella under which the nonprofits could apply for funds or enact new programs and services, it also increases the likelihood of mission drift which can move the organization in a direction that is in conflict with its goals or

lead stakeholders to question their purpose. The nonprofit failure literature theorizes that an unclear mission can disrupt the direction and activities of an organization and ultimately hinder its ability to achieve the desired impact and have unfavorable financial and organizational implications (Guy, 1989; Young, 2001). In contrast to the literature, the four organizations with broad mission statements thrived during the recession. Three of these organizations have strategic and annual plans that may have helped keep them on the right trajectory while the fourth organization's membership in a national network may have provided the necessary direction. This raises questions about the importance of the mission statement and how well it needs to align with the shared goals and values of the organization.

As previously mentioned the case organizations exhibited a broad external focus and extended their influence and outreach in their service areas through their networks and partnerships. For the case nonprofit organizations the importance of having a strong identity and name recognition was critical to their ability to attract resources, stakeholders and clients. Two organizations changed their name post-recession in an effort to strengthen their identity. As nonprofits are engaging more in a wide variety of partnerships and collaborative efforts and pursuing commercial revenue strategies, having a strong identity and name recognition is becoming more important. This raises new questions about the principles of organizational legitimacy for nonprofit organizations.

Lastly, conclusions are drawn specific to the four case organizations (Organizations #1, 2, 3, and 6) that appeared to thrive by capitalizing on certain situations during and after the recession to achieve positive outcomes, strengthen their capacity, and emerge more prosperous than before the recession began. The four case nonprofits that thrived not only embraced change, they were the risk takers. Examples of risks taken during and after the recession include

expanding operations, starting new ventures, trusting volunteers with overseeing a signature commercial revenue stream, and purchasing two pieces of foreclosed property. Egeland et al. (1993) claim that organizational resilience is similar to resilience at the individual level in that it embodies risk and protective mechanisms that enable positive functioning in stressful conditions. The amenability of organizations to take risks raises questions about the organization-specific factors that encourage a leader to take risks and the background and personality attributes of risk-taking leaders. More research into the organization-specific factors that can influence a nonprofit's approach to risk taking is needed to better understand the conditions under which risk taking is likely to occur and the organizational factors involved in supporting and making these types of decisions.

Because leaders of small and medium sized nonprofits typically make or are involved with virtually all strategic and operational decisions for their organization, the leader plays a central role in whether an organization exhibits a risk taking attribute. Having the capacity to take risks could be a key attribute for nonprofit organizations to thrive, but not all organizations and leaders are equipped or willing to do so. So, what makes certain leaders take calculated risks? Cognitive resilience capacity depends on an organizational decision-maker's mental, emotional and intellectual orientations to conceptualize solutions that are innovative, timely and relevant (Amabile, 1988). Increased research into the backgrounds, style, priorities and personalities of risk taking nonprofit leaders could be useful for organizations looking to develop or select leaders with effective and appropriately matched risk-taking behaviors that may prove valuable when responding to crises.

Unlike many small and medium size nonprofit organizations, the data show that these four nonprofits have systems and infrastructure in place that allows them to capitalize on

171

opportunities. Securing funding to cover administrative and overhead costs to build organizational operations and infrastructure is often a challenge for nonprofits this size. Commercial revenue streams supply unrestricted funds that nonprofits can use to build their infrastructure and strengthen their capacity to thrive. These four case nonprofits are firm believers in generating commercial revenue and each nonprofit has established earned income strategies that helped strengthen their organization during and after the recession. Hence, the data raises questions about possible linkages between a nonprofit's commercial activities and the amount of assets, systems and infrastructure they possess. Interestingly, the decision to enter into commercial and earned income ventures generally requires a willingness to take calculated risks. Future research to shed light on the relationship between a risk taking perspective and engaging in earned income strategies would inform nonprofit organizations and leaders on how to approach commercial activities in a way that supports their mission and needs.

The growing popularity of commercial activities in the nonprofit sector fuels the debate about commercial versus nonprofit and whether commercial activities benefit or harm nonprofit organizations. Some scholars (see, for example Eikenberry & Kluver, 2004 and Guo, 2006) caution that the marketization of nonprofits might encourage nonprofits to abandon "unprofitable" activities and their missions. In contrast, there are scholars (see, for example Foster and Bradach, 2005 and Weisbrod, 2000) that support earned income for nonprofits, especially in this age of decreased government funding. The four case organizations that seemed to thrive during the and after the recession have broadly written mission statements; hence the impact of commercial activities on their mission is unclear. A deeper exploration of the effects of earned income on a nonprofit's mission and whether commercial activities expose these organizations to certain risks is needed.

Recommendations for Future Research

The research on resilience has primarily focused on for-profit organizations and less on nonprofits. While this exploratory study offers a better understanding of the nature of nonprofit organizational resiliency, the findings present opportunities for more rigorous and generalizable research. The following four recommendations for future research are presented.

First, the nonprofit sector is diverse, containing a wide range of organizational types, sizes and locations. This study does not outline a 'one size fits all' solution for all nonprofits to apply. Instead it offers successful strategies that may inspire nonprofit leaders to think about resilience and how it pertains to their organization's unique experience. Currently, the nonprofit sector has not established a universal definition of resilience, nor a means to measure the concept. Further research that is geared toward the development of an evidence-based diagnostic or assessment tool specific to nonprofit organizations is strongly supported. The research involved in developing such a tool will build theory on the levels of organization resilience (low, modest, or high) and link the organizational capacities related to each level of resiliency. Building this theory will inform nonprofits of the capacities necessary for them to survive, and even thrive future economic recessions.

Secondly, the organization and nonprofit literatures combined with the findings of this exploratory study identify attributes (e.g., coping strategies, competencies, assets, inputs, and dynamics) that can strengthen an organization's capacity for resilience. Yet, questions remain. For instance, are some attributes more prominent than others? Are certain attributes found more or less frequently in certain types of nonprofits? While the conceptual framework implies that the attributes are interrelated, it does not suggest a hierarchy or the specific linkages between the

attributes. Because the findings from this study came from a limited sample, they suggest further exploration on a larger scale to account for the diverse types, sizes and locations of nonprofits in the sector. Large scale research would allow more objective and rigorous investigation into the complex components or subsystems that enable organizational systems to resiliently respond, adapt, or manage environmental changes.

Third, although this study was not focused on leadership attributes, it brought attention to the important role played by the nonprofit leadership, in particular the chief executive, in providing meaning and solutions to complex situations (Heifetz & Sinder, 1988); guiding change efforts; and aligning values and purpose across the organization (Carver, 1997) during and after the recession. According to the literature, individual decisions and actions impact organizational outcomes (Avolio, 1999; McShane & Von Glinow, 2000; Rowe, 2001; Zhu, Chew & Spangler, 2005). Consistent with the literature, the executive directors interviewed for this study make decisions, acquire resources, and develop systems and strategies that influence organizational performance. When faced with uncertainty during the recession the executive directors determined how their organizations would manage and cope with the circumstances. Moreover, for each of the case organizations the leadership cultivates the culture and conveys what is important and valued through their decision and actions.

Scholars and practitioners typically accept the idea that organizational resilience encompasses a combination of both individual and organizational attributes, however there is no consensus in the literature on whether resilient individuals within an organization leads to resilience at the organizational level (Horne & Orr, 1998; Lengnick-Hall & Beck, 2003). The conceptual framework borrows from the open systems perspective and posits that organizational resilience emerges from the multifaceted interactions between various organizational attributes.

Hence, a weakness of the framework is that the leader's role in achieving organization resilience is understated. The findings from this study suggest that certain leadership attributes (such as being a risk taker or having deep social capital) could have a significant impact on an organization's capacity for resilience. A deeper examination of the relationship between leadership characteristics and organizational resilience could establish a profile of resilient nonprofit leaders and help nonprofits prepare for future recessionary periods.

Lastly, this study focused on the attributes exhibited by resilient nonprofits during and after recession. Recessionary periods present certain challenges for nonprofits that might be different from the challenges presented by other threats or disasters. Further research is suggested to see if the attributes exhibited by nonprofit organizations to survive and thrive other types of threats and challenges differ from those found in nonprofits that survive and thrive economic downturns.

Limitations

A synthesis of the open systems, resource dependence, organization resilience and nonprofit literatures resulted in a conceptual framework that identified seven key organizational attributes of resilient nonprofit organizations. While the framework may provide a structure to guide future research efforts there are two limitations that should be taken into consideration. First, the framework does not suggest a hierarchy or scale to rank the importance of the attributes. As indicated in chapter two, the organizational attributes included in the conceptual framework are interrelated and work together as a whole to achieve organization resilience. Yet the framework is limited in its ability to identify whether some attributes are more essential than

others. For instance, having an effective leadership in place that reflects the needs of the organization is fundamental, yet the prominence of this attribute is understated in the framework.

Secondly, although the conceptual framework summarizes and integrates what is known about the organization resilience phenomenon as it relates to nonprofit organizations, it should not be viewed as definitive. Organization performance is complex and multidimensional, therefore this framework is not intended to be a rigid model of what organization resilience should look like for every nonprofit organization and in all types of unplanned, crisis situations. The nonprofit sector is broad and contains an incredibly diverse population of organizations facing a range of challenges. Because it is not possible to explore the experiences and perspectives of every type of nonprofits, this study was limited to the exploration of small and medium sized human services nonprofits in Virginia during and after the Great Recession of 2007-2009. Given the complexity of nonprofit organizations and the environments in which they operate the conceptual framework employed in this study is better understood as a resource to inform future research and as a tool to help interpret the findings.

Summary

Recessions are natural events in the economic cycle, therefore changes in a nonprofit's environment are inevitable. Resilience is not just about surviving, but also thriving during challenging times and emerging stronger than before. Most of the case organizations described emerging from the recession with new skills, knowledge and an increased capacity to cope with future challenges. This study explored the assets, processes, and key strategies exhibited by resilient nonprofit entities during and after the Great Recession of 2007-2009 and is intended to generate discourse on how to pragmatically marry research and practice in a way that advances

the concept of organizational resilience in the nonprofit sector. The findings from this study can

serve as a resource for nonprofits that have little to no resilience capacity in order to help the

leadership better understand what it takes to become and remain resilient.

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APPENDIX A – RECRUITMENT LETTER

Participants will be contacted via email or telephone. A variation on the text provided below will be used.

Recruitment Text

Dear [Name]:

My name is Saunji Fyffe and I am a doctoral candidate at Virginia Tech University conducting research on nonprofit organizations to learn what factors contribute to the resilience capacity of some nonprofits in the wake of extreme economic recession. Specifically, my research seeks to explore how certain human services nonprofits in Virginia thrived during and after the most recent recession of 2007 – 2009. My study employs interviews with six case study human services nonprofits that operate in Virginia to provide in-depth information about the coping strategies that positioned these groups to successfully respond to disruptive changes brought on by the recession.

Although the impact of the recession on nonprofits has, to some extent, been documented, little is known about resilient nonprofits and the ways in which they successfully adjusted and sustained functioning when confronted with significant constraints on valuable resources. The lessons learned from my research can be shared with nonprofits that have little to no resilience capacity in order to help the leadership better understand what it takes to successfully survive economic downturn or other crises.

I am very interested in highlighting a resilient human services nonprofit in your regional area. As a major funder you have knowledge of how well nonprofits in your local area survived the recession and which organizations can show evidence of resiliency. Therefore, I am writing to ask for your help identifying a potential case study organization for my research. If you are willing to refer me to an organization and would like to discuss the criteria and type of participant organizations essential to my study please feel free to contact me at sfyffe@vt.edu or at (202) 368-0337.

Warmest regards,

Saunji D. Fyffe
Doctoral Candidate
Virginia Tech University
Center for Public Administration & Policy (CPAP)

APPENDIX B – LETTER OF CONSENT

An Exploration of Resilient Nonprofit Organizations: How human services providers in Virginia thrived during and after the Great Recession

Participant Consent Form

You are invited to participate in a research study on nonprofit organizational resiliency. You were selected due to being a member of your organization's executive team or you were identified as someone who would have insight to this study. You are advised to read this form and ask questions before acting on this invitation to participate in this study.

This study is being conducted by Saunji D. Fyffe, a doctoral candidate at Virginia Tech University.

Background Information:
The purpose of this study is to identify the attributes exhibited by resilient nonprofit organizations.

Procedures:
If you agree to be included in this study, you will be asked to participate in individual and/or group interviews with the researcher. The interview will take up to 90 minutes in length and will occur either by telephone or at a private location to be agree upon by you and the researcher. With your consent the interview will be recorded and the researcher will be the only person to have access to the recordings.

Voluntary Nature of the Study:
Participation in this study is voluntary. You may choose not to participate at all, or you may refuse to answer certain questions or discontinue your participation at any time.

Risks and Benefits of Participating in Study:
No personal information will be included or reported as a part of this study. Therefore, the risk associated with participating in this study is minimal.

The study will provide timely and valuable educational materials about nonprofit organizations. Your participation in this study will enable the findings to be published, thus the information will allow the audience to better understand what it takes for nonprofit organizations to survive threats or crises. The lessons learned from this study can be shared with nonprofits that have little to no resilience capacity in order to help the leadership to think about resilience and how it pertains to their organization's unique experience.

Compensation:
There will be no compensation provided for your participation in this study.

1

Confidentiality:
For accuracy the researcher will take notes and, with your permission, record the interview. The records of this study will be kept private. In any report of this study that might be published, the researcher will not include any information that will make it possible to identify you. Research records will be stored in the offices and on the computer of the researcher and only the researcher will have access to the records. The researcher will use a password-protected file to store the interview notes, recordings and research records. There will be no transfer of data to other venues and all notes, recordings and research records will be destroyed as soon as the project is concluded.

Contacts and Questions:
The researcher conducting this study is Saunji D. Fyffe and may be reached at sfyffe@vt.edu or (202) 368-0337. The Associate Vice President of Research Compliance at Virginia Tech University is Dr. David Moore located at 2000 Kraft Drive, Suite 2000, Blacksburg, VA 24060.

Statement of Consent:
I have read the above information and I consent to participate in the study.

Print Name: _____

Signature: _____

Date: _____

APPENDIX C – INTERVIEW PROTOCOL

An Exploration of Resilient Nonprofit Organizations: How human services providers in Virginia survived and thrived during and after the Great Recession

CASE STUDY INTERVIEW GUIDE

- ✓ *Give participant a copy of consent form and review. Obtain signature on form.*
- ✓ *If telephone interview confirm participant received email copy of consent form and confirm consent via email.*
- ✓ *Obtain permission to record interview.*

Background

Respondent background

1. Respondents' position/role in the nonprofit organization
    a. how long with nonprofit
    b. prior positions [there or elsewhere] *(X)*

Nonprofit organization context (Get copies of 2007/2008 and latest annual reports if available)

2. Mission of the nonprofit [*pre-recession and current*]
    a. What are the primary programs and services provided? [*pre-recession and current*]

3. About how FTE's/volunteers does the nonprofit have? [*pre-recession and current*]

4. What are the main sources of revenue?   [*pre-recession and current*]
           i. Probe: mix of revenue

5. How is your organization known to others/characterized by others in the community? *(X)*

6. Does your organization collaborate/partner with other nonprofits? *[pre-recession and current](X)*
    a. Probe: nature of relationship

**Nonprofit Organizational Activities and Behaviors**

1. Nonprofits frequently face resource challenges. How has your organization traditionally dealt with those types of challenges? *(C; B)*

2. When and how did the organization realize that this economic slowdown was going to be different from the other ones?

3. When and how did your organization recognize/identify the effects of the recession on your operations? *(C;B)* – [examples]
   a. Probe: systems/processes, information sharing, actors, and other resources

4. What were the key challenges you encountered because of the recession? *(C;B)*
   a. Probe: How did the recession (starting around 2008-09) affect the organization – with regard to its:
      i. Funding [amount, sources of funds?]
      ii. Demand for services [greater demand? Different clients?]
      iii. Shifts/expansion of service area?

5. How did your organization address these challenges? *(B)*
   a. Probe: [Examples] What conditions or factors contributed to your organization's capacity to [successfully] address these challenges? *(B)*
   b. Probe: What key factors were taken into consideration when making decisions on how to address these challenges? *(C;B)*
   a. Probe: Why did your organization decide to address the key challenges in this manner? *(C;B)*
   b. Probe: How well did that work? *(C;B)*
   c. Probe: Did your actions help solve the challenges in the way you thought it would?
   d. Probe: In general, who was involved in making decisions about how to respond? (C;B)

6. Are there any innovative or new practices that your organization implemented? *(B)*
   a. Probe: how idea conceived, process for implementation, support, challenges, etc.

7. Are there things that you would do differently if you had to do it all over again? *(C)*

8. Is your organization planning/preparing for future recessions/crises? *(B)*
   a. Probe: how, why, what?

9. Overall, how does your organization's current state compare to its pre-recession state?
   a. Probe: How does this compare to other nonprofits in the local area?
   b. Probe: how do they know/obtain this information? *(C;X)*

10. [Give 2 definitions of resilience first] Overall, what conditions or factors contributed to your organization's capacity for resilience? *(X)*

11. What suggestions do you have for other nonprofits about improving their resilience capacity?

APPENDIX D – IRB APPROVAL
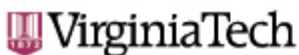
VirginiaTech

MEMORANDUM

DATE: June 1, 2012

TO: Matthew Martin Dull, Saunji Desiree Fyffe

FROM: Virginia Tech Institutional Review Board (FWA00000572, expires May 31, 2014)

PROTOCOL TITLE: An Exploration of Resilient Nonprofit Organizations: How human services providers in Virginia thrived during and after the Great Recession

IRB NUMBER: 12-528

Effective May 31, 2012, the Virginia Tech Institution Review Board (IRB) Chair, David M Moore, approved the New Application request for the above-mentioned research protocol.

This approval provides permission to begin the human subject activities outlined in the IRB-approved protocol and supporting documents.

Plans to deviate from the approved protocol and/or supporting documents must be submitted to the IRB as an amendment request and approved by the IRB prior to the implementation of any changes, regardless of how minor, except where necessary to eliminate apparent immediate hazards to the subjects. Report within 5 business days to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

All investigators (listed above) are required to comply with the researcher requirements outlined at:

http://www.irb.vt.edu/pages/responsibilities.htm

(Please review responsibilities before the commencement of your research.)

PROTOCOL INFORMATION:

Approved As:	**Expedited, under 45 CFR 46.110 category(ies) 6,7**
Protocol Approval Date:	**May 31, 2012**
Protocol Expiration Date:	**May 30, 2013**
Continuing Review Due Date*:	**May 16, 2013**

*Date a Continuing Review application is due to the IRB office if human subject activities covered under this protocol, including data analysis, are to continue beyond the Protocol Expiration Date.

FEDERALLY FUNDED RESEARCH REQUIREMENTS:

Per federal regulations, 45 CFR 46.103(f), the IRB is required to compare all federally funded grant proposals/work statements to the IRB protocol(s) which cover the human research activities included in the proposal / work statement before funds are released. Note that this requirement does not apply to Exempt and Interim IRB protocols, or grants for which VT is not the primary awardee.

The table on the following page indicates whether grant proposals are related to this IRB protocol, and which of the listed proposals, if any, have been compared to this IRB protocol, if required.

Invent the Future

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution

Date*	OSP Number	Sponsor	Grant Comparison Conducted?

* Date this proposal number was compared, assessed as not requiring comparison, or comparison information was revised.

If this IRB protocol is to cover any other grant proposals, please contact the IRB office (irbadmin@vt.edu) immediately.