

ÜÇÜNCÜ SEKTÖRDE VE MALİ BASKI ALTINDAKİ KURUMLARDA KAPASİTE ARTIRIMI VE GELİŞTİRİLMESİ

Naim KAPUCU*

ÖZET

Kâr amacı gütmeyen kurumlar (bir başka deyişle üçüncü sektör) küresel çapta büyük politik, ekonomik, sosyo-kültürel, demografik, ve teknolojik eğilimlerden ve sorunlardan etkilenmektedirler ve bu trend ve sorunların her biri kurumların farklı bir tepki ve çözüm geliştirmelerini gerektirmektedir. Bu araştırma Merkez Florida bölgesindeki kâr amacı gütmeyen kurumların kapasite artırımı ihtiyaçlarına odaklanmaktadır. Kâr amacı gütmeyen organizasyonların kapasite artırımı adına belirlediği ihtiyaçları literatürle örtüşmekte ve genel olarak kaynakların geliştirilmesine vurgu yapmaktadır.

Anahtar Kelimeler: *Ekonomik kriz, kapasite geliştirme, kâr amacı gütmeyen organizasyonlar, kaynak geliştirme*

* Assoc. Prof., Central Florida Üniversitesi, Kamu Yönetimi Bölümü

CAPACITY BUILDING FOR NONPROFIT SECTOR AND ORGANIZATIONS UNDER FINANCIAL STRESS

Naim KAPUCU*

ABSTRACT

There are many major political, economic, socio-cultural, demographic, and technological trends and challenges affecting nonprofit organizations globally and each of these challenges requires the nonprofit sector to respond differently. The paper focuses on nonprofit organizations' need in their capacity building in Central Florida. The capacity building needs identified by the nonprofit organizations are similar to ones discussed in the literature with more emphasis on resources development.

Key Words: *Economic Crisis, Capacity Building, Nonprofits in Transition, Resources Development*

* Doç. Dr., University of Central Florida, Department of Public Administration.

Introduction

There are many major political, economic, socio-cultural, demographic, and technological trends and challenges affecting nonprofit organizations today. Each of these challenges requires the nonprofit sector to respond differently. Generally, increased economic prosperity causes an increase in private donations and grant awards; the reverse also holds true. Locally and internationally, the threatening economic recession, mortgage crisis, and price at which oil is trading on the stock market are key trends to watch closely, as they are harbingers of the future nonprofit climate. At the state level, Florida's economic development, foreclosure rates, the status of Central Florida's service economy, and the impending population boom in Central Florida should be monitored by nonprofits, because economic growth, the lack of "living wages" for workers, and the ever-increasing population will invariably increase demand for the kinds of services provided by the nonprofits in the region.

Nonprofits are responding to these trends by engaging in new forms of collaboration and partnership such as virtual teams and communities of practice (Hudson 2005). However, it must also be noted that these trends might not be viewed as positive by some nonprofits that may give no response to these trends due to a fear of change. Rapidly changing environmental trends demand that nonprofits be flexible, quick to adapt, and aware of the forces at play which impact their continued success (Kapucu et al. 2005). Ignoring trends is not an option; continued awareness of and response to environmental trends and challenges ensure that nonprofits can continue to achieve their core mission within dynamic and uncertain circumstances.

In the first half of the 20th century, the boundaries between public and private initiatives were more solidly defined and nonprofits were self-driven by donations coming from private spheres, and had voluntary character; whereas in the second half of the century those defining characteristics unraveled as nonprofits became more dependent on government subsidies, took on responsibilities formerly supported by government agencies, and became more commercial and entrepreneurial (Herman 2005). Modern nonprofits fall somewhere between the profit and public sectors, and are a blend of philanthropic and commercial motives, methods, and goals (Worth 2009). While the government exists to serve the needs of the majority and is limited in its outreach and service to specific groups, nonprofits are able to step in and serve their communities by filling the gaps left by the public and for-profit sectors. Similar, though, to their public and for-profit counterparts, the nonprofit sector is not immune to political, economic, technological, socio-cultural, or demographic forces affecting today's society.

The turbulent economic climate currently felt in the United States and global community has caused many organizations to examine every aspect of business, requiring many to get creative. The nonprofit sector, which for years relied on contributions from for-profit companies, government, and other sources like foundations or endowments, has been hit doubly hard as these revenue sources quickly began to disappear with the decline of the economy, even as the number of people needing services simultaneously increased. Not only cash donations but also contributions of food, clothing, households and other gifts have dropped significantly.

Many nonprofits engage in all sorts of moneymaking ventures that bear a close resemblance to for-profit entities (Wolf 1999; Worth 2009).

Literature Review & Background

The recent economic downturn and recession climate today threatens the existence of nonprofit organizations. A national survey conducted from 2008 to 2009 by the Corporation for National and Community Service partnered with Johns Hopkins Listening Post Project, reveals that currently 80 percent of nonprofit organizations experience a negative impact of economic downturn, which they regard either as 'severe' or 'very severe' (NCN 2009a). The fiscal stress compels implementation of severe measures such as elimination of staff positions, postponing the filling of new positions, reduced spending, service budget cuts, etc., which directly impact those who heavily depend on the services of these nonprofit agencies. Economic recession means strong pressure on government, philanthropic and individual revenues, more expensive access to credit, and increased demand for basic human services (Salamon and Spence 2009). Skyrocketing demands for human services and escalating costs put pressure on nonprofit organizations to re-evaluate their current plans and strategies, and to take immediate steps to prevent any unwanted casualties (NCN 2009a).

The challenge of funding decrease and government fiscal cuts is not a new concept for nonprofit organizations. Salamon (1999) emphasizes that the budget squeeze for nonprofit organizations started early in 1980s, which resulted in significant decline of nonprofit revenues and affected their service provisions. In order to cope with these challenges and undergo long-term fiscal cuts, nonprofit service providers have developed various strategies that would enable them to alleviate the heavy burden of budgetary difficulties.

Another challenge for the nonprofit sector over the last two decades is the continuing growth in the number of active nonprofit organizations and enhanced competition among them over the philanthropic sources. The current economic turmoil and severe resource constraints tightens the pace of philanthropic investments and charities (Raymond 2009). Overall fundraising and donations are roughly correlated with economic conditions. Better economic conditions and increased level of income boosts large philanthropies, generous donations and charities; the reverse negatively affects overall fundraising activities. Harsh economic conditions do not mean that certain adverse effects will be imposed on every nonprofit organization. Even if the nonprofit organizations are not affected directly by economic recession, it shapes their strategies for raising money, service provision, and overall response to economy (Warwick 2009).

In order to cope with the economic crisis situation, nonprofits have developed various creative strategies. Davis (2008) emphasizes that nonprofit organizations generally make mistakes when they rely on single large donation sources and charities while dealing with fundraising process. Even though large projected donations are of crucial importance, most of the time they reflect maximum of 10 percent of the total charity amount. Dependence on single donation source makes it relatively hard to be ready for a worst-case scenario, such as current economic recession (Davis 2008; Klein 2003). Therefore, diversification of funding

bases, generating greater unrestricted income, and holding net reserves is considered an effective way of coping with economic crisis in the long term. Nonprofits need to focus on involving as many donors as possible, because they account for the big proportion of overall donation. It is also significant to focus on the development of a successful contingency plan in case of financial emergency. Nonprofits are required to understand that donations and other fundraising activities need to be established not based on economic need and difficult financial environment. They need to sustain continuous fundraising activities in order to hold enough net asset reserves in the balance by avoiding large risky investments. In addition, commitment of the people working in nonprofits and their perception of complete crisis information is vital (Davis 2008; Dillard 2009).

Resources Development

Trust of society is an important factor used by the nonprofit organizations as a significant means to raise money. As noted above, there is a belief that most of the charity givings come from big donors; however, in reality it is rarely so. It is important to develop a plan and calculate the cost for every action while considering fundraising process. Inaccurate fundraising strategies may lead to greater costs than the amount of raised money. The concept of efficiency needs to be the vital factor when determining future fundraising activities (Klein 2003). During recent years it was relatively hard for nonprofit organizations to sustain better fundraising activities and reach all potential donors with traditional ways due to economic difficulty and tight budget. Therefore, different creative innovations such as online communities, ePhilanthropy, eNonprofit, and online advocacy have gained vast attention, since they offer great opportunities and lower costs for fundraising and generating awareness among users (Soyak 2008).

Even though traditional means of fundraising and communities are considered effective means of attracting large donors, online social networks have become vastly popular and flourishing (Matheson, Fox and Ward 2007). Skyrocketing popularity of YouTube and Facebook, different online humanitarian circles, and Internet Web services, in general, allow connecting individuals from different organizations and recruiting supporters from different backgrounds (M+R 2009). The positive effects of online fundraising is apparent. The research by Matheson et al. (2007) compares three different analyses, which are eNonprofit Benchmarks Study, the Online Marketing (eCRM) Nonprofit Benchmark Index Study, and the donorCentrics Internet Giving Benchmark Analysis, and conclude that it is imperative for nonprofits to invest in online fundraising activities. The research briefs that online communication, advertisements and email listings give relatively more flexibility in accessing large numbers of community members, and generate more money. The research also compares 'online donors' with so-called 'offline donors' who are contacted through direct mail or other forms of traditional communication. The results demonstrate that most of the online donor populations are individuals of young age who are financially stable and are more proactive in responding to help inquiries. Atlas (2005) regards World Wide Web as one of the most popular low-cost tools needed to engage in e-fundraising. Whereas traditional means of fundraising requires large number of staff and time, e-fundraising based on Web sites requires minimum

number of staff and allows users to make their donations any time of the day appropriate for them. It also allows the contributions of donors who are overseas (Atlas 2005). In addition to fundraising alternatives, online training programs are also of crucial significance. Many nonprofits recruit individuals to sustain their goals, mission and objectives. Training of new recruits and development of their skills requires additional staff and time. Hence, online training activities save on staff and time (Banjo 2009).

Economic crisis triggers the question of sustaining stronger and more effective nonprofit sector and public service provision. It is important to understand that even though small in size and low in operating budget, nonprofit organizations play a significant role in the United States' economy, and all together their impact is large. Most of the nonprofits operate with small budgets and do not have enough flexibility to invest in workforce or upgrade systems that would allow them to increase their organizational effectiveness and efficiency (GAO 2007). National Council of Nonprofits (2009b) emphasizes two effective public policy initiatives that small and midsize nonprofit organizations can benefit from in order to alleviate negative impact of economic crisis, which are the capacity building initiative and the use of volunteers. In order to strengthen the nonprofit sector in times of economic recession, it is critical that the goals for nonprofit sector be addressed. Today, the top priorities for nonprofits are organizational effectiveness and survival. Capacity building initiative can be described as a process that would develop skills, strengthen abilities, and improve processes, which would stimulate organizations to adapt themselves financially to hard times and thrive in changing environment. For instance, National Council of Nonprofits designed Capacity Building Initiative (NCBI) which emphasizes 'organizational effectiveness' as a top priority for nonprofit organizations. It developed assessment tools, capacity building models, links, books, and workshop trainings, which serves as a valuable source for those nonprofits coping with financial stress. The NCBI funds the capacity building initiatives for small and midsize nonprofits to grow them stronger and smarter, and secures federal grants for those organizations which have proven their ability to deliver high-level training to those nonprofits in need (NCN 2009b).

Collaborations and Partnerships

In order to deal with economic turmoil in the long term, nonprofits establish new partnerships, which would increase their social impact by building on internal assets and give them better flexibility and less dependency on fund-raising. For instance, North Texas Community Wealth Collaborative is an intensive collaborative partnership between a social enterprise consulting firm and nonprofit organizations that teaches nonprofit agencies successful techniques to develop high-performing earned income ventures and to take a market-based business approach in order to generate income through social services. Social enterprises are attractive revenue-raising alternatives actively used by nonprofits experiencing fiscal stress (Dillard 2009).

Another effective initiative or strategy to deal with financial stress is increased reliance on volunteers. The economic crisis has impacted overall employment of the millions in the US. However, as financial resources shrink, it

causes impetus on some organizations, which requires development of creative solutions. Some nonprofit organizations tend to look at this sad scenario as an opportunity to take advantage of (Banjo 2009; Salamon and Spence 2009). It is apparent that the decrease in the number of staff and time devoted will directly impact service provision and mission achievement of these organizations. However, nonprofits rely more on volunteers as many people have been laid off and are willing 'to give back' (Banjo 2009). More than 2 million people lost their job in 2008, many of whom are talented and experienced managers. The integration of these unemployed professionals as volunteers may benefit the nonprofit agencies and let them navigate for a couple more years (Holland 2009). The study by Salamon and Spence (2009) analyzes the economic downturn through September 2008 and March 2009. The study explores different strategies such as increased reliance on volunteer support, the use of volunteer hours, and ability to recruit new volunteers. The research demonstrates that almost 80% or 90% of the surveyed nonprofits report that they somehow could manage their stability by the help of the volunteers. It is hardly a panacea for the situation; however, it is one of the effective strategies to deal with the financial cuts in the short-term. In fact, every third nonprofit financially affected by the crisis relies on volunteer use in order to cope with the negative effects of the economic instability.

The number of donations has declined with the number of donors facing job losses. Banjo (2009) reports that the percentage of direct-mail fundraising campaign has declined since 2008. Most of the donors abandoned their 'write-a-check' approach that turned the situation more critical. Therefore, another proactive approach used by nonprofit organizations is to 'connect with previous donors' who had a big stake in overall donations. Frequent communications enable nonprofit agencies to strengthen their relations with the donors and to build better trust with them. By thanking, giving them gifts and explaining their impact on the lives of thousands, donors better understand the sense and importance of their contributions. The continuous communication with the stakeholders/donors and expressions of gratitude for their help significantly boosts the overall amount of charity givings. The process of communication, either through media or face to face, needs to be planned in advance. Nonprofit agencies need to create a fact sheet demonstrating the core mission of the organization, programs that it implements, sources of funds, the number of people benefiting from them, and how crisis affected their service provision. Stakeholders will be better aware regarding the importance of the problem and be willing to contribute more than they used to (Banjo 2009; NRCM 2008).

Capacity Building and Organizational Effectiveness

Capacity building has become a major topic in the nonprofit sector, due to the concept of consistently expanding and improving services within the market. Fleming and DeVita (2001) of The Urban Institute define nonprofit capacity building as the ability of nonprofit organizations to fulfill their mission in an effective manner. The fundamental goal of capacity building is to enhance the ability to address crucial areas related to policy based on the ability to identify and meet development challenges. Capacity building is a broad topic and includes a range of tasks including: granting operating funds, granting management development funds, providing

training and development sessions, providing coaching, and supporting collaboration with other nonprofits (Flemming and DeVita 2001).

In 1999, Letts and her colleagues developed four areas that were critical to capacity building: quality processes, product development, benchmarking, and human resource development. Later, in 2001, the consulting firm McKinsey & Company developed a more robust and inclusive framework for capacity building, called The McKinsey Capacity Framework. This framework identified seven factors for capacity building: aspirations, strategies, organizational skills, human resources, systems and infrastructure, organizational structure, and culture. Aspirations of the organization include its vision, mission, goals, purpose, and direction. Strategies are composed of the actions, programs, and initiatives that are being used to fulfill the organization's goals. The performance measurement, planning, resource management, and external relationship building are the organizational skills portion of the framework. Human resources are the experiences, potential, and commitment of everyone in the organization, i.e. staff, volunteers, and board members. The systems and infrastructure component of the model consists of the planning, decision making, administrative systems, physical, and technological assets of the organization. The components that shape the legal and management structure are referred to as the organizational structure. The final element of the capacity framework is culture; considered the glue that binds the organization together, this includes the values, practices, behavioral norms, and organization's perspective on performance (Hudson 2005).

Critical Elements of Organizational Capacity & Areas of Capacity Building

Most nonprofits face the same hurdles, yet very few challenges faced are exclusive to a nonprofit type. The following list shows the areas that nonprofits have indicated as their main capacity building needs, separated into four categories (Doherty and Mayer 2003). Observing the list, it is clear that there are many similarities between the challenges of both the nonprofit and the business sectors.

Organizational development (board functioning, staff functioning, administration policies and procedures) addresses the following needs identified in this category: recruitment (for both staff and board), training, issues of diversity, financial management, and technology.

Asset development (fundraising practices, communications strategies, short-term vs. long-term balance) focuses more on sustenance in the form of resources, e.g., fundraising, marketing, public relations, and short- and long-term planning. The goal with asset development is to keep all options open, as well as to look for new opportunities.

Community linkages (leadership roles, relationships with external stakeholders, support given to "community capacity") stresses just that—the organization's networking, collaborations, and relationships within the community.

Programs and activities (program design based on rationale, activities that create benefits for target audiences, actions that yield results and knowledge) addresses the needs for improvement and expansion among existing programs, assessing the effects of those programs, and subsequently evaluating the effects and implementation for improvement.

Hudson (2005) has provided a definition of capacity building that addresses critical internal and external elements. Internal capacity relates to the extent to which the organization is able to manage its affairs in order to deliver its mission. Key elements associated with internal capacity are a) adaptive capacity, which includes evaluation, planning, mission and collaboration; b) leadership capacity, which involves board and executive leadership; c) management capacity, which is associated with the effective use of operational and volunteer resources; and d) technical capacity, which deals with the implementation of organizational functions such as technology, fundraising, and marketing (Millesen and Bies 2007). External capacity addresses “what organizations set out to achieve, with whom they work, and how they relate to other organizations” (Hudson 2005, p. 9). A key element associated with external capacity includes inter-agency collaboration by building relationships with possible funders and partners to explore funding opportunities or for creating campaigns for social change. Another external element for capacity building is to identify high-value services. High-value services can be obtained from community needs assessments or from collaborating with potential partners for the formation of service partnerships.

Organizational Effectiveness and Performance Improvements

While capacity building is about developing an organization’s internal systems and external relationships, from an outsider’s standpoint it seems to have an effect on organizational effectiveness, i.e., it may be harder to achieve organizational effectiveness while simultaneously trying to expand the nonprofit in these aspects (Worth 2009). Worth (2009) states, “[w]hether capacity building increases organization effectiveness remains a debated question and there remain disagreements about the appropriate definition of effectiveness” (p. 161). His solution is to use indicators to measure effectiveness. However, even with this suggested use of measurement, a lack of consensus between scholarly sources makes it difficult to prove any relation between capacity building and improved organizational performance. Worth (2009) further explains that, “[c]apacity building initiatives should be preceded by an analysis of expected costs and benefits and followed by a thorough evaluation of their impact on the organization’s effectiveness and performance” (p. 161).

As nonprofits face financial cutbacks, the preservation of productivity, efficiency and quality becomes the priority. While the bottom line of the issue is the increased number of people asking for help, one of the core challenges for nonprofits, at the same time, is to conserve the quality of services that they provide and to keep the number of staff members. The tight budget does not necessarily mean certain reduction of quality and staff hours. The research by Searle and Neuhoﬀ (2008) demonstrates that the improvement of internal operations increases productivity and reduces the overall cost of operations. Nonprofit leaders need to understand internal functions as explicitly as possible and communicate those needs with grant makers, giving them a clear picture of the projects they support. This would stimulate provision of unrestricted money, which can be used more flexibly in the areas that need investment, such as upgrading technology or investing to improve management positions and operations. Rather than allocating an entire grant to support the

program, it is more important to ensure that all money is wisely used where necessary (Searle and Neuhoff 2008).

Case Study

Many people find themselves working in nonprofit organizations because they are committed to the agency's mission. While the positive energy associated with the commitment people bring to working in a nonprofit can go a long way, nonprofit staff often need assistance in facing numerous management challenges. Capacity building in the nonprofit sector is frequently needed in the areas of organizational development, strategic and long-range planning, developing fundraising plans, developing financial management systems, board development, human resources development, developing volunteer programs, technology, marketing, and measuring outcomes.

United Way recently announced a new strategic model for responding more effectively to the region's growing health and human service needs. The organization sponsored this research in order to identify and analyze selected nonprofits' current situation and capacity, and their plans regarding future. This project was proposed and the research was conducted by the Center for Public and Nonprofit Management (CPNM). This research is intended to help United Way assess the training interests of partner agencies, the assets and the needs of organizations transitioning to the challenges and opportunities of a competitive funding process, and a manner to best meet those needs.

Methodology

The primary goal of this project was to enable United Way to fund community partners capable of responding more effectively to the region's growing health and human service needs. Several agencies were identified for capacity assessment in this project. The 66 members of the Council of Agency Executives were identified for survey participation. 20 of those agencies were identified for phone interview. A survey instrument was prepared and submitted to United Way for approval. The survey was distributed and collected at the Council of Agency Executives meeting on October 14, 2008. The survey was distributed a second time, via email, to agencies who did not initially respond. Surveys were returned electronically by email or fax. The survey was distributed a third time, via fax, to agencies who did not respond to the first two contacts. Surveys were returned electronically by fax and analyzed. A phone interview instrument was also prepared for United Way review and UCF Institutional Review Board (IRB) approval. An invitation to participate was delivered to executive directors via phone and email. Executive Directors were also asked to offer the phone interview opportunity to their senior volunteer, or to provide their contact information. Phone interviews were conducted and analyzed, and quantitative data analysis was performed using SPSS to generate descriptive statistics.

Findings

Of 68 agencies contacted 37 responses were received back, which is fairly a good rate of response – around 54%. In terms of individual characteristics, out of 48 respondents 35 were staff members, 12 were board members, and one respondent did not self-identify (Table I).

Table I: Characteristics of Survey Respondents

Agency Characteristics	
Number of agencies contacted	68
Number of agencies who responded	37
Individual Characteristics	
Number of staff members who responded	35
Number of board members who responded	12
Total	48*

*One (1) respondent did not self-identify.

Survey Results

Participants were asked to rate their interest in receiving more information regarding capacity building in four topic areas, namely (1) Board and Volunteer Development (Figure 1); (2) Resource Development (Figure 2); (3) Collaboration and Partnerships (Figure 3); and (4) Tracking and Reporting Community Conditions (Figure 4).

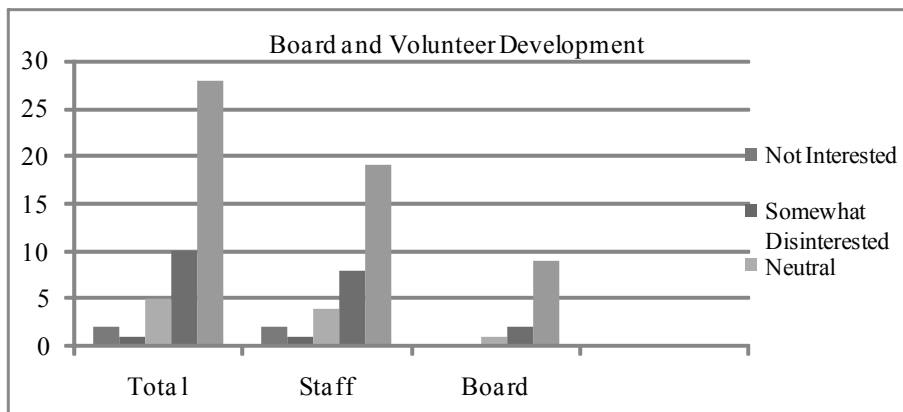


Figure 1: Board and Volunteer Development (*How interested are you in more information being provided on the topic Board and Volunteer Development?*)

According to Figure 1, board and volunteer development is the topic majority of respondents showed interest in. Board members, in particular, had no negative responses at all, while around 5 staff respondents showed a disinterest in the topic.

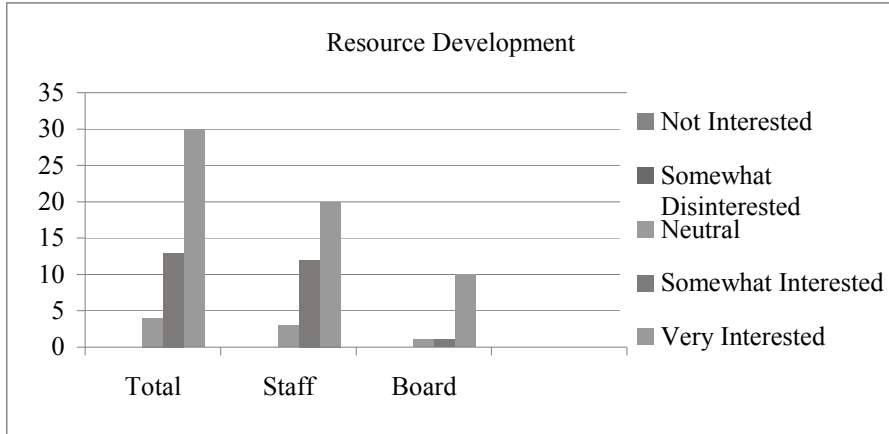


Figure 2: Resource Development (*How interested are you in more information being provided on the topic Resource Development?*)

In terms of resource development (Figure 2), none of the respondents showed disinterest in the topic with majority responding that they are interested in finding and developing new resources. Being nonprofit organizations that are mostly dependent on external sources, this result is not surprising.

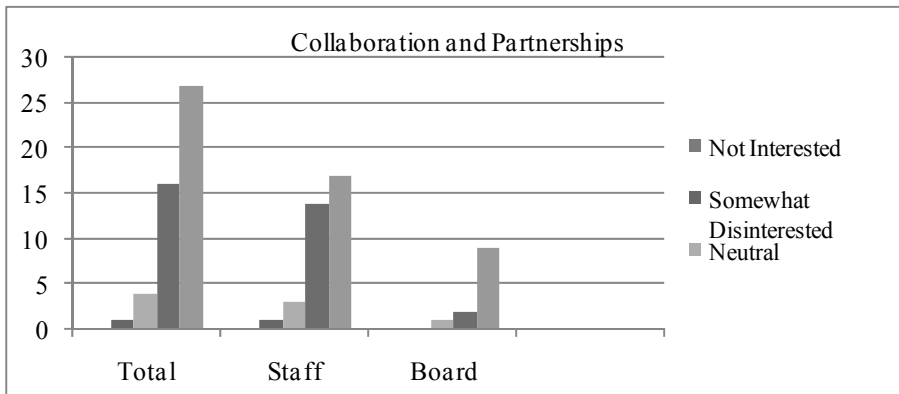


Figure 3: Collaboration and Partnerships (*How interested are you in more information being provided on the topic Collaboration and Partnerships?*)

In terms of collaboration and partnerships (Figure 3), the responses were similar to those on the topic of board and volunteer development. Again, majority responded that they are interested in the topic, and none of the board members showed a disinterest to the topic. This trend might be also related to nonprofits' increasing reliance on sharing resources toward common goals. The organizations seem to have understanding about collaborative practices' benefit both to service recipients and providers.

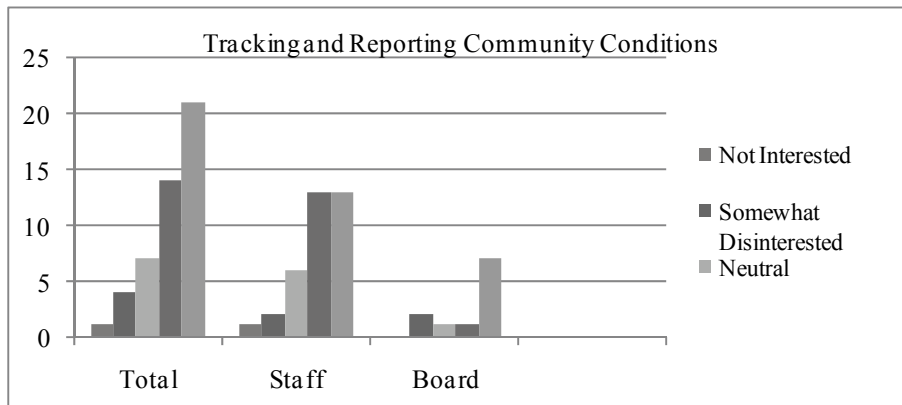


Figure 4: Tracking and Reporting Community Conditions (*How interested are you in more information being provided on the topic Tracking and Reporting Community Conditions?*)

According to Figure 4 on tracking and reporting community conditions, there was a relatively balanced view; however, majority again supported the topic. However, this support is not completely seen especially at the board level. Further research is needed to identify the reasons behind disinterest in this topic on nonprofits' side.

Comments and additional topics of interest were also solicited, with the following input by the respondents: Determining return on investment on various not for profit programs we have in operation; Nonprofit budgeting/financials; strategic planning, transformed organizations, vision, mission, teambuilding; evaluating community/client needs; Major gifts and annual campaigns; Recruiting and developing leadership volunteers. One of the respondents specifically responded by saying "If we are discussing health and human service needs as it relates more specifically to health, we should determine what is already available to families in need as it is provided by agencies in our community; In regards to collaboration and partnership, I think we do well with other nonprofits. It's more about can we have a better connection with corporations. I also think United Way and UCF have done great with looking at community conditions and we will be using the information provided for grant writing, dealing with difficult people."

Besides the survey, a phone conversation was conducted with each agency selected for interview. A total of twenty agencies were contacted, eleven of which

responded to interview request. In terms of individual characteristics, a total of 13 persons responded, 9 of which were staff members and 4 were board members.

Phone Interview Results

Participants were asked to assess their organization in five areas key to nonprofit management. A statement regarding a predefined ideal was read, and the participant was asked to respond with the degree to which this was strength of the organization, and the degree to which they were interested in more information regarding this area. The five topic areas and results were: Organization mission, image, and case for support; Manpower issues; Organization finances; Activities and programs; and Planning and evaluation.

In terms of organization mission, image and case for support, organizations identified themselves strong as well as interested in learning more about the topic. In other words, organizations are aware of the importance of the topic, which leads them to show additional interest despite their strength in the area. In terms of manpower issues, majority of the organizations again perceived themselves as strong; they also showed interest in additional information on the topic. Slightly higher disinterest is observed when compared to the previous topic. Human resources management seems to be one of the well-developed areas of the organizations. In terms of organization finances, organizations again report themselves as strong, and the interest level is comparably high. The organizations seem to be aware of and competent in the topic, while they are cautious about the need to improve the area, especially because of their dependence on finance to deliver services. In terms of the activities and programs, all of the organizations reported themselves as strong, while there is a again a certain level of disagreement about being interested in the topic. Lastly, in terms of planning and evaluation, there appears to be a relatively distributed balance in terms of responses. Three organizations reported disagreement both in terms of their strength and interest, while others agreed with the statements.

Comments on these five topic areas were solicited, with the following input by the responders: Social service organizations cannot always bring in enough revenue, including insurance payments, and depend on funding from outside sources. Nonprofits need fundraising support, specifically interested in information on fundraising support by board; organization is well aware of the serious responsibility of reserves and cash flow to continue operations, but is suffering from cuts/lack of contributions. They need more emphasis on infrastructure such as policies, procedures, training to enable growth and adaptability.

Participants were asked to suggest other topic areas of interest, with the following input: Successfully incorporating social entrepreneurship as a requirement for every nonprofit organization. Community visibility is important need to know how to achieve a higher profile. Board development, strategic planning, fundraising, and how to identify and find well-connected, engaged, board members were also listed by the respondents.

Participants were asked what they felt were their organizations' development needs to successfully transition to a competitive funding process, with the following input: Incorporate elder issues into funding core areas; training assistance on how to reach people via the Internet on a grassroots level, for fundraising; capacity building

assistance on people, computers, technology, phones, space; ability to not have to tap into capital reserves to the detriment of agency survivability; to demonstrate that programs meet funding criteria in focus areas; be more of a leader in the advocacy role; strong board; volunteer base; strategic planning; and Succession planning.

Participants were asked if they had any additional comments, with the following input: Frustrated with United Way's lack of specific direction on the transition process; need to know in order to plan for the future, especially related to designated funding; struggling with nonprofit management in a changing environment, but looking to expand horizon on fundraising; do not want to expend resources if the competitive funding process is not truly competitive; and some of the agencies are hopeful that the competitive funding process will open opportunities for (the agency).

Conclusion

It is clear and apparent that capacity building activities are needed to enhance nonprofit organizational effectiveness. It is important to understand that capacity building is not a one-time process, yet is ongoing; nonprofit organizations are multi-dimensional and are influenced by many variables—both external and internal—that can cause change within the structure of the organization. Due to many variables affecting nonprofit organizations, capacity building helps to ensure improved services and allow missions to be accomplished effectively.

Organizations' response to the survey instrument was fairly strong, as was interest in more information on all four topic areas: Board and Volunteer Development, Resource Development, Collaboration and Partnerships, and Tracking and Reporting Community Conditions. The results indicate that training and technical assistance, especially in the area of resource development, would be well received.

Organizations' response to the phone interview was a challenge to obtain, but the self-assessments indicated organizational strength. The results indicated that many organizations would be interested in more information on the five topic areas: Organization mission, image, and case for support, Manpower issues, Organization finances, Activities and Programs, Planning and evaluation. The results indicate that training and technical assistance, especially in the area of fundraising and planning, would be well received. Overall, the respondents are interested in capacity building.

Acknowledgement

The research documented in this report was funded by United Way. Vener Garayev and Zafar Hasanov have helped in this research to analyze the surveys and document research results. The earlier version of the paper was presented at the Ninth International Conference of the International Society for Third Sector Research (ISTR), Facing Crisis: Challenges and Opportunities Confronting the Third Sector and Civil Society, Kadir Has University, Istanbul, Turkey, July 7-10, 2010.

REFERENCES

- Atlas, L. (2005) 'Charity begins on the web: Tips to enhance online fundraising', *Nonprofit World*, 23 (4): 25-26.
- Banjo, S. (2009, April 22) Helping themselves: With fewer donations and declining investments, nonprofits are thinking creatively about cutting costs and raising revenue. *The Wall Street Journal*:
<http://online.wsj.com/article/SB124025204612335931.html>.
- Davis, S. (2008, September 26) Tips for nonprofits during a recession or economic downturn. *New Jersey Local News*:
http://www.nj.com/helpinghands/nonprofitknowhow/index.ssf/2008/09/tips_for_nonprofits_during_a_r.html.
- Dillard, B. (2009, April 22) Nonprofits find new funding in tough economy. *Fort Worth Business Press*:
<http://www.fwbusinesspress.com/display.php?id=10001>.
- Doherty, S. and Mayer, S. (2003) Results of an inquiry into: Capacity building programs for nonprofit programs. *Effective Communities Project*:
http://www.effectivecommunities.com/pdfs/ECP_CapacityBuildingInquiry.
- Flemming, C. and DeVita, C. (2001) Building capacity in nonprofit organizations. *The urban institute*: http://www.urban.org/UploadedPDF/building_capacity.pdf.
- GAO (Government Accountability Office) (2007) Increasing numbers and key role in delivering federal services. *United States Government Accountability Office*.
- Herman, R. D. (2005) *The Jossey-Bass handbook of nonprofit leadership & management*, San Francisco, CA: Jossey-Bass, Inc.
- Holland, K. (2009, January 24) Can volunteers be a lifeline for nonprofit groups? *The New York Times*:
http://www.nytimes.com/2009/01/25/jobs/25mgmt.html?_r=2.
- Hudson, M. (2005) *Managing at the leading edge: New challenges in managing nonprofit organizations*, San Francisco, CA: Jossey-Bass.
- Kapucu, N., Augustin, M.-E. and Krause, M. (2007) 'Capacity building for community-based small nonprofit minority health agencies in Central Florida', *The International Journal of Volunteer Administration*, 24 (3): 10-17.
- Klein, K. (2003) *Fundraising in times of crisis*, Jossey-Bass.
- M+R. (2009) *Online advocacy. M+R Campaigns That Work*:
<http://www.mrss.com/advocacy.html>.

- Matheson, K., Fox, E. and Ward, M. (2007, November 28) Review of recent online communications benchmarks studies. Network for Good: A Fundraising Guide for the Overworked Nonprofit:
<http://www.fundraising123.org/article/review-recent-online-communications-benchmarks-studies>.
- Millesen, J. and Bies, A. (2007) 'Nonprofit capacity building: Who is doing what for whom and to what end?', *Journal for Nonprofit Management*, 11 (1): 18-27.
- NCN (National Council of Nonprofits) (2009a) Economic stimulus & recovery: Special report number 9. National Council of Nonprofits.
- _____. (2009b) Economic crisis: Public policy solutions. National Council of Nonprofits: <http://www.councilofnonprofits.org/?q=economy/policy>.
- NRMC (Nonprofit Risk Management Center). (2008, November 19) Be proactive in times of crisis. Nonprofit Risk Management Center: <http://nonprofitrisk.org/library/enews/2008/enews111908.htm>.
- Raymond, S. U. (2009) *Nonprofit finance for hard times: leadership strategies when economies falter*. Wiley.
- Salamon, L. M. (1999) 'The nonprofit sector at a crossroads: The case of America', *International Journal of Voluntary and Nonprofit Organizations*, 10 (1): 5-23.
- Salamon, L. M. and Spence, K. L. (2009, July) Volunteers and the economic downturn. Corporation for National and Community Service: http://www.nationalservice.gov/about/role_impact/performance_research.asp
- Searle, B. and Neuhoff, A. (2008, October 30) In bad economic times, focus on impact. The Bridgespan Group:
<http://www.bridgespan.org/LearningCenter/ResourceDetail.aspx?id=2448>.
- Soyak, S. A. (2008) *Ephilanthropy: The impact of the internet & online communities in achieving social change*. University of North Carolina:
<http://libres.uncg.edu/ir/uncw/f/soyaks2008-1.pdf>.
- Warwick, M. (2009) *Fundraising when money is tight: a strategic and practical guide to surviving tough times and thriving in the future*, Jossey-Bass.
- Wolf, T. (1999) *Managing a nonprofit organization in the twenty-first century*, New York: Simon & Schuster.
- Worth, M. J. (2009) *Nonprofit management: Principles and practice*, Thousand Oaks, CA: SAGE.

