

Chapter 3

Integrating Theory and Practice to Identify Contemporary Best Practice Factors in USA Not-for-Profits

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ABSTRACT

This chapter used a critical analysis of the current NFP literature followed by a practitioner activity analysis using a purposive nonprobability sample of 880 NFP institutions. The current literature was integrated with the practitioner activity data to identify contemporary best practices. Eight categories emerged from the text analytics. Several insightful recommendations were provided to guide future NFP research as well as to overcome the limitations of this study. The results of this research should generalize to the key stakeholders of NFP organizations, namely to the managers and the board of director members, as well as to their volunteers and to other researchers focused on studying these entities. In particular, this research will be of interest to government social assistance agencies to inform policy development as well as to higher educational institutions for curriculum content.

INTRODUCTION

This chapter emphasizes effective business models and managerial strategies utilized by a not-for-profit (NFP) organization. The key word effective is based on the perspective of a standard or measurement scale.

Paradoxically, effectiveness is a perspective which is conditioned by social culture. Naturally a NFP in an emerging country has different priorities and perspectives as compared to a similar organization in a developed nation. As discussed in earlier chapters, NFP goals are usually different than those of a for-profit enterprise so another assertion is that NFP business models and managerial strategies differ. A constraint embedded within the literature is that most strategic management best practice studies were based on for-profit businesses. Likewise, NFP effectiveness differs based on organization size and mis-

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sion. This chapter examines medium to large multinational NFP organizations. Thus, the findings should generalize across social-cultures, towards larger NFP entities rather than small associations.

On the other hand, the scholarly literature can define NFP effectiveness factors and identify the requisite techniques to measure that. This is the approach here. This chapter develops a NFP effectiveness model driven by factors grounded in the literature and it is subsequently modified by using data collected through theoretically-sampled case studies. Then unique interdisciplinary methods are explained to measure the effectiveness of not NFP. The models and strategic management methods proposed in this chapter should be of interest to established NFP organization members as well as to their stakeholders, including funding sources and consultants.

There are very few scholarly best practice studies focused purely on contemporary NFP organizations. Much of the NFP best practices were popularized in the post-industrial era of the late 1990's or prior to 2012. More importantly a critical downfall of the existing NFP scholarly literature concerns its credibility. Some of the NFP best practice claims in the literature do not show a source or validation of effectiveness factors. This is an essential issue for NFP decision makers. NFP leaders and board of director members must be able to reduce risks by following best practices. This chapter articulates what those NFP best practices are.

This chapter articulates NFP best practices by citing the literature and by surveying effective NFP organizations in a USA sample frame. Generally accepted research design methods are applied to ensure the results are statistically reliable and will generalize to NFP stakeholders. Despite this optimistic value proposition, a practical limitation that readers need to be aware of right up front is that the authors are from USA so their western social-culture and case study organization data ultimately impact the ability of the findings to generalize outside of this context. The reason that we used a purposive nonprobability sampling technique of the USA population was that we used state accreditation as both a selection criterion and to designate the NFP as effective. State-registered NFPs contribute slightly under \$1 trillion USD annually to the American economy (5.4% of the US GDP) according to their tax documents and they employ over 11 million people (more than 10% of the American workforce). We do not mean that the results of this study would not generalize to emerging nations but rather it is just that we can only statistically conclude that our hypotheses are supported for the given population. The ideas published in this chapter may be useful for a NFP stakeholder in any country or social-culture to consider.

METHODOLOGICAL APPROACH

The authors held a positivistic ideology so this chapter utilized techniques to review the empirical literature, collect evidence of the proposed important factors, and then develop an inductive framework to guide future research into NFP best practices. The population of interest for this chapter was accredited state-registered NFPs operating in any industry and located in continental USA. This population was selected because the chapter goal was to gain a better understanding of the critical success factors of NSPs in developed and emerging nations. USA is not a perfect proxy for the goal but it an excellent source of best practices since it is a successful developed nation with many NFPs. We used a sampling frame of NFPs listed with a state government because it would be difficult to locate every single NFP in USA and survey them. We could not apply any of the probably sampling techniques such as random, systematic, stratified, proportion or cluster (Lucas, 2014) because our research goal was to examine effective successful NFPs judged effective by the state government and by an independent accrediting

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