

Chapter 10

Examination of the Relationship Between Organizational Effectiveness and Transformational Leadership: The Case of Registered Charities

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ABSTRACT

This chapter aims to examine the impact of transformational leadership on the management effectiveness of charities organizations, a less often studied organizations compared to those which focus on revenue building. Furthermore, as women remain underrepresented in both leadership and managerial positions but constitute a significant percentage of managers in registered charities and non-for-profit organizations, the study also aimed to analyze leadership and organizational effectiveness of women leaders in these organizations. Results of the analysis of the responses to the survey strongly support the capacity of the instrument to measure the transformational leadership and organizational effectiveness constructs. In addition, results confirm the existence of a positive and statistically significant relationship between the two constructs. Finally, results of dummy regression analysis do not show that gender has a statistically significant effect on organizations.

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1. INTRODUCTION

Throughout the years, there has been an increase in the number of non-governmental organizations (NGOs) or non-for-profit organizations that support various charitable causes. In fact, Abiddin et al. (2022) have pointed out how NGOs play a crucial role in creating alternative healthcare services, building community development, strengthening social justice, and establishing educational foundations. In Quebec, “a non-profit organization (NGO) is an entity established and administered exclusively for non-profit purposes” (Revenue Quebec, n.d.). As they are generally characterized as voluntary, non-partisan, non-profit and non-criminal, the role and dynamics of NGOs of today tend to expand as well (in the rest of the text NGO will be employed to designate a charity or for-not-profit organization).

For this particular study, it is the researchers’ deliberate choice to primarily focus on non-profit organizations. Statistics Canada (2022) revealed that in 2020, 9% of the GDP of Canada equated to NGOs contribution of \$185.8 billion in total. As NGOs continuously provide services to their beneficiaries and communities, direct impacts to the economy remain evident. This significant overall economic contribution of NGOs and volunteering motivates the researchers of the study to further explore variables that may impact non-profit organizations in their day-to-day operations.

In addition, as the collection of data from NGOs is proved to exhibit relevant research particularly to that of addressing inequalities in marginalized communities, improvement in policies may be achieved (Masefield et. al, 2020). It has also been previously deduced that an estimate of the number of NGOs in the world increasingly ranges from 1 million to 10.3 million, noting the variations in registrations from domain names such as .org and .ngo. This increasing expansion of NGOs also transcends to the potential contribution in service delivery experience (Gooding, 2017). As relevant research questions are to be postulated first-hand, actors in the sector are also able to gear towards collaboration while supporting evidence.

Similar claims were suggested by Klassen-Molyneaux (2020) where benefits of NGO research and fact-finding were highlighted. Some of the notable conclusions were that of increased checklists of best practices for the government, references for other organizations, and strengthened legitimacy and relationships with stakeholders. Research focused on NGOs then fosters trust and networking not only in the research field but also among non-profit and for-profit organizations themselves.

In a study conducted by Bouchard & Raufflet (2019), the power relations in non-profit organizations and for-profit organizations were closely examined through a “resource profile” framework specifically designed for cross-sector collaboration. The study discussed how the increase in interconnectedness between NGOs and for-profit businesses is highly related to the increase in funding, learning, networking and branding between both sectors. The framework also depicted how nonprofit managers’ decision-making styles and power dynamics among cross-sector collaborations are interrelated.

Following their claims, this study’s researchers strongly believe that an increase in cross-sector collaborations also reflects an increased importance of examining leadership and management styles specifically in NGOs. While most NGOs heavily rely on funding both from government and businesses, the researchers understand that a closer analysis of organizational effectiveness in the context of non-profits could be integral in strengthening the relations among sectors. As NGOs are accountable to the lives of their beneficiaries, so does data-gathering focused on NGOs serve as tools for practitioners shifting towards NGO management (Cordery et. al., 2023). By increasing research on NGOs, impacts of the previous, current and future community practices could be closely examined.

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