Assessing the Relationship between Mission-Based Management Practices and Revenue in Non-profit Organizations in Nova Scotia

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Approval

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Abstract

The non-profit sector has always strategized around programs rather than revenues because of its mission-based focus. It had been acceptable to follow this strategy because of the financial and other support received from government and other contributors. However, statistics indicated a continual decline in government and other funding over the past decade had resulted in financial capacity being cited as the non-profit sector's greatest challenge. The purpose of this study was to expand upon prior research findings, which indicated that non-profit organizations needed to become more revenue centered. A quantitative descriptive methodology design was used to determine if nine specific mission-based management practices had any relationship to revenues in the non-profit sector. These nine mission-based management practices were proposed, but not tested, by Peter Brinckerhoff and consisted of the use of a mission statement, use of a board of directors, use of talented staff, use of technology, use of risk in decision-making, use of marketing, use of own financial resources, use of a vision, and use of a right set of controls. The sampling frame for the study was all registered non-profit organizations in Nova Scotia that had filed a 2007 tax return but excluded those with reported annual revenues of less than $100,000 and all church organizations. A survey was used to collect the data. A Chi-square analysis, Ordinal Regression, and the Kruskal-Wallis test were used to examine the comparison between revenues and the nine mission-based management practices. The findings from all three analyses indicated that there were no statistically significant associations. Of interest were

the descriptive statistics. Given the lack of any statistically significant associations it was expected that use of the mission-based management practices would be low. However, the findings of the descriptive statistics indicated a very high use of most of the mission-based management practices. It was not possible to determine why the level of use was high and it would be useful to expand upon the findings of the descriptive statistics in this study to determine if non-profit organizations are further along the continuum of revenue versus program-based strategy than indicated by the nonparametric statistical results of this study.

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CHAPTER 1: INTRODUCTION

The significance of the non-profit sector to Canada and its individual provinces, one of which is Nova Scotia, is essential because the Canadian population has long relied on organizations in this sector to help address the needs of its people. In 2004, the non-profit sector in Canada accounted for 6.8% of the nation's gross domestic product (GDP). When volunteer work was included, that number increased to 8.5% of GDP (Hall, Barr, Easwaramoorthy, Sokolowski, & Salamon, 2005). In dollar value, the non-profit and voluntary sector provided $112 billion in annual revenues to the Canadian economy in 2004 (Rowe, 2006).

According to the Canada Revenue Agency (2006) there were over 80,000 registered charities in Canada in 2006. Canada is typically divided into geographic regions for research purposes and Nova Scotia, the province being examined for this research study, forms part of the Atlantic provinces in Canada. Of the 80,000 registered charities in Canada in 2006, the total number registered in the Atlantic provinces were 8,244. Nova Scotian charities represented 45.87%, or almost half of the registered charities in Atlantic Canada.

Despite the size of the non-profit sector in Canada, and the impact the sector has had on GDP, Canadian research on the non-profit sector was limited until the year 2000. The study conducted by Hall et al. (2005) was the first major research project made available regarding the non-profit sector in Canada. Rowe (2006) did a follow-up report on the study and provided a break-down of the data into the major geographic regions of Canada. One of the principal findings of these two studies was that financial capacity issues continued to be one of the greatest challenges to the non-profit sector. The nature of funding in the non-profit sector is short-term rather than long-term and because of this it is difficult for organizations to support both infrastructure and long-term organizational capacity (Hall et al.) It is probable that organizational capacity would continue to be ignored by the non-profit sector regardless if it were possible to support both due to the fact that non-profits eschewed organizational capacity and viewed it as "an indulgence that would deprive clients or beneficiaries of resources and is better left to for-profit organizations that are motivated by the bottom-line" (Letts, Ryan, & Grossman, 1999, p. 32).

According to Jones (2003) there have been shifts and challenges in the United States, which have also directly impacted the Canadian economy. Factors such as government deficits, the recession in October 2001, and philanthropic response to 9/11 relief funds, are "dramatically changing the fundamental assumptions, economic drivers, and very foundation on which many human service organizations, historically undercapitalized and cash flow challenged, were built" (Jones, p. 16). Jones further stated, "the non-profit sector needs to focus on high performance and organizational excellence through capacity building if it is to survive in this new economy" (p. 16).

Canadian non-profits faced the same funding and organizational capacity issues as those of their American counterparts. Regardless of country of origin, the non-profit sector placed its organizational focus on programs rather than on performance. It is understandable that programs must be the focus of the non-profit sector because without its programs the sector would cease to have a reason to exist. However, a fundamental component of non-profit programs is the need to generate the income to develop, sustain, or expand either new or successful programs, which has become all the more challenging due to the current economic reality in Canada that government is no longer able to provide its historical level of funding to the sector (Hall et al. 2005).

The 1995 federal budget in Canada resulted in a permanent change regarding financial support for the non-profit sector by the Canadian government. Federal transfer payments to the provinces were reduced and restructured. In addition, a review of government funding to non-profit agencies was propelled by a growing critique of non-profits as “unaccountable, unrepresentative, professionalized, special-interest groups who used public funds largely to sustain themselves, and pursued causes that should not be subsidized by government” (Miller, 1998, p. 401). The immediate response to the federal budget by many non-profit organizations was to ignore the threat of decreased funding because a change in government control could reverse the decision on funding levels and the sector was prepared to wait rather than respond to the threat (Miller).

According to Lowell, Silverman and Taliento (2001), one of the reasons the non-profit sector ignored the threat was that the sector was simply not ready to meet the challenges it faced. Lowell, et al. suggested that “management was consumed by a never-ending search for funding and it therefore did not have time to hone strategy or improve effectiveness” (p. 148). The question of how to manage in this sector is a “key question that remains unanswered” (Myers &

Sacks, 2003, p. 287) despite the amount of research in this field. This was supported by Miller (1998) who stated “there is a crisis of expertise and confidence to meet the demands of a rapidly changing environment, which many strongly dislike but feel they have little influence over” (p. 402).

Brinckerhoff (2000) stated that in order to achieve financial success it was necessary for non-profit organizations to engage in what he referred to as mission-based management practices. Based on more than 20 years of qualitative observations, Brinckerhoff suggested that there were nine mission-based management practices that could be used to incorporate for-profit management practices into a non-profit culture. It was proposed that these practices would lead to an organizational focus that was balanced between performance and programs. The management practices used in this study are a modified version of Brinckerhoff's nine mission-based management practices and are as follows: (a) the organization uses a current mission statement to guide its strategy; (b) the organization uses the services of a board of directors to provide direction to the organization; (c) the organization effectively uses the talents of its paid staff; (d) the organization effectively uses technology in the operation of its business; (e) the organization is a social entrepreneur because it is willing to take risks in decision making in order to meet objectives; (f) the organization has a strong marketing focus to guide its strategy; (g) the organization uses its own resources to be able to financially sustain its programs without the need for government or other funding; (h) the organization is guided by a vision and uses it to guide the direction of the current strategic plan; and (i) the organization uses tight controls in the operations of the organization.

Statement of the Problem and Purpose

The decline in government and other funding to the non-profit sector over the past decade has contributed to the non-profit sector stating that financial capacity was its greatest challenge (Rowe 2006). The non-profit sector, however, continues to strategize around programs rather than performance which perpetuates its inability to improve performance (Brinckerhoff, 2000; Buechel & Handy, 2007; Letts et al., 1999). The problem addressed in this study was whether or not the mission-based management practices suggested by Brinckerhoff (2000) had any relationship to revenue in non-profit organizations. Researchers such as Brinckerhoff and Letts et al. postulated that non-profits must incorporate for-profit business practices into their organizational strategies in order to adapt to the financial changes taking place in the non-profit sector. By doing so, it should allow the non-profit sector to make the required transition in strategy from one based solely on programs to one more balanced between programs and performance.

The purpose of this quantitative research investigation was to study the relationship of mission-based management practices on revenue in non-profit organizations in Nova Scotia. Brinckerhoff (2000) suggested that it was possible for the non-profit sector to be able to transition from a program-centered strategy to one more balanced between programs and performance if the sector regularly made use of nine mission-based management practices. Brinckerhoff's conclusions on mission-based management practices are not supported by formal research, rather, he has used his extensive experience and interaction with the non-profit sector over the past two decades to develop his theory on mission-based management practices. Brinckerhoff developed these mission-based management practices in order to provide a methodology for the non-profit sector to incorporate for-profit management practices into a non-profit culture.

Background and Significance of the Problem

According to Brinckerhoff (2000) and Letts et al., (1999), the ideology of non-profit organizations often marginalized the issue of organizational performance and resulted in a sector strategy developed around programs as opposed to organizational performance. It was suggested that this lack of focus on organizational performance impacted the non-profits' ability to generate revenue. Although there was a reasonable amount of research in this area, there appears to be a gap in the literature because while most researchers have identified that non-profit organizations need to embrace for-profit business practices only Brinckerhoff suggested a methodology for how the non-profit might transition from program-centered strategy to a performance centered strategy (Buechel & Handy 2007; Helmig, Jegers, & Lapsley 2004; Hudson 2005; Letts et al.; Myers & Sacks 2003; Rowe 2006; and Schuh & Leviton 2006). Confirmation that the non-profit sector has not made any movement toward a performance centered strategy was further supported by Myers & Sacks who reported that when trying to determine to what extent it was appropriate to apply to voluntary agencies the managerial solutions and practices developed for other sectors "it is clear from this volume that this key question remains as it did when the Centre for Voluntary Organizations was established 15 years ago" (p. 287).

The significance of the non-profit sector to Canada and its individual provinces, one of which is Nova Scotia, is essential because the Canadian population has long relied on organizations in this sector to help address the needs of its people. In 2004, the non-profit sector in Canada accounted for 6.8% of the nation's gross domestic product (GDP). When volunteer work was included, that number increased to 8.5% of GDP (Hall et al. 2005). In dollar value, the non-profit and voluntary sector provided $112 billion in annual revenues to the Canadian economy in 2004 (Rowe, 2006). It is therefore important that the non-profit sector be able to continue this contribution to the Canadian economy to avoid the ill effects associated with this problem in society.

Regardless of size, all non-profit organizations are important to what scholars refer to as social capital. Hall et al. (2005) suggested that the non-profit sector provided an advocacy role in identifying unaddressed problems. While larger, more professional, and well-resourced organizations might have significant competitive advantages over the smaller, primarily volunteer-operated ones, all non-profit organizations, regardless of size, are important to what scholars now refer to as social capital. Social capital in the non-profit sector includes an advocacy role as well as "activities that provide avenues for the expression of cultural, spiritual, professional, or policy values, interests, and beliefs" (Hall et al., p. 12). Any loss of social capital would negatively impact both the Canadian economy and the users of non-profit programs and services.

Canada continues to rely on the non-profit sector to efficiently and effectively provide essential services and to do so with reduced or no funding. The expectation that many non-profits would be able to continue contributing to the economy without support was not realistic or achievable. There was no transition plan in place by the federal government in Canada to aid non-profits in facing the challenge of declining funding nor was there any recognition by the government of Canada of the possibility that management in the sector was not capable of implementing the necessary changes that would be required. The non-profit sector acknowledged the decline in funding but there was no evidence in the research that the sector has taken any significant steps towards implementing change (Miller, 1998).

The importance of the non-profit sector to Canadians is vital. Information from the data in the study conducted by Hall, et al. (2005) was informative. The non-profit sector workforce as a share of the economically active population was ranked second highest in the world at 11.1%, with the Netherlands being first at 14.4%. This was higher than the U.S. non-profit workforce of 9.8%, which has long been considered to be the country with the most fully developed non-profit sector. The need, therefore, for the non-profit sector in Canada to become financially stable so it can continue to offer its provision of programs and services is of significant importance to the Canadian economy (Hall et al.).

The performance of non-profit organizations, similar to that of for-profit organizations, is influenced by its capacity to meet its goals and financial objectives while adhering to its mission. According to Letts et al. (1999) the non-profit sector has for decades underinvested in capacity and management and is challenged because it is required to "manage upstream while facing endless obstacles" (p. 33). Strategic leadership and program and process management were identified as two major success factors in organizational capacity and there was evidence to suggest that non-profits needed to create more high performance organizations by focusing on capacity issues which included management practices (Letts et al.) Whether a strategic inclusion of mission based management practices would improve the ability of non-profit organizations to focus on management practices to help generate revenues and achieve greater financial success was the underlying problem in this study.

This research study was designed to determine the use, if any, of Brinckerhoff's nine modified mission-based management practices in non-profit organizations in Nova Scotia. The researcher created a survey to collect data and it was used to help examine whether or not there was a relationship between the nine mission-based management practices and revenue in non-profit organizations in Nova Scotia. The survey questions focused specifically on each of the nine mission-based management practices which required participants to indicate whether or not any of the mission-based management practices were used. To apply equivalency in annual revenues amongst non-profit organizations in Nova Scotia, revenue per employee was calculated using a full-time equivalency formula. The results were intended to provide insight for non-profit organizations as to whether or not mission-based management practices had any relationship to revenues and whether it would be beneficial to use them in transitioning to a more balanced strategy between programs and performance.

There was no empirical evidence from the existing literature that management practices, as part of organizational capacity, aided in non-profit organizations being able to generate revenues. However, the majority of researchers speculated that there was a link between the two (Brinckerhoff, 2000; Hall et al., 2005; Letts et al., 1999; Lowell et al., 2001; Myers & Sacks 2003). The methodology for this study was quantitative and was designed to expand upon the findings of the existing literature.

Research Questions

The following research question statements (Q) were used in this study:

Q1: What is the relationship, if any, between the levels of use of the combined nine mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia?

Q2: What is the relationship, if any, between the level of use of each of the nine independent mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia?

Brief Review of Related Literature

Until the year 2000, research on the non-profit sector in Canada was limited. Therefore, the literature review was expanded to include other countries. The United States and the United Kingdom had the largest collection of data in the non-profit sector. Information that was found to be relevant to the Canadian perspective was used for review purposes for this study.

The topic of management and non-profit organizations appeared to draw on the two contrasting disciplines of economics and sociology. According to Helmig et al. (2004) these two disciplines have traditionally contributed the most to the study of non-profit organizations. Helmig et al. noted that "the standard economic model does not apply well to the distinctive nonmarket situation of non-profit organizations. And the sociological perspective, while offering interesting insight, fails to develop plans of action for non-profit organizations" (p.101).

It was difficult to measure the impact of management and organizational capacity in the non-profit sector. This was primarily due to a lack of quantitative research regarding the non-profit sector and the non-existence of any documented non-profit management practices. Letts et al. (1999) stated that management in the non-profit sector had a history of being indifferent to organizational capacity because that characteristic is "an indulgence that will deprive clients or beneficiaries of resources and is better left to for-profit organizations that are motivated by the bottom-line" (p. 32). What was apparent from the research was that despite being faced with declining government funding, the non-profit sector continued to ignore the need for management practices and organizational capacity to be included as strategic activities.

There was evidence from the research that there does appear to be a link between organizational capacity, for-profit management practices, and successful non-profit organizations. Researchers such as Brinckerhoff (2000), Buechel & Handy (2007), Helmig et al., (2004), Letts et al., 1999, Myers and Sacks (2003), and Rowe (2006), have proposed that non-profits must incorporate for-profit business practices into their corporate strategies in order to adapt to the financial changes taking place in the non-profit sector. A common problem noted by these same researchers however were that non-profit organizations have little understanding of organizational capacity. The concepts of finance, auditing, accounting, and strategic planning were associated with economic thought and therefore not an area of great concern to the non-profit sector because it dealt with performance as opposed to programs. There has been only minimal response from the non-profit sector throughout the past decades to acknowledge and implement any of the research that has so far been made available to it.

A study undertaken by Galaskiewicz and Bielefeld, and reported by Letts et al. (1999), of non-profit organizations in the Minneapolis-St. Paul region used data from 1980 to 1994. The findings of the study were that "efficient, rational, and customer-oriented organizations (both large and small) can better compete and grow" (Letts et al., p. 32) and it was concluded that organizational capacity seemed to attract funds. According to Letts et al. employees in the non-profit sector did not consider organizational issues such as performance to be important. Limited resources created competition between programs and performance and because programs were the core purpose of a non-profit's existence, performance was ignored. Hall et al. (2005) pointed out that the findings from their Canadian non-profit and voluntary sector study were that government funding had decreased and become less predictable. Any funding that was made available by government and other sources was required to be directed solely to programs and projects as opposed to organizational capacity.

This led to a dichotomous situation for the non-profit sector because even if a non-profit organization wanted to focus on performance, the funding mandate did not allow it to do so. Letts et al. concluded that organizational capacity was necessary for an organization to be successful, yet funding was mandated for programs and projects so non-profit organizations had little choice but to ignore organizational capacity.

Brinckerhoff (2000) found that charitable organizations should view success, including financial achievement, as the end goal and not as an evil perpetrated by the for-profit sector. To achieve success, the non-profit organization must view itself as a mission-based business, not a charity. A fundamental difference between for-profits and non-profits is that "for-profits chase profits; not-for-profits pursue their mission" (Brinckerhoff, p. 1). The interpretation of the difference proposed by Brinckerhoff was that for-profits focus on performance while non-profits focus on programs, or their mission. The difference was not intended to mean that the non-profit sector should not pursue or make profit.

Brinckerhoff asserted that when an organization pursues a mission, organizational capacity must be a priority because it aids in the successful achievement of the organization's mission-based strategy. According to Myers and Sacks (2003) while it is possible for the non-profit sector to learn about management practices from a for-profit perspective, it is much more difficult to adopt these practices in their entirety because of the context and the culture of the non-profit organization. The performance of non-profit organizations, similar to that of for-profit organizations, is influenced by its capacity to meet its goals and financial objectives while adhering to its mission. Strategic leadership and program and process management were identified as two major success factors in organizational capacity and there was evidence to suggest that non-profits needed to create more high performance organizations by focusing on capacity issues which included management practices (Letts et al., 1999). Whether a strategic inclusion of mission-based management practices would improve the ability of non-profit organizations to generate revenues and achieve greater financial success was the underlying problem in this study.

The problem associated with this study needs additional research and insight on how to bridge the gap between the importing of for-profit management practices into the non-profit sector. Brinckerhoff's (2000) nine mission-based management practices appear to be an attempt in this direction and the primary reason his specific insight on mission-based management practices forms the basis for the independent variables in this study. Further research was required to determine whether or not these mission-based management practices have a relationship with revenues in the non-profit sector in Nova Scotia.

Definition of Terms

The definitions of terms for this study follow.

Non-profit Organization. A non-profit organization encompasses a wide range of organizations from health-care giants and universities to nationwide member-serving groups such as the Girl Guides of Canada, to advocacy groups such as Bryonny House for Women in Halifax, to an array of locally based associations. The non-profit does not distribute profit to its owners as it has no owners and any income that exceeds expenses stays with the organization rather than flowing through it to an owner or owners (Rowe 2006).

Mission-Based Management Practices. Using a modified version of Peter Brinckerhoff's (2000) nine mission-based management practices, the following were the nine mission-based management practices used in this research: (1) the organization uses a current mission statement to guide its strategy; (2) the organization uses the services of a board of directors to provide direction to the organization; (3) the organization effectively uses the talents of its paid staff; (4) the organization effectively uses technology in the operation of its business; (5) the organization is a social entrepreneur because it is willing to take risks in decision making in order to meet objectives; (6) the organization has a strong marketing focus to guide its strategy; (7) the organization uses its own resources to be able to financially sustain its programs without the need for government or other funding; (8) the organization is guided by a vision and uses it to guide the direction of the current strategic plan; and (9) the organization uses tight controls in the operations of the organization.

Organizational Capacity. The ability of an organization to successfully apply its skills and resources to accomplish its goals and satisfy its stakeholders' expectations is referred to as organizational capacity. Organizational capacity in this study primarily refers to financial viability and the use of, or lack thereof, of Brinckerhoff's nine mission-based management practices in non-profit organizations (Letts et al., 1999).

Adaptive Capacity. Adaptive Capacity links mission and outcomes and enables organizations to create value for the clients or communities they serve and to demonstrate their comparative value to funders, whether they be dues-paying members, government agencies, donors, or foundations (Letts et al. 1999). Further, it is the ability of the non-profit organization to find the correct balance between a focus on performance and programs.

Revenue per Employee. Revenue is the monies raised by non-profit organizations to sustain the various mission-based programs and to ensure viability of the organization. According to Rowe (2006) it is revealing when analyzing trends in the non-profit sector to look at organizations according to the size of their annual revenues. For the purpose of this study, revenue per employee was calculated by dividing the number of paid employees based on a full-time equivalent (FTE) calculation by the total reported revenue for fiscal year 2007.

Non-profit High Performance Organization. A high performance organization in the non-profit sector is one that is able to identify the assets and obstacles that would need to be mobilized or overcome in order to create a non-profit that is more conducive to organizational performance that can build and sustain a strong organization (Letts et al., 1999).

Highlights and Limitations of Methodology

A quantitative research investigation was conducted to study the impact of mission-based management practices on revenue in non-profit organizations in Nova Scotia. A survey was created by the researcher and used to collect the data for this study. The survey was sent to all non-profit organizations in Nova Scotia that filed a 2007 income tax return but excluded those organizations with reported annual revenues of less than $100,000 and all church organizations. In the study undertaken by Miller in 1998, church organizations were excluded because of their rules of governance and the fact these organizations did not rely on any type of government funding. A copy of the survey is attached as Appendix A.

Participants were asked to indicate the level to which they used the nine mission-based management practices in their organizations. Levels were identified by using a five-point Likert scale that ranged from 1 = *always used*; 2 = *sometimes used*; 3 = *do not know*; 4 = *seldom used*; and, 5 = *never used*. There were also questions in the survey that allowed participants to expand upon the answers to the given ratings and or to include other practices or facts they felt were not included. These answers are anecdotal in nature and are not supported by this study. They are included for information purposes only in Appendix B.

The selection and modification of Brinckerhoff's (2000) nine mission-based management practices as the independent variables in this study was based on the literature review. Several researchers provided definitions of organizational capacity in their respective research and this allowed for a comparison of the different perspectives on organizational capacity in the non-profit sector (Brinckerhoff, 2000; Buechel & Handy, 2007; Hall et al., 2005; Helmig et al., 2004; Letts et al., 1999; Myers & Sacks, 2003; Rowe 2006). Brinckerhoff provided the most comprehensive and inclusive definition of organizational capacity as it related to management practices because he was able to capture and incorporate most of the commonalities from the various literature reviewed for this study.

A significant limitation of this study was the exclusion of volunteers. According to Rowe (2006) Atlantic Canada had a volunteer complement of one million people who collectively contributed about 127 million hours of volunteer time per year, about the equivalent of 66,000 full-time jobs. This reliance on the volunteer sector made it unlikely that study participants would be able to accurately calculate the number of volunteer hours based on a full-time equivalent formula. The decision was made to include only paid staff based on the full-time equivalency equation.

Summary and Conclusions

The researchers cited in this study were unanimous in their conclusion that non-profit organizations were program-centered as opposed to performance-centered. This fundamental program-centered approach to managing non-profit organizations may have served to disguise deep level effectiveness problems especially as it related to generating revenues. There was research on the topic of benchmarking for non-profits and broader examinations of organizational capacity in the non-profit sector, but no conclusive research to determine if organizational capacity, specifically as it related to management practices, impacted the non-profit's ability to generate revenues.

The reduction in government funding has created a highly competitive environment amongst the non-profit sector. In Canada, government funding declined by 20% between 1992 and 1999 primarily at the provincial level where most of the government support is provided (Hall et al., 2005; Miller, 1998). There is strong evidence from the literature review that the non-profit sector needs to develop different strategies for generating revenues in order to achieve financial sustainability (Brinckerhoff, 2000; Letts et al., 1999). Whether or not the sector should consider engaging in mission-based management practices as a means to achieving financial sustainability was the underlying research of this study.

Research that identifies specific management and organizational practices in the non-profit sector and links them to generating revenues will be very important for stakeholders in the non-profit sector. These organizational practices could be incorporated into training programs and longer-term strategic plans for non-profit organizations. It could aid non-profit organizations in building adaptive capacity and understanding more clearly whether or not organizational capacity should be included as part of strategic planning.

CHAPTER 2: REVIEW OF LITERATURE

The purpose of this quantitative research investigation was to study the relationship between mission-based management practices and revenue in non-profit organizations in Nova Scotia. Brinckerhoff (2000) suggested that it was possible for the non-profit sector to become more self-sustainable if the sector regularly made use of nine mission-based management practices. Although these mission-based management practices are closely related to for-profit practices they allow the non-profit entity to retain a balance between performance and programs.

The search strategy for this study began with a review of the Canadian non-profit sector. A review of the literature revealed there was limited research related to the study of non-profit organizations in Canada, particularly as it related to organizational capacity and management practices. Four studies were of particular interest. The first was a study conducted by Miller (1998). Miller examined the changes and relationships between the Canadian government at both the federal and provincial levels and the non-profit sector. The second and third studies were conducted by Hall et. al (2005). These studies were the first major studies conducted in Canada that directly focused on and included the non-profit sector as participants. The fourth study was conducted by Rowe (2006) and was a follow-up to the study conducted by Hall et al. Rowe segmented the data from the previous study by breaking it down into the major geographic regions in Canada. The literature review was expanded to include other countries. The United States and the United Kingdom had the largest collection of data on the non-profit sector. Information that was found to be relevant to the Canadian perspective was used for review purposes for this study.

The theoretical framework established for the literature review in this study began with an overview of management and the non-profit sector prior to 1990. Next, a review was conducted to determine if any academic disciplines specifically contributed to the quest for research and subsequent findings in this area. It was determined that the academic disciplines of economics and sociology were important in the research. Lastly, a review of more recent literature regarding organizational capacity and management practices in the non-profit sector was undertaken.

Earlier management research and the non-profit sector

The literature on non-profit organizations prior to the1990s primarily focused on how to manage an organization that had programs as its primary strategic objective rather than the impact organizational capacity or specific management practices might have had on financial success (Drucker, 1990; Hatten, 1982; Preston, 1989). Drucker described management as a term seldom used in non-profit organizations until the late 1970s because it was too closely aligned with what was deemed a for-profit business idiom. He noted, however, that with the decline in government contributions to the non-profit sector, which began in the 1980s and has been an impetus since then, the non-profit sector was being forced to become more competitive. This included the recognition that non-profits needed a more organized management approach.

Research conducted during the 1980s and early 1990s focused on leadership and relationship building and much of the work, such as Drucker (1990) and Hatten (1982) was aimed at the development of the individual as a manager in non-profit organizations. According to Hatten, managers will often transfer between the private and non-profit sector during their careers and must understand how to adapt the principles developed for corporate strategic management into the non-profit sector. Hatten's research on strategic management was focused on the difficulty of measurement of individual and community goals and viewed the lack of concrete goals and objectives as a primary cause of financial failure in the non-profit sector.

Brinckerhoff (2000) stated that a mission-based organization needed to have a mission-based manager. Although his work was more recent than that of Drucker (1990) or Hatten (1982), Brinckerhoff's findings upheld the groundwork of the research conducted in the 1980s and 1990s. In comparing the description of management skills, for example, with that of Drucker , Brinckerhoff stated that "mission-based managers must have four major skills. These skills were balance, innovation, motivation, and communication" (p. 30). Likewise, Drucker stated "nonprofit managers must be committed to self-development, must be results-oriented, must be adaptable to change, and must encourage constructive discontent" (p. 190). A closer examination revealed that these two sets of the four major management skills were very similar in concept.

Earlier work from the 1990s, such as Drucker's (1990), also recognized that non-profits have evolved from being "marginal to an American society" to being "central to American society" (p. xiii). Drucker argued that non-profit institutions must recognize the need for better management because they did not have a conventional "bottom line" (p. xv). His focus on leadership and management rather than organizational capacity was likely due to the fact that the only research available during this time was on leadership and management, most of which was related to the for-profit sector. Hatten (1982) agreed with Drucker's research. Although the more recent body of literature introduced the strategic concept of organizational capacity, excellence in management continues to be required in the non-profit sector and dated research such as Drucker's from 1990 continues to have relevance for the non-profit sector today.

Non-profit research: an interdisciplinary approach

According to Helmig et al. (2004) the research of non-profit organizations reflected an interdisciplinary approach. The two primary disciplines were economic and sociology. Economic theories were confined to the questions of definition of non-profit organizations and to issues of demand or supply of non-profit organizations. The typical economic rationales and models in the for-profit sector dealt with strategic planning, accounting, auditing, and finance, which were considered to be organizational capacity issues and therefore not the central focus of the non-profit sector. Helmig, et al. argued that "there is no body of economic theory underpinning non-profit organization strategic choices" (p. 103). This appeared to concur with the abundance of other research in the non-profit literature such as Brinckerhoff (2000) and Letts et al. (1999). Economic theory was used to provide insight as to the challenges the non-profit sector faced especially as it related to governance and performance measurement. Of note was the fact that the economics-based literature has been fairly silent on non-profit governance and much of the literature was more of the guidelines type than scientific in nature (Helmig et al., 2004). Helmig, et al. further stated that "financial management in the non-profit sector links to financial economic literature only in the treatment of the cost of capital and the average cost of using the funds present in the organization, be it debt or other funds" (p. 104). The conclusions of Helmig, et al. regarding economic theory were that it has not been overly useful in providing an explanation for how non-profit organizations function internally from a microeconomic perspective.

Sociological theories directly contrasted with the economic theories because according to Helmig et al. (2004) the norms of rationality are not present in sociological models. Helmig et al. defined rational outcomes "as the evaluation of alternatives, the determination of the most desirable outcome, and the consequent actions of the decision-maker, all of which are implicit in the economic models" (p. 105). Sociological models deal with the political determinants of an organization rather than the actual outcomes which include financial consequences.

Institutional theory is a sociological model that studies the importance of human construction and social interaction in the emergence of shared realities. The importance of institutional theory was reported by researchers such as Arnaboldi and Lapsley (2004) who conducted research on the adoption of activity-based costing in a health care non-profit organization. Their findings were that while the non-profit organization might adopt techniques that make it appear to be up-to-date and modern to its external environments, it did not implement the techniques (Helmig et al., 2004).

A meta-analysis of management and marketing research was undertaken by Helmig et al. (2004) and included an examination of whether or not a marketing orientation impacted revenues. There were indications that a strong recent trend to focus on management was present. In particular, a focus on marketing as a tool of management was noted as a major focal point of non-profit research. The findings from this study were of particular interest because a marketing orientation was one of the independent variables in this study. The conclusions of Helmig et al. regarding sociological theories suggested that "non-profit organizations may indulge in mimicry of public or private sector bodies in the pursuit of legitimacy and may have validity but to date most sociological contributions have focused on the interface of the organization and its environment" (p. 112). Of interest was the fact that the non-profit sector was consistent in its response to both organizational capacity and the sociological model. The sector was able to acknowledge what was needed and often gave the illusion of being up-to-date but in reality did not actively participate in making any change in strategy.

Management practices and organizational capacity in the non-profit sector

In the late 1990s researchers began to question whether non-profit organizations might benefit from management practices found in the for-profit sector which would necessitate the inclusion of organizational capacity as part of any strategic planning. The response to this suggestion from the non-profit sector was to reiterate the position that any expenditures should be in the area of programs and not organizational capacity. The position of the non-profit sector was that a direct trade-off existed when monies were invested in organizational capacity. In other words, programs did not benefit from the investment in organizational capacity and, in fact, any investment in this area was a waste of resources (Letts et al., 1999).

Management in this sector typically viewed investment in organizations "as overhead, deadweight costs that take money away from program beneficiaries" (Letts et al., 1999, p. 26). This attitude was pervasive in the non-profit sector and evidenced by the desire of non-profit organizations to always ensure that annual report pie charts depicted the smallest possible share of expenditures for overhead or administration. Even when non-profit organizations began to acknowledge the theory behind organizational capacity, no action was taken to change the way the sector reported to the public. The demand for accountability by stakeholders in the non-profit sector required pie charts to depict little to no expenditures for overhead or administration (Letts et al.).

The literature since 1999 began to evolve into the larger issues of organizational capacity, the need for non-profits to be more financially strategic, and the need to be converted into high performance organizations (Brinckerhoff, 2000; Buechel & Handy, 2007; Letts et al., 1999; Woods, Bowman, & Keating, 2006). Letts et al. stated that "organizational issues hold little appeal for the several types of non-profit employees who populate much of the sector" (p. 32).

Letts et al. further found that there appeared to be indifference to how organizations excelled and what they needed in order to perform well and stated that "*in the nonprofit world, programs and organizational capacity are almost* seen as competitors in a zero-sum struggle for limited resources" (p. 32).

Although service and performance should work together in any organization, the non-profit culture speaks mostly to service. According to Letts, et al. (1999):

> Added to the service-orientation and culture of many employees is the funding system, which also tends to marginalize the issue of organizational performance. The third-party payer system prevalent in much of the nonprofit sector reinforces the service culture. Government contracts tend to reward previously proven methods, not innovations. Funders want to back successful programs (and often won't signal dissatisfaction as long as the money is "well spent" and accounted for). Clients (who don't pay and often don't have alternatives) can't signal the need for change. Instead of leading, or trying to better their previous efforts, many organizations get drawn into simply providing. (p. 34)

In a cross-sector analysis Letts et al. (1999) found three key findings that described the scope of implications of the non-profit challenge. The first finding was that excellent management practices were important regardless of whether or not the organization operated in the for-profit or the non-profit sectors. Management practices assist the organization in meeting its objectives whether they are mission-based or performance oriented. The second finding was that it is normal for the marketplace to support organizational capacity of businesses yet the non-profit environment ignores it. The third finding was that the non-profit sector ignored organization capacity because it was guided by its traditional culture of providing services at little or no cost to recipients.

Butler and Wilson (1990) suggested that there is a lack of knowledge by the non-profit sector of how strategies are shaped and formulated and what is involved in organization design, change, and the processes required for adaptation to take place. Myers and Sacks (2003) stated that it was not possible to simply import ideas from the private sector to the non-profit sector "without interpreting the context and the culture of the sector and taking into account the internal relationships within individual organizations" (p. 289). Leadership style, staff development, competence, and flexibility to managing change are significant factors in any non-profit organization and the fact that organizations in similar fields of operation may have similar characteristics does not mean that one size fits all when it comes to understanding the non-profit organization or the sector (Myers & Sacks).

A social policy approach was evident in the findings of every piece of literature reviewed for this research study. The viewpoint that social policy is inherent in the non-profit culture is most aptly recorded by Batsleer (1995) who stated that "the social policy approach has sought to steer voluntary organizations along their own unique road, keeping clear of dangerous highways of state bureaucracy or market opportunism" (p. 226). Batsleer's explanation of social policy's influence on the management of the non-profit sector was simplistic yet informative.

Debates on organizational capacity and financial success in the non-profit sector

Letts et al. (1999) reported on a study undertaken by Galaskiewicz and Bielefeld in which organizational capacity was identified as a key factor in attracting funds. The study included non-profit organizations in the Minneapolis-St. Paul region using data from 1980 to 1994. The findings of the study were that regardless of size, if a non-profit organization was efficient, rational, and customer-oriented it would be better poised to compete and grow. It was concluded that organizational capacity seemed to attract funds. This study concurs with the findings of other researchers such as Brinckerhoff (2000) and Buechel and Handy (2007).

A study comparing administrative efficiency and fundraising results of non-profit organizations over an 11 year period undertaken by Frumkin and Kim (2000) found that non-profits that reported low administrative to total expense ratios were not more successful than less efficient organizations in the sector in competing for individuals, foundations, and corporate contributions. This is in direct contrast to the findings of the study undertaken by Galaskiewicz and Bielefeld and as reported by Letts et al. (1999). In fact, Letts et al. found that "the low overhead so esteemed in the non-profit sector can signal not only frugality but also low performance" (p. 32).

Buechel & Handy (2007) conducted an online survey about funder practices that supported non-profit sustainability. The outcome from the survey were 48 profiles of funding approaches, practices, and strategies that supported non-profit organizational capacity building, long term financial health, and or programmatic improvement. One of the concepts that resonated throughout the profiles was "fund at the organizational level rather than the programmatic level, even when your primary interest is in one program" (Buechel & Handy, p. 2). This study was one of the most recent to be found for the literature review. While it contrasted with the work of other researchers such as Brinckerhoff (2000) and Letts et al. (1999) who had found that non-profit organizations viewed organizational capacity as a drain on limited resources, it was not clear if the participants in Buechel and Handy's study simply acknowledged organizational capacity as being important or whether they had actually included it in strategic planning.

Myers and Sacks (2003) argued that the context and culture of the non-profit sector accounted for discrepancies in the level of financial success between non-profit organizations. It was suggested that it was the selection of significant features by managers in the areas of context and culture that defined the operating environment. Arguments were presented that the non-profit sector might very well be using and adapting private sector language, tools, and techniques but just applying different approaches to managing. Batsleer's (1995) research agreed with Myers and Sacks. Batsleer described three approaches that could affect the way in which the non-profit organization engaged itself with management tools and techniques. These were described as "(a) a social policy and administration approach; (b) via organizational management and theory; and (c) the community development or alternative organizations perspective" (pp. 226-27). It was argued that there were fewer differences between voluntary and private sector organizations than might be imagined and the incorporation of for-profit practices should not be difficult to implement.

Myers and Sacks (2003) and Batsleer (1995) appeared to imply that incorporating for-profit management practices and adopting the tools and techniques for organizational capacity issues should be an easy transition for the non-profit sector to espouse. Brinckerhoff (2000), Hall et al. (2005) and Letts et al. (1999) rejected these opinions. These researchers believed that the non-profit sector lacked the appropriate knowledge, tools, willingness, and or ability to incorporate any type of change that had for-profit ideology associated with it.

Lowell et al. (2001) argued that the funding environment in which non-profits operated caused the sector to shun long-term investments required to build an organization. Lowell, et at. stressed that "donors take a project-based rather than an organization building approach to philanthropy" (p. 149) and therefore even when management in the non-profit sector had the knowledge and ability to make the changes that were necessary, the sector could not afford to make the operational and management changes for fear of losing donors or grants. An example of this concern was cited by The Canadian Cancer Society. The Society feared that imposing organizational structures and dictating management practice policies to volunteers would change the culture of a volunteer organization and alienate existing volunteers and make recruitment more difficult (Canadian Cancer Society, 2004).

Lowell et al. (2001) suggested that investment in organizational infrastructure such IT systems, staff development processes, and adequate management capacity were discouraged in the non-profit organizational environment. It was suggested that individuals promoted to management often are committed people but lack experience or aptitude for leading others. In the long run, managers in non-profit organizations follow the money and add programs even when they do not fit the organization's mission. The result of this was that non-profit organizations were not able to focus on organizational capacity and management needs.

Canadian research on the non-profit sector

The first major study on the non-profit sector in Canada was undertaken in 2002. The challenges facing Canada's non-profit sector were examined and the study was initiated and funded by the Voluntary Sector Initiative (VSI), a joint undertaking between the voluntary sector and the Government of Canada. The resulting study highlighted many of the strengths and weaknesses of the non-profit sector in Canada including capacity issues and challenges (Hall et al. 2005).

Equipped with the information from the findings of the study by Hall et al. (2005), Imagine Canada (formerly the Canadian Centre for Philanthropy) participated in the Johns Hopkins Comparative Non-profit Sector Project. The aim of this project was to close the gaps in basic knowledge about the non-profit sector. The findings from this study were published in 2005. In order to breakdown the information from the Canadian studies, Imagine Canada funded a project undertaken by Rowe (2006) that provided a regional breakdown from the Hall, et al. study. The regional report for Atlantic Canada included data and information for the provinces of Nova Scotia, New Brunswick, Newfoundland, and Prince Edward Island.

One of the principal findings of the study by Hall et al. (2005) was that financial capacity issues continued to be one of the greatest challenges to the sector. The nature of funding in the non-profit sector was short-term rather than long-term and because of this it was difficult for organizations to support both infrastructure and long-term organizational capacity. Another principal finding of the study was that Canada had a strong presence of service organizations that was broken into two broad categories, service functions and expressive functions. Service functions involved the delivery of direct services such as education, health, housing, economic development promotion, and the like. Expressive functions involved activities that provided avenues for the expression of cultural, spiritual, professional, or policy values, interests, and beliefs. Of significance was the fact that all non-profit organizations were important to what scholars referred to as social capital which included both service and expressive functions (Hall et al.). Therefore, the size of the non-profit will begin to matter as those larger, more professionally managed non-profits are able to support the necessary infrastructure required to move forward as a higher performing organization. It will be absolutely critical for the smaller non-profit to rethink how it can survive in this radically different competitive non-profit environment.

The results of the Canadian studies specifically demonstrated there was a requirement for further exploration of the need to link capacity issues and performance sustainability. Canada has the second largest non-profit and voluntary organization workforce as a share of the economically active population in the world at 11.1%, second only to the Netherlands at 14.4 percent. As the second largest non-profit and voluntary sector in the world, Canada relies significantly on the non-profit sector for the provision of services to its people (Hall et al. 2005).

The sustainability of Canada's non-profit sector is vital to the economy. A worrisome principal finding of the study by Hall et al. (2005) was that "non-profit and voluntary organizations reported that they were experiencing problems fulfilling their missions and a substantial percentage reported that these problems were serious" (p. 25). Further "those that rely on external funding from governments, corporations, and foundations are much more likely to report that they are facing serious problems" (p. 25).

In assessing voluntary contributions, the results of the study were that public support of non-profit organizations is very broad. While on average 75% of Canadians make annual charitable donations and 25% volunteer their time, just 9% of the population is responsible for 46% of all donations and 40% of all volunteer hours (Hall et al. 2005).

The recognition and understanding of the value and importance of the non-profit sector could be hindered by the long-held public perception of the non-profit sector which Kahn (1979) described as "services rendered to individuals and families under social auspices who are deprived, neglected, handicapped, needy, mentally ill, developmentally disabled, and disadvantaged" (p. 20). According to Jones (2003) this perception perpetuates the perception of the non-profit sector as one that only "addresses unmet needs of the unfortunate, disadvantaged, and impaired rather than being seen as a core component of a healthy community" (p. 20). Jones further stated that "by its own focus on activities, programs, and services rather than mission and aspirations, the sector has failed to institutionalize understanding of its overall community impact and core value to society: the enhancement of life of families and individuals" (p. 20).

Building organizational capacity for high performance in the non-profit sector

In order to provide lasting change in the non-profit organization, Letts et al. (1999) suggested that organizations must build adaptive capacity for high performance by developing management processes that support organizational capacity. According to Brinckerhoff (2000) it was necessary for non-profits to adapt and accommodate not only to today's environmental conditions but also to those that might exist in 5 years. This requires longer-term strategic planning and the organizational capacity must exist; relative not only to programs but also to management and financial viability. In order to ensure organizational capacity and financial sustainability exists Brinckerhoff has studied and continues to work with hundreds of non-profit organizations. He has been able to talk and work in-depth with staff, board members, community members, and the people that the organizations serve.

In examining the strengths of consistently successful non-profits, Brinckerhoff (2000) presented nine characteristics that he alleged must exist in all non-profit organizations in order for financial success to be achieved. Brinckerhoff referred to these nine characteristics as mission-based organizational characteristics. The nine mission-based characteristics were modified for this study and are: (a) the organization uses a current mission statement to guide its strategy; (b) the organization uses the services of a board of directors to provide direction to the organization; (c) the organization effectively uses the talents of its paid staff; (d) the organization effectively uses technology in the operation of its business; (e) the organization is a social entrepreneur because it is willing to take risks in decision making in order to meet objectives; (f) the organization has a strong marketing focus to guide its strategy; (g) the organization uses its own resources to be able to financially sustain its programs without the need for government or other funding; (h) the organization is guided by a vision and uses it to guide the direction of the current strategic plan; and (i) the organization uses tight controls in the operations of the organization" (Brinckerhoff, p. 29).

It was appropriate to describe in greater detail each of these mission-based characteristics because they represented a compilation of the research findings from other studies such as Helmig et al. (2004), Hudson (2005), and Letts et al. (1998). The first mission-based characteristic, a viable mission, must be the starting point for any non-profit. According to Brinckerhoff (2000), "without the mission, what's the point? A mission-based organization needs to follow its mission, and to do so it needs a mission that motivates, is understandable, supportable, up-to-date, and needed" (p. 28).

The second mission-based characteristic, a businesslike board of directors, provides direction to the organization. It was intended that the board of directors provide the organization with outcome and policy guidance as opposed to day-to-day manipulation and consisted of volunteers that "know, understand,

and pursue the organization's mission, are connected to the community, stick to dealing at the policy level, and are the check and balance on the staff" (Brinckerhoff, 2002, p. 29). The third mission-based characteristic, a strong, well-educated staff, required staff that "manage from the bottom up and who were continuously trained and training, and who were advocates for the mission" (Brinckerhoff, p. 29).

The fourth mission-based characteristic, wired and technologically savvy, "allows the non-profit to do more sooner, better, and less expensively" (Brinckerhoff, 2000, p. 29). Technology pervades every area of our lives and that includes the non-profit environment. Investment in this area must be understood by all stakeholders as a priority in order for the organization to remain even remotely competitive. The fifth mission-based characteristic, social entrepreneurs, referred to "organizations that are willing to take risks to perform their mission and organizations must be prepared to try and fail and to try again and to look at markets and provide services to support their mission rather than create bureaucracies to continue past (and often outdated) practices" (Brinckerhoff, p. 29).

The sixth mission-based characteristic, a bias for marketing, referred to the "necessity for non-profits to understand that everything they do is marketing and that marketing opportunities exist in every activity undertaken by the organization" (Brinckerhoff, 2002, p. 29). The seventh mission-based characteristic, financially empowered, referred to the fact that in order to be successful, non-profit organizations must be able to generate the necessary funds to operate not only the programs but also the funds required to support organizational capacity. The essential question is whether the non-profit can support its mission and be financially empowered without benefit of government or other funding.

The eighth mission-based characteristic, a vision for where they are going, referred to the strategic plan "both the process and the document" (Brinckerhoff, 2000, p. 30) as a primary key to success. The ninth, and final mission-based characteristic, a tight set of controls, referred to "knowing at all times what is happening in personnel, finance, operations, quality control, and maintenance policies" (Brinckerhoff, p. 30). If any organization has good controls it can spend more time focusing on its mission.

Sobeck and Agius (2007) conducted research over a five year period to assess the gap between evaluation research and the practice of capacity building with non-profits. Sobeck and Agius suggested that although "organizational staff valued technology, consultants, and program funding, and that executive directors reported greater awareness of needs and improved management knowledge" (p. 238) there were few published studies on the actual impact and effects of capacity building. According to Light (2004) "capacity building will continue to be done by 'hunch' until evaluators determine a method to fully capture the effectiveness of capacity building in non-profits" (p. 175).

There were a variety of definitions of organizational capacity in the non-profit sector (Freeman & Roming, 2005, Letts et al.1998). The definition of organizational capacity as suggested by Freeman and Roming perhaps best described organizational capacity as "a continuous process of attracting and managing finite board ensured resources on a rapidly changing landscape to produce projects, programs, and services, and activities that are demonstrably agreeable to the non-profit's mission" (101). Light (2004) included board development, strategic planning, technology upgrades, and management as key factors in the definition. Most of the differences in definitions found in the literature were subtle but Brinckerhoff (2000) appeared to have provided the most comprehensive and inclusive definition as he was able to incorporate the primary descriptors from several different researchers in the identification of his nine mission-based management practices.

Researchers expressed interest in the outcomes related to capacity building. The literature was limited, however, regarding outcomes and the work of Sobec and Agius, (2007) was undertaken to contribute to this research gap. Sobec and Agius found that "organizational effectiveness is influenced by a complex interplay of factors, including leadership and governance, financial management, technology, program quality, and human resources" (p. 240). The main difficulty in evaluating outcomes stemmed from the fact that non-profit organizations do not have traditional management or organizational capacity models to assist in the determination of the importance of different capacity building factors. The lack of a proven model or consensus on how to build organizational capacity increased the complexity of work in this area.

Funders do not collaborate nor do they emphasize the evaluation of their projects and this further lends to the complexity of trying to provide concrete evidence to the non-profit sector that organizational capacity is worth the investment of time and money. While the larger non-profits have more ability to focus on capacity building and the resulting outcomes, the point by Letts et al. (1999) was that non-profits, both large and small, viewed investment in organizational capacity as taking away from resources that could be applied to programs and services.

According to Lowell et al. (2001) "the sector has resorted to using an ad hoc assortment of other metrics, such as the number of people served, the percentage of repeat visitors, or the ratio of such measures to the cost of a program" (p. 153). Lowell et al. stated that non-profits must become more strategic in focus. However, leaders and managers in the non-profit sector viewed strategic organizational capacity as a for-profit business practice that is a waste of limited resources and detracted from the program-centered strategy required in the non-profit sector.

All of the researchers cited in this study supported the requirement that the non-profit sector must become more performance oriented and transition away from the program-centered focus currently used by the non-profit sector. Two primary factors were identified as critical components if non-profit organizations wanted to make the strategy transition from being solely program centered towards a more balanced approach between programs and performance. These two factors were management practices and organizational capacity issues such as organizational structure, longer-term strategic plans, marketing know-how, and efficiency relative to processes and programs. A major obstacle in achieving a more balanced approach between programs and performance was the fact that despite the research findings, the non-profit sector was, and continues to be, very reluctant to adopt for-profit business practices. Additionally, the requirement of government and other providers who funded the non-profit sector dictated how money was to be spent which forced the non-profit sector to focus solely on programs rather than performance.

Aside from the contrasting viewpoints presented in the literature review on studies undertaken in the non-profit sector over the last decade, the overall consensus amongst the majority of researchers was a conclusion that there are two primary areas of concern that must be addressed in order for the non-profit sector to be able to confront the issue of declining funding. These two areas of concern are the management practices used in the non-profit sector, which concentrate on programs as opposed to performance, and a lack of focus on organizational capacity, which provides the infrastructure for financial capacity. Although financial capacity has been reported by the non-profit sector as its greatest challenge, it routinely ignored the issue of organizational capacity (Brinckerhoff, 2000; Hall et al., 2000; Letts et al., 1999). There was a general consensus, but no empirical evidence, amongst the various researchers that a link existed between organizational capacity, for-profit management practices, and success non-profit organizations (Brinckerhoff; Hall et al.; Helmig, et al., 2004; Letts et al.; Myers & Sacks, 2003; Rowe, 2006).

The methodology used in this study will be described in chapter 3.

CHAPTER 3: METHODOLOGY

Overview

This chapter describes the purpose of the research, the methodology for selecting participants, the instrument used to collect the data, the procedures used for collecting the data, and a discussion of the methods that were used to analyze the information.

Restatement of the Problem and Purpose

The problem addressed in this study was whether or not the mission-based management practices suggested by Brinckerhoff (2000) had any relationship to revenue in non-profit organizations. Researchers such as Brinckerhoff (2000) and Letts et al. (1999) postulated that non-profits must incorporate for-profit business practices into their organizational strategies in order to adapt to the financial changes taking place in the non-profit sector. By doing so, it should allow the non-profit sector to make the required transition in strategy from one based solely on programs to one more balanced between programs and performance.

The purpose of this quantitative research investigation was to study the relationship of mission-based management practices on revenue in non-profit organizations in Nova Scotia. Brinckerhoff (2000) suggested that it was possible for the non-profit sector to be able to transition from a program-centered strategy to one more balanced between programs and performance if the sector regularly made use of nine mission-based management practices. Brinckerhoff's conclusions on mission-based management practices are not supported by formal research, rather, he has used his extensive experience and interaction with the non-profit sector over the past two decades to develop his theory on mission-based management practices. Brinckerhoff developed these mission-based management practices in order to provide a methodology for the non-profit sector to incorporate for-profit management practices into a non-profit culture.

Statement of Research Questions/Hypothesis

The following research question statements (Q), null hypotheses (H_o), and alternative hypotheses (H_a) were used in this study:

Q1: What is the relationship, if any, between the level of use of the nine combined mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia?

$H1_o$: There is no correlation between the level of use of the nine combined mission- based management practices and annual revenue per employee in non-profit organizations in Nova Scotia.

$H1_a$: There is a correlation between the level of use of the nine combined mission- based management practices and annual revenue per employee in non-profit organizations in Nova Scotia.

Q2. What is the relationship, if any, between the level of use of the nine individual mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia?

$H2_o$: There is no correlation between the level of use of a current mission statement and annual revenue per employee in non-profit organizations in Nova Scotia.

H2a: There is a correlation between the level of use of a current mission statement and annual revenue per employee in non-profit organizations in Nova Scotia.

H3o: There is no correlation between the level of use of a board of directors and annual revenue per employee in non-profit organizations in Nova Scotia.

H3a: There is a correlation between the level of use of a board of directors and annual revenue per employee in non-profit organizations in Nova Scotia.

H4o: There is no correlation between the level of use of talented staff and annual revenue per employee in non-profit organizations in Nova Scotia.

H4a: There is a correlation between the level of use of talented staff and annual revenue per employee in non-profit organizations in Nova Scotia.

H5o: There is no correlation between the level of use of technology and annual revenue per employee in non-profit organizations in Nova Scotia.

H5a: There is a correlation between the level of use of technology and annual revenue per employee in non-profit organizations in Nova Scotia.

H6o: There is no correlation between the level of use of risk in decision making in order to meet objectives and annual revenue per employee in non-profit organizations in Nova Scotia.

H6a: There is a correlation between the level of use of risk in decision making in order to meet objectives and annual revenue per employee in non-profit organizations in Nova Scotia.

H7o: There is no correlation between the level of use of marketing to guide strategy and annual revenue per employee in non-profit organizations in Nova Scotia.

H7a: There is a correlation between the level of use of marketing to guide strategy and annual revenue per employee in non-profit organizations in Nova Scotia.

H8o: There is no correlation between the level of use of using the organization's own resources to sustain programs without government or other funding and annual revenue per employee in non-profit organizations in Nova Scotia.

H8a: There is a correlation between the level of use of using the organization's own resources to sustain programs without government or other funding and annual revenue per employee in non-profit organizations in Nova Scotia.

H9o: There is no correlation between the level of use of a strategic plan as a vision for where the organization is going and annual revenue per employee in non-profit organizations in Nova Scotia.

H9a: There is a correlation between the level of use of a strategic plan as a vision for where the organization is going and annual revenue per employee in non-profit organizations in Nova Scotia.

H10o: There is no correlation between the level of use of a tight set of controls and annual revenue per employee in non-profit organizations in Nova Scotia.

$H10_a$: There is a correlation between the level of use of a tight set of controls and annual revenue per employee in non-profit organizations in Nova Scotia.

Description of Research Design

The research design was quantitative and the study was designed to identify the level to which the predictor variable, mission-based management practices were used by non-profit organizations and the correlation, if any, with the dependent variable, revenue per employee. These independent variables were the nine modified mission-based management practices identified by Brinckerhoff (2000). Participants were provided with a survey and asked to rate the level of use by their organization of each of the nine mission-based management practices using a five point Likert-type rating scale that ranged from always used to never used. The use of each mission-based management practice in the non-profit organization was measured as a separate item, on a five point Likert-type scale: 1 = *never use*; 2 = *seldom use*; 3 = *do not know*; 4 = *somewhat use*; and 5 = *always use*. An additive scale was not constructed, as each mission-based management practice was either used or not, and multi-item scales were not needed to measure its utilization.

The design of the survey was organized to allow participants to provide information about their non-profit organization and the management practices engaged therein. The survey used self-assessment on a sample of non-profit organizations in Nova Scotia. Using the suggestions by Cozby (2004) for preparing surveys, a list of the nine mission-based management practices and the opportunity for participants to report the use, if any, of these mission-based management practices as they applied to their own organizations, formed the foundation of the survey for this study. Each of the nine mission-based management practices was specifically and clearly defined in the survey to ensure participants had a common understanding of what they were being asked to rank. Other questions related to the nine mission-based management practices also allowed participants to include additional information, practices, and facts they felt were not included. These additional questions were not supported by the study and are included as Appendix B for information purposes only. The survey was in written format and not interview format. A copy of the survey is included as Appendix A.

Although non-profit organizations are normally exempt from paying income tax, they must file an annual return with CRA reporting detailed financial and other activity for the year. Therefore a population distribution list was created using information that was provided by the 3,782 non-profit organizations in Nova Scotia that filed an Income Tax Return form for fiscal 2007 with the Canada Revenue Agency (CRA). This information is available to the public and provides addresses, contact names, email addresses, telephone numbers, total revenue for 2007, and other information. Therefore, a well-defined population was available for this research study. From this population, any non-profit organization that had revenues of $100,000 or more in fiscal 2007, were not identified as a church organization, and relied on more than the government for funding were invited to participate in the study. If a recipient answered on the first call the recipient was invited to participate in the study and a link was sent to the recipient via email giving the recipient access to the survey. No follow-up calls were made to determine if the recipient had actually completed the survey. For those recipients who did not answer the first call, a second call was made and the identical process was used. For those remaining in the qualified group who had not answered the first or second calls, a third and final call was made. There was no tracking of respondents in the survey process. The survey was posted using www.freeonlinesurveys.com.

Operational Definition of Variables

Revenue per employee. This was the dependent variable (Y) and was calculated by dividing the number of paid employees (using a full-time equivalent calculation) by the non-profit organization's total revenue reported to Canada Revenue Agency for fiscal 2007. According to Rowe (2006) "it is informative when analyzing trends in the non-profit sector to look at organizations according to the size of their annual revenues" (p. 15).

Mission-Based Management Practices. These were the independent variables which were modified from the work of Brinckerhoff (2000) and are as follows: (1) the organization uses a current mission statement to guide its strategy; (2) the organization uses the services of a board of directors to provide direction to the organization; (3) the organization effectively uses the talents of its paid staff; (4) the organization effectively uses technology in the operation of its business; (5) the organization is a social entrepreneur because it is willing to take risks in decision making in order to meet objectives; (6) the organization has a strong marketing focus to guide its strategy; (7) the organization uses its own resources to be able to financially sustain its programs without the need for government or other funding; (8) the organization is guided by a vision and uses it to guide the direction of the current strategic plan; and (9) the organization uses tight controls in the operations of the organization.

In research question 1, the nine mission-based management practices were combined and operationally defined as the average mean scores derived from the Likert-type responses from the nine management practices. In research question 2, each mission-based management practice was operationally defined as the mean score individually derived from the Likert-type responses for each individual management practice. The level of use of the mission-based management practices were measured from the Likert scale where 1 = *always used* = 1; 2 = *somewhat used*; 3 = *do not know*; 4 = *somewhat used*; and 5 = *never used*.

Description of Materials and Instruments

To gather quantitative data for this dissertation, the researcher created a survey instrument using a modified version of Brinckerhoff's (2000) nine mission-based management practices as the basis for the survey questions. Brinckerhoff did not conduct quantitative research to validate his position but postulated from qualitative observations over several years of working with non-profit organizations that the most successful organizations appeared to be those that practiced nine specific management practices which he identified as mission-based management practices. The survey for this study provided a means to conduct empirical analysis of the use of the nine management practices but it did not make use of a scale or an index related to these practices. According to Green and Salkind (2003) "In all cases with internal consistency estimates, the focal scores are summed scores" (p. 309). Therefore, reliability analysis for scales did not apply in this study and Cronbach's alpha could not be calculated as a scale was required. Brinckerhoff did not conduct quantitative analysis as his mission-based management practices were observations from several years of qualitative analysis. In reflecting Brinckerhoff's observations in this study, each mission-based management practice was identified as a single item question, not a scale. For example, the first mission-based management practice required participants to state whether or not a mission statement was used and the answers were based on a five point Likert-scale.

External validity was addressed by the sampling method, which was empirical, not convenience, and by sample size. A power analysis conducted on the sample size of 198 responses using a multiple regression model with 9 predictors at the 95% level of confidence (.05 alpha level) revealed that for a medium effect size of $f^2 = .15$, at the .05 alpha level, the power of the test was .99. This exceeded the norm of .80 and therefore the sample size was acceptable. Content validity was provided by using Brinckerhoff's (2000) extensive expertise in the area of non-profit management and the support for his observations from other researchers such as Letts, et. al (1999). According to Salkind (2008) content validity is used when a researcher wants to know whether a sample of items truly reflects an entire universe of items in a certain topic and the method for establishing content validity is to use information from an expert in the field.

Participants were provided with the survey and asked to rate the level of use by their organization of each of the nine mission-based management practices using a five point Likert-type rating scale that ranged from always used to never used. The use of each mission-based management practice in the non-profit organization was measured as a separate item, on a five point Likert-type scale: 1 = *never use*; 2 = *seldom use*; 3 = *do not know*; 4 = *somewhat use*; and 5 = *always use*.

In order to ensure that participants had a common understanding of the independent variables in this study, which were the nine mission-based management practices, the questionnaire provided a comprehensive definition of each of the nine mission-based management practices. The selection of Brinckerhoff's (2000) nine mission-based management practices as the independent variables in this study was based on the literature review. There was a reasonable amount of literature (Brinckerhoff; Buechel & Handy, 2007; Freeman & Roming, 2005; Hall et al., 2005; Hudson, 2005; Letts et al.,1999; Rowe, 2006; and Sobeck & Agius, 2007) that permitted a review of different perspectives on organizational capacity in the non-profit sector. Brinckerhoff appeared to provide the most comprehensive and inclusive definition of organizational capacity as it related to mission-based management practices because he was able to incorporate all of the common descriptors found in the work of the various researchers in the literature review conducted for this study.

Selection of Participants or Subjects

The participants for the study were from registered non-profit organizations in Nova Scotia. Canada Revenue Agency (2007) reported that there were 3,782 registered non-profit organizations in Nova Scotia in 2007. Of this number Rowe reported in her 2006 study that approximately 67% had revenues of less than $100,000 and controlled only 5% of the total sector revenues. Therefore, 33% of non-profit organizations in Nova Scotia, which represented a population size of 1,249, had annual revenues of more than $100,000 and controlled 95% of the sector revenues. However, of the 1,249 that reported annual revenues of more than $100,000, there were 600 church organizations across Nova Scotia. Church organizations were excluded from the population because they relied solely on the parish and the congregation for funding and were not representative of a non-profit organization that relied on government, corporate, and general public support. In the study undertaken by Miller in 1998, church organizations were excluded because of their rules of governance and the fact they did not rely on any type of government funding.

Additionally, there were approximately 200 non-profit organizations from this population that relied solely on government funding and did not engage in fundraising of any sort from corporate, public, or other means and they were also excluded. In order for a non-profit organization to be included in this survey, it must have had revenues greater than $100,000 in fiscal 2007, not be a church organization, and relied on more than the government for funding. The criterion of $100,000 in annual revenues was to limit the study to organizations that were most likely to be large enough to have an organizational structure that included paid staff and a board of directors. Therefore the estimated population size for this study was approximately 450.

The intended participants for this study were managers, staff, volunteers, and board members of non-profit organizations in Nova Scotia. Each prospective organization was contacted by an email letter which introduced the researcher and the purpose of this research. Each recipient was called up to three times to confirm receipt of the email letter and if contact was able to be made within these three phone attempts, the participant was invited to participate in answering the survey attached to the email. Participants were requested to forward the survey for completion to all staff in the organization, including management and non-management, board members, and volunteers. This was intended to provide a variety of random responses and to reduce the potential for bias individual organizational managers might have had. Participants were not identified in the survey but if willing were asked to indicate whether they were management, non-management, board member, or volunteer.

According to Gay (1996), the minimum sample size based on the 450 registered non-profit organizations in Nova Scotia that had annual revenues greater than $100,000 and which qualified for inclusion should be approximately 196. Using power analysis, a sample of n=450 with .80 as the normal criterion for an effect f^2 =.15, which is a medium effect, required 114 responses. The number of responses for this study was 198. A power analysis conducted on the sample size of 198 responses using a multiple regression model with 9 predictors at the

95% level of confidence (.05 alpha level) revealed that for a medium effect size of f^2 =.15, at the .05 alpha level, the power of the test was .99. This exceeded the norm of .80 and therefore the sample size of 198 was more than adequately acceptable.

Procedures

The steps followed to carry out the study included:

1. The survey was created on the web page.
2. An e-mail distribution list was created from CRA web site.
3. An e-mail was sent out to the distribution list.
4. Up to three telephone calls were made to everyone on the distribution list and a survey sent out to those who agreed to participate.
5. The data was collected until 198 responses received.
6. The data from the survey was downloaded from the survey site www.freeonlinesurveys.com
7. The data was analyzed.
8. The findings were included in the study.
9. The results were sent to the participants who indicated a desire to receive them.

Discussion of Data Processing

The completed surveys were analyzed using SPSS (Statistical Package for the Social Sciences) computer software, version 15. Descriptive statistics were performed by calculating the means, modes, medians, variances, and standard deviations. As the data were initially considered interval, parametric statistics were used. Multiple regression analysis was conducted on the data to determine if any correlation existed between the combined mission-based management practices and revenue per employee. All of the mission-based management practices and revenue per employee violated assumptions for normality. A histogram showing the distribution follows as Figure 1.

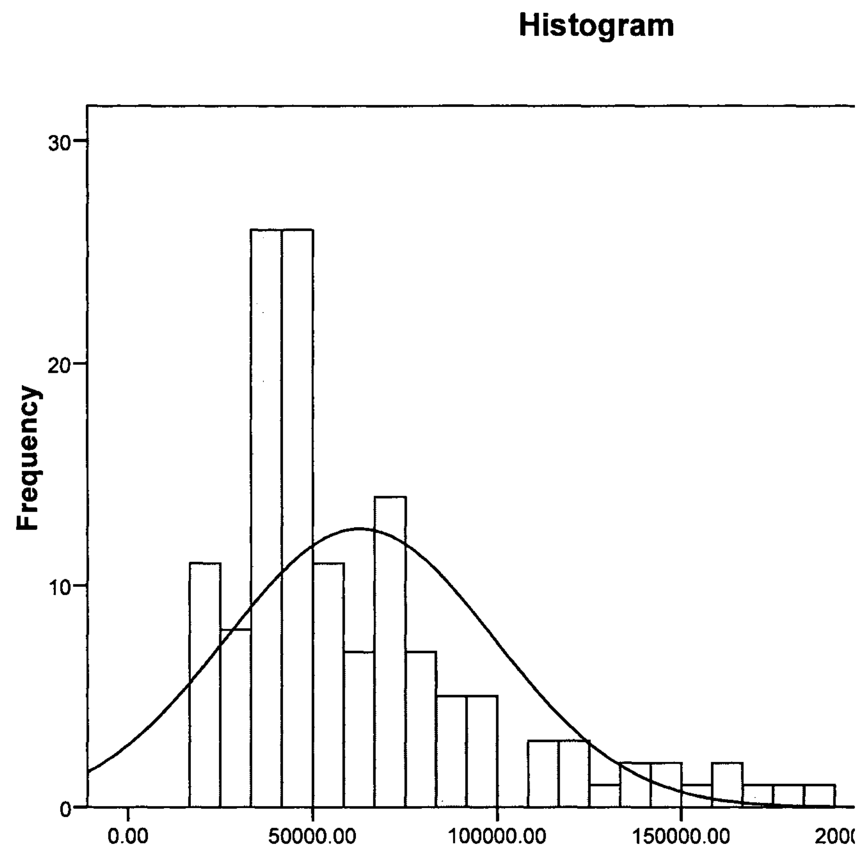

Figure 1: Histogram - Distribution Normality

To overcome this limitation, a series of transformations were conducted for the mission-based management practices and revenue per employee. Revenue per employee was positively skewed so that particular variable was transformed using square root and log transformations. The nine mission-based management practices were all negatively skewed so all of those were reflected and then subjected to square root transformation and log transformations. None of the transformations resulted in normally distributed variables. Therefore, it was necessary to apply nonparametric methods. Ordinal Regression and the Kruskal-Wallis Test were used as both are distribution free nonparametric tests (Salkind, 2008).

Methodological Assumptions and Limitations

The participants self-rated the use of the nine mission-based management practices and this raised the potential for bias to occur or for participants to overstate the use of the practices to appear efficient with current management practices or to understate the use of the practices to disassociate themselves with for-profit activities. However, research indicated that self-rating provides valuable information (Lee and Quazi, 2001; Samenfink, 1994). The requirement of confidentiality should promote participants to be truthful.

The use of an internet survey posed certain challenges and according to Cozby (2004) "one problem with internet data is that ultimately there is an ambiguity about the characteristics of the individuals providing information for the study" (p. 125). Ethical guidelines were followed in the administration of the survey, participants were informed about the voluntary nature of their participation, and that the instructions and questions in the survey were specific and relevant so that ambiguity was minimized regardless of the individual characteristics of the participants providing information for the study.

Participants in the study were non-profit organizations in Nova Scotia with more than $100,000 in annual revenues, were not church organizations, and relied on more than just government funding. The annual revenues of a minimum of $100,000 was not considered to be a significant limitation because of the number of registered non-profit organizations, 46% reported annual revenues of less than $30,000 and 21% reported annual earnings of between $30,000 - $100,000. These non-profit organizations were very small in size and scope and unlikely to have more than a few employees or any formalized management structures or practices (Rowe, 2006). This restriction also dealt with any concern that only the smallest of non-profit organizations would respond to the survey. The restrictions mitigated any concerns because the survey instructions indicated that respondents must work for an organization that had a minimum of $100,000 in annual revenues in order to participate.

A significant limitation of this study was the exclusion of volunteers from the full-time equivalent calculation as many non-profit organizations rely heavily on non-paid volunteer workers. However, it would have been extremely difficult for respondents to accurately calculate the number of hours each volunteer gives to the non-profit organization. Respondents were asked in the survey questionnaire to provide volunteer hours per year based on a full-time equivalent calculation but it was doubtful this information would be provided due to the complexity of the calculation.

Ethical Assurances

The required documentation for approval by the Northcentral University Ethics Committee was submitted and approved. There was no tracking of participants as the data was coded to not include any identifying characteristics of the survey respondents. The informed consent document was posted on the first page of the on-line survey and participants informed that they were not required to participate in this study and that participation was voluntary and that all responses were completely confidential. A copy of the informed consent can be found in Appendix C

CHAPTER 4: FINDINGS

Overview

The purpose of this quantitative research investigation was to study the relationship of mission-based management practices and revenue in non-profit organizations in Nova Scotia. Brinckerhoff (2000) suggested that it was possible for the non-profit sector to become more self-sustainable if the sector regularly made use of nine mission-based management practices. Although these mission-based management practices are closely related to for-profit practices they allow the non-profit entity to retain a balance between performance and programs, otherwise known as its mission. Annual revenues per employee were calculated by dividing the organization's 2007 annual revenue by the number of its full-time equivalent paid employees.

The survey sent out to participants concentrated on the work of Peter Brinckerhoff (2000) whose qualitative observations over several years concluded that in order to be financially viable, a non-profit organization must strategically incorporate the nine mission-based management practices identified in his work. The nine mission-based management practices used in this study were modified from the work of Brinckerhoff (2000) and were, (a) the organization uses a current mission statement to guide its strategy; (b) the organization uses the services of a board of directors to provide direction to the organization; (c) the organization effectively uses the talents of its paid staff; (d) the organization effectively uses technology in the operation of its business; (e) the organization is a social entrepreneur because it is willing to take risks in decision making in order to meet objectives; (f) the organization has a strong marketing focus to guide its strategy; (g) the organization uses its own resources to be able to financially sustain its programs without the need for government or other funding; (h) the organization is guided by a vision and uses it to guide the direction of the current strategic plan; and (i) the organization uses tight controls in the operations of the organization.

The research questions in this study were designed to assess the relationship, if any, between the levels of use of mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia. The results of the current study using the methodology described in the previous chapter follow.

In the study, 450 registered non-profit organizations in Nova Scotia were invited to participate in the study. The invited organizations were not registered churches, relied on fundraising for at least a portion of their annual revenues, and reported to Canada Revenue Agency annual revenues of $100,000 or greater for fiscal 2007. All 450 non-profit organizations were called by telephone up to three times, and if contact made, were invited to complete an online survey and those that were interested were sent a hyperlink by way of email. The responses totalled 198 completed surveys of which 197 were usable and gave a response rate of 48.7%.

Using power analysis, a sample of n=450 with .80 as the normal criterion for an effect f^2=.15, which is a medium effect, required 114 responses. The number of responses for this study was 198. A power analysis conducted on the sample size of 198 responses using a multiple regression model with 9 predictors at the 95% level of confidence (.05 alpha level) revealed that for a medium effect size of f^2 =.15, at the .05 alpha level, the power of the test was .99. This exceeded the norm of .80 and therefore the sample size was acceptable.

Prior to running any statistical tests, a review of the 197 survey responses was conducted and it was noted that three responses were questionable and possibly confounding the analysis. Annual revenues, number of employees, and revenues per employee were isolated and analyzed. Three respondents had unusual data and each was examined more closely. The first two questionable responses reported annual revenues of $73,000,215 and $2,000,000 but reported only three employees and one employee respectively. Further analysis of the data from these two respondents revealed that volunteers were the primary human resource. These two responses were removed from the data. While volunteers provide an invaluable resource in the non-profit sector, it would be extremely difficult to determine a full-time equivalent calculation because it would require non-profit organizations to track the number of hours each volunteer gives to the organization. According to Rowe (2006) Canada had a volunteer complement of one million people who collectively contributed about 127 million hours of volunteer time per year, about the equivalent of 66,000 full-time jobs. Although this question was included in the survey, many indicated they did not know or were unable to calculate. The exclusion of volunteers was listed as a limitation in chapter 3 of this study.

The third questionable response was revealed in the responses to Question 20 of the survey, *Is your organization a sub-unit of a larger parent organization*, where the data had to be reported for the local organization and not the parent organization. One respondent was suspect with reported 2007 annual revenue of $437,000,000 and 4,000 employees. A review of the tax records did not find any registered non-profit organization in Nova Scotia with 2007 revenues of $437,000,000 and it was reasonable to assume that the data reported by this respondent was done so on a national basis and not Nova Scotia. This response was removed from the data.

A 5% trimmed mean was then calculated from the data. This analysis showed five cases that were extremely high and five cases that were extremely low. These outliers were skewing the data distribution. Therefore, they were removed prior to calculating any statistical tests. The removal of these outliers did not produce a normal distribution. All of the mission-based management practices and revenue per employee violated assumptions for normality as shown in Figure 1.

Analysis and Evaluation of Findings

Descriptive statistics were calculated for Questions 1 through 9 of the survey which were designed to determine the level of use of the nine mission-based management practices identified by Brinckerhoff (2000). Participants were asked to rate each management practice based on a five-point Likert scale as follows: 5 = *always use*, 4 = *somewhat use*, 3 = *do not know*, 2 = *seldom use*, and 1 = *never use*. Table 1 provides a summary of the descriptive statistics, which indicates the mean, median, mode, and standard deviation from the data. A description of each independent variable's descriptive statistics follows.

Table 1

Descriptive Statistics Summary

Independent Variable	*N*	Min.	Max.	Mean	Med.	Mode	*SD*
Mission Statement	197	1	5	4.70	5.00	5	.76
Board of Directors	197	2	5	4.94	5.00	5	.31
Talented Staff	197	1	5	4.63	5.00	5	.83
Technologically Savvy	197	1	5	4.32	4.00	4	.69
Social Entrepreneurs	195	1	5	3.39	4.00	4	1.19
A Bias for Marketing	196	1	5	3.08	4.00	4	1.26
Financially Empowered	194	1	5	2.07	2.00	4	1.43
A Vision for Direction	197	1	5	4.03	4.00	5	1.23
Tight Set of Controls	197	1	5	4.49	5.00	5	.71

In survey question one participants were asked to rate the statement, *Your organization uses a current mission statement that describes what the organization does.* Total responses were 197 of which 79.6% stated they always used a current mission statement, 16.2% said they somewhat used, 2% said they seldom used, and 2% reported never using. The mean was 4.70 which indicated that the majority of participants either always used or somewhat used a mission statement to guide the organization strategy. Figure 2 follows:

In survey question two, participants were asked to rate the statement, *Your organization uses a group of governing volunteers who provide direction to the organization.* Total responses were 197 of which 95.4% responded that they always used a board of directors, 3.6% somewhat used, 0.5% did not know, and 0.5% seldom used. None reported "never used". The mean was 4.94 which indicated that almost all of the participants always used a group of governing volunteers who provided direction to the organization.

In survey question three, participants were asked to rate the statement, *Your organization effectively uses the talents of its paid staff.* Total responses were 197 of which 75.1% responded that they always used the talents of its paid staff while 20.3% stated somewhat used 1.5% stated seldom used and 3.0% stated never used. The mean was 4.63 which indicated that the majority of participants either always used or somewhat used the talents of its paid staff.

In survey question four, participants were asked to rate the statement, *Your organization effectively utilizes technology in the operation of its business.* Total responses were 197 of which 40.6% stated they always used technology in the operation of their business, 55.3% responded that they somewhat used, 0.5% stated they did not know, 3.0% stated they seldom used, and 0.5% never used. The mean was 4.32 which indicated the majority of participants either always used or somewhat used technology effectively in the operation of its business.

In survey question five, participants were asked to rate the statement, *Your organization are social entrepreneurs and use risk taking in decision making in order to meet its objectives.* Total responses were 195 of which 11.8% responded that they always used risk taking in decision making in order to meet objectives, 53.3% stated they somewhat used, 6.2% stated they did not know, 19.5% stated they seldom used, and 9.2% stated they never used. The mean was 3.39 which indicated a slight majority used social entrepreneurship in the operation of the non-profit business.

In survey question six, participants were asked to rate the statement, *Your organization uses a strong marketing orientation to guide its strategy.* Total responses were 196 of which 9.7% stated they always used a strong marketing orientation to guide strategy, 42.9% stated they somewhat used, 5.6% stated they did not know, 29.6% stated they seldom used, and 12.2% stated they never used. The mean was 3.08 which indicated only a slight majority used a marketing orientation to guide strategy versus those that did not use or seldom used.

In survey question seven, participants were asked to rate the statement, *Your organization uses its own resources to be able to financially sustain its programs without the need for government or other funding.* Total responses were 194 of which 10.8% stated they were able to sustain programs without government or other funding, 31.4% stated they could somewhat fund their own programs, 1.5% stated they did not know, 28.9% stated they seldom could support their own programs without government funding, and 27.3 stated they always had to have government or other funding. The mean was 2.07 which indicated that more than 50% required government or other funding to meet program requirements.

In survey question eight, participants were asked to rate the statement, *Your organization uses a current strategic plan as a vision for where it is going.* Total responses were 197 of which 46.7% stated they used a current strategic plan as a vision for where the organization is going, 40.1% stated they somewhat used a current strategic plan, 1.5% stated they did not know, 2.0% stated they seldom used a strategic plan, and 1% stated they did not use. The mean was 4.03 which indicated that the majority of participants either always used or somewhat used a current strategic plan as a vision for where it is going.

In survey question nine, participants were asked to rate the statement, *Your organization utilizes tight controls in the operations of the organization.* Total responses were 197 of which 56.3 stated they used tight controls in the operations of the organization, 40.1% stated they somewhat used tight controls, 0.5% stated they did not know, 2% stated they seldom used, and 1.0% stated they never used tight controls. The mean was 4.49 which indicated that the majority of participants either always used or somewhat used tight controls in the operations of the organization. Table 1 illustrates the modes and the means of the descriptive data.

The findings of the descriptive statistics indicated a high level of use of the nine mission-based management practices by all study participants. A mode of 5, or always used, was reported for survey questions 1, 2, 3, 8, and 9. A mode of 4, or somewhat used, was reported for questions 4, 5, 6, and 7. Although the modes for all nine questions were high at either 4 or 5, the means did not have a similar distribution. A mean of 4.0 or higher, which indicated that respondents always used or somewhat used the corresponding mission-based management practices, was reported for survey questions 1, 2, 3, 4, 8, and 9. However, the means for questions 5, 6, and 7 were lower than 4.0. Question 5 was designed to determine if respondents used risk taking in decision making in order to meet objectives (social entrepreneur) and had a mean of 3.39. Question 6 was designed to determine if respondents used a strong marketing orientation to guide their strategy and had a mean of 3.08. Question 7 was designed to determine if respondents were able to use their own resources to be able to financially sustain programs without the need for government or other funding, and had a mean of 2.07. These lower means indicated that there was a range in the usage and not every respondent either always used or somewhat used these three specific mission-based management practices. Table 1 illustrated these narratives.

Based on the literature review that non-profit organizations eschewed anything related to the notion of for-profit business practices, it had been anticipated that the descriptive findings for the means of the six higher rated mission-based management practices (mission statement, board of directors, talented staff, a tight set of controls, technologically savvy, and a vision for where they are going) would have resulted in lower usage ratings. One possible explanation for the higher than anticipated usage ratings is that although Brinckerhoff's mission-based management practices to a large degree replicate standard management practices used in the for-profit sector, the difference in anticipated answers can perhaps be explained due to the language he used to describe the variables. The use of the word "mission" in mission-based management practices likely allowed for the respondents to identify with the variables and made it easier for the respondents to manage their contempt for anything identified as a for-profit business practice.

It was less surprising that the usage of the other three variables, a bias for marketing, being social entrepreneurs by taking risks in decision making, and being financially empowered, had lower means indicating less usage was reported by the respondents. These three variables are the management practices most closely aligned with for-profit practices and as noted in the literature review for this study should result in the non-profit sector ignoring them. It was interesting to note that although the means for the reported level of use for a bias for marketing and being social entrepreneurs were lower than the six variables noted above at 4.0 or higher, the reported means were 3.39, and 3.08 respectively, which was higher than the researcher anticipated given the strong emphasis in the literature that the non-profit sector shunned any for-profit management practices. The mean for financially empowered of 2.07 was not unexpected based on the literature that most non-profits have considerable difficulty in sustaining programs and services without government or other funding.

Ordinal regression was used for research question one because although the data were initially treated as interval, the results of the distribution test indicated that all of the mission-based management practices and revenue per employee violated assumptions for normality (see Figure 1). To try and overcome this limitation a series of transformations were conducted for mission-based management practices and revenue per employee. Revenue per employee was positively skewed therefore that particular variable was transformed using the square root and log transformation. The nine mission-based management practices were all negatively skewed therefore all of those were reflected and then subjected to square root transformation and log transformation. None of the transformations resulted in normally distributed variables.

It was therefore necessary to use nonparametric methods of analysis. Ordinal regression was used for research question one instead of multiple regression. The category of "do not know" was removed from the data because with ordinal data the categories should be ordered. A response of "do not know" was not consistent with ordered responses for the mission-based management practices, where responses ranged from "always to never". To facilitate ordinal regression, and to eliminate a large number of zero cells in the regression procedure, both independent and dependent variables were recoded into two levels. The nine mission-based management practices responses were split into two levels, "always-sometimes" and "seldom-never". Revenue per employee was split into two levels, "up to $50,000" and "over $50,000".

Ordinal regression was conducted to test the following model:

Revenue/employee = *f*(V1, V2, V3, V, V5, V6, V7, V8, V9) where V1 to V9 represented the nine mission-based management practices:

V1 = Mission Statement

V2 = Board of Directors

V3 = Talented Staff

V4 = Technologically Savvy

V5 = Social Entrepreneurs

V6 = A Bias for Marketing

V7 = Financially Empowered

V8 = A Vision for Where They Are Going

V9 = Tight Set of Controls

The confidence level for the ordinal regression analysis was set at 95%. The link function used was logit because each of the levels of the dependent variable was close to equal in frequency. There were approximately 54% of respondents with up to $50,000 in revenue per employee, and 49% of responses with over $50,000. Given a margin of error of plus or minus 8% at the 95% confidence interval with 137 qualified responses, there was no statistically significant difference between the percentages in each group for revenue per employee. As a result, the logit link function was the appropriate function to use for the ordinal regression analysis (Garson, 2009). Delta was set at .05 to transform zero cells in the analysis in order to render a valid Chi-Square test. The Test of Parallel Lines was not applicable because the dependent variable was dichotomous.

A total of 34.6% of cells had zero frequencies. The delta correction of .05 was used to compensate for this limitation. The analysis resulted in a poor model fit with a Chi-Square of 8.52 with eight degrees of freedom, and a statistical significance level of .38. This result indicated that there was no significant improvement over the baseline (intercept-only) model from the model containing the nine mission-based management practices. Therefore, it was concluded that there is no statistically significant association between the use of the nine mission-based management practices and revenue per employee as it is not possible to reject the null hypotheses for research question one. Model fitting information is shown in Table 2.

Table 2

*Model Fitting Information**

Model	-2 Log Likelihood	Chi-Square	*df*	Sig.
Intercept Only	64.88			
Final	56.35	8.52	8	.38
*Link function: Logit				

Goodness of fit measures whether or not there are statistically significant differences between observed and predicted values for revenue per employee. A strong model with good fit should have non-significant Pearson and Deviance statistics. However, the model for this analysis showed statistically significant differences between observed and predicted values, indicating poor fit. The results are shown in Table 3.

Table 3

*Goodness of Fit**

	Chi-Square	*df*	Sig.
Pearson	28.66	17	.03
Deviance	30.97	17	.02
*Link function: Logit			

Unlike simple linear regression, with ordinal regression R-Squared does not describe the percent of variation in the dependent variable that is explained by the independent variables. Instead, Pseudo R-Square measures provide a measure of strength of the analysis. The Pseudo R-Square values were very weak: Cox and Snell (0.017), Nagelkerke (0.02), McFadden (.009). Such weak measures are expected when the regression equation is not statistically significant. The parameter estimates resulting from the ordinal regression analysis are summarized in Table 4.

Table 4

Ordinal Regression Analysis of Revenue per Employee by Mission-based

		Estimate	Std. Error	Wald	*df*	*p*
Threshold	Revenue/Employee = Under $50.000	.000	.338	.000	1	1.000
Location	Q1: Mission Statement =Always-Sometimes	-.571	1.242	.211	1	.646
	Q1: Mission Statement = Seldom-Never	0*	.	.	0	.
	Q2: Board of Directors =Always-Sometimes	-2.949	4.594	.412	1	.521
	Q2: Board of Directors =Seldom-Never	0*	.	.	0	.
	Q3: Talented Staff =Seldom-Never	0*	.	.	0	.
	Q4: Technologically Savvy=Always-Sometimes	.482	1.262	.146	1	.702

Q4: Technologically Savvy=Seldom-Never	0*	.	.	0	.
Q5: Social Entrepreneurs=Always-Sometimes	.873	.476	3.353	1	.067
Q5: Social Entrepreneurs=Seldom-Never	0*	.	.	0	.
Q6: A Bias for Marketing=Always-Sometimes	-.802	.456	3.100	1	.078
Q6: A Bias for Marketing=Seldom-Never	0*	.	.	0	.
Q7: Financially Empowered=Always-Sometimes	-.047	.407	.013	1	.908
Q7: Financially Empowered=Seldom-Never	0*	.	.	0	.
Q8: A Vision=Always-Sometimes	.590	.553	1.140	1	.286
Q8: A Vision=Seldom-Never	0*	.	.	0	.
Q9: Tight Set of Controls=Always-Sometimes	.057	1.057	.003	1	.957
Q9: Tight Set of Controls=Seldom-Never	0*	.	.	0	.

Link function: Logit. Parameters with (0) are set to zero because they are redundant.

A Kruskal-Wallis ANOVA Test was conducted for research question two to examine individual relationships between the nine independent variables and revenue per employee. The Kruskal-Wallis test is used when assumptions of ANOVA are not met (Salkind, 2008). An alpha level of .05 was used for all statistical tests. The Kruskal-Wallis tests were conducted on the original variables for each of the mission-based management practices. Responses to each of the variables was coded as 1 = *always*, 2 = *sometimes*, 3 = *do not know*, 4 = *seldom*, 5 = *never*.

The results for V1: Mission Statements revealed a total of 137 firms reported using mission statements. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for the mission statement and revenue per employee. One firm never used mission statements, four seldom used them, 18 reported they were used somewhat, and 114 reported that they always used them. The revenue per employee for those who always used mission statements was $64,202.69 compared to $59,564.01 for those who used mission statements somewhat, $39,073.87 for those who seldom used mission statements, and $52,142.86 for those who never used mission statements. As a result of this analysis it was determined that use of mission statements as management practices in non-profit organizations in Nova Scotia did not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H2_0$: there is no relationship between the level of use of a current mission statement and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 5.

Table 5

Kruskal-Wallis ANOVA for use of Mission Statements by Revenue per Employee

		Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square (*df*)	*p*
Q1-Mission Statement	Number	1	4	0	18	114	137	2.53 (3)	0.46
	Mean(Rev. Per employee)	52,143	39,074	-	59,564	64,203	62,772		
	SD	-	7,459	-	28,938	37,834	36,272		

The results for V2: Board of Directors revealed a total of 137 firms reported using a board of directors. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for a board of directors and revenue per employee. Zero firms never used mission statements, one seldom used them, 6 reported they were used somewhat, and 130 reported that they always used them. The revenue per employee for those who always used mission statements was $63,107 compared to $62,053 for those who used mission statements somewhat, $23,500 for those who seldom used mission statements, and $52,142.86 for those who never used mission statements. As a result of this analysis it was determined that use of a board of directors as management practices in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H3_0$: there is no relationship between the level of use of a board of directors and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 6.

Table 6

Kruskal-Wallis ANOVA for use of a Board of Directors by Revenue per Employee

			Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q2-Board Of Directors	Number		0	1	0	6	130	137	2.47	
	Mean (Rev.								(2)	0.29
	Per employee)			23,500	-	62,053	63,107	62,772		
	SD	-	-	-	25,882	36,728	36,272			

The results for V3: Use Talents of Staff revealed a total of 137 firms reported using talented staff. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for using the talents of staff and revenue per employee. Zero firms never used the talents of staff, zero seldom used them, 31 reported they were used somewhat, and 106 reported that they always used them. The revenue per employee for those who always used the talents of staff was $65,008 compared to $55,124 for those who used the talents of staff somewhat. As a result of this analysis it was determined that the use of the talents of staff as a management practices in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H4_o$: there is no relationship between the level of use of talented staff and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 7.

Table 7

Kruskal-Wallis ANOVA for use of Talented Staff by Revenue per Employee

		Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Talented Staff	Number	0	0	0	31	106	137	2.95	
	Mean (Rev. Per employee)	-	-	-	55,124	65,008	62,772	(1)	0.08
	SD	-	-	-	34,592	36,604	36,272		

The results for V4: Technologically Savvy revealed a total of 137 firms reported being technologically savvy. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for being technologically savvy and revenue per employee. Zero firms never used technology, four seldom used technology, 78 reported technology was used somewhat, and 55 reported that they always used technology. The mean for revenue per employee for those who always used technology was \$66,556 compared to \$59,886 for those who used mission statements somewhat, and \$67,012 for those who seldom used mission statements. As a result of this analysis it was determined that use of a technology as management practices in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H5_o$: there is no relationship between the level of use of technology and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 8.

Table 8

Kruskal-Wallis ANOVA for being Technologically Savvy by Revenue per Employee

			Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Technologically Savvy	Number		0	4	0	78	55	137	1.70	
	Mean (Rev. Per employee)			67,012	-	59,886	66,556	62,772	(2)	0.42
	SD	-	41,181	-	35,807	36,920	36,272			

The results for V5: Social Entrepreneurs revealed a total of 136 firms reported on social entrepreneurs. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for being social entrepreneurs and revenue per employee. Seven firms never used social entrepreneurship, 22 seldom used it, 8 reported they did not know, 79 reported it was used somewhat, and 20 reported that they always used it. The revenue per employee for those who always used social entrepreneurship was $36,920 compared to $35,807 for those who used social entrepreneurship somewhat, $35,807 for those who seldom used social entrepreneurship, and $41,181 for those who never used social entrepreneurship. As a result of this analysis it was determined that use of social entrepreneurship as management practices in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H6_0$: there is no relationship between the level of use of social entrepreneurship and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 9.

Table 9

Kruskal-Wallis ANOVA for use of Social Entrepreneurship by Revenue per Employee

			Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Social Entrepreneurship	Number		7	22	8	79	20	136	8.52 (4)	0.07
	Mean (Rev. Per employee)		91,129	73,503	41,201	60,674	57,393	62,689		
	SD	48,269	46,436	15,499	34,885	23,083	36,393			

The results for V6: A Bias for Marketing revealed a total of 137 firms reported using a bias for marketing. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for a bias for marketing and revenue per employee. 13 never used a bias for marketing, 37 seldom used it, 6 reported they did not know, 67 used it somewhat, and 14 reported that they always used a bias for marketing. The revenue per employee for those who always used a bias for marketing was $57,393 compared to $60,674 for those who used a bias for marketing somewhat, $41,201 for those who did not know, $51,592 for those who seldom used a bias for marketing, and

$78,541 for those who never used a bias for marketing. As a result of this analysis it was determined that use of a bias for marketing as management practices in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H7_0$: there is no relationship between the level of use of a bias for marketing and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 10.

Table 10

Kruskal-Wallis ANOVA for use of a Bias for Marketing by Revenue per Employee

		Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Bias for Marketing	Number	13	37	6	67	14	137	9.24 (4)	0.05
	Mean (Rev. Per employee)	78,541	51,592	52,778	64,434	73,999	62,772		
	SD	49,989	31,621	24,623	35,004	37,865	36,272		

The results for V7: Being Financially Empowered revealed a total of 134 firms reported on being financially empowered. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for being financially empowered and revenue per employee. 35 reported they were not financially empowered, 45 reported they were seldom able to be financially empowered, 2 reported they did not know, 39 reported they were somewhat financially empowered, and 13 reported they were always financially empowered which meant they did have to rely on government or other funding in the operation of their non-profit organization. The revenue per employee for those who were always financially empowered was $85,631 compared to $67,582 for those who were somewhat financially empowered, $47,553 for those who did not know, $56,569 for those who seldom were financially empowered, and $57,069 for those who were never financially empowered. As a result of this analysis it was determined that being financially empowered as a management practice in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H8_0$: there is no relationship between the level of use of being financially empowered and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 11.

Table 11

Kruskal-Wallis ANOVA for use of a Financial Empowerment by Revenue per Employee

		Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Financial Empowerment	Number	35	45	2	39	13	134	5.35	
	Mean (Rev. Per employee)	57,069	56,569	47,553	67,582	85,631	62,590	(4)	0.25
	SD	31,213	29,383	3,461	41,081	48,719	36,249		

The results for V8: A Vision for Where they are Going revealed a total of 137 firms reported using a vision. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for a vision and revenue per employee. 8 never used a vision, 17 seldom used a vision, 0 reported they did not know, 46 used a vision somewhat, and 66 reported that they always used a vision. The revenue per employee for those who always used a vision was $65,490 compared to $59,849 for those who used a vision somewhat, $67,328 for those who seldom used a vision, and $47,463 for those who never used a vision. As a result of this analysis it was determined that use of a vision for where they were going as a management practice in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, H9$_o$: there is no relationship between the level of use of a vision for where they are going and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 12.

Table 12

Kruskal-Wallis ANOVA for use of a Vision for Where they are Going by Revenue per Employee

			Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Vision			8	17	0	46	66	137	3.79	
	Mean (Rev. Per employee)		47,463	67,328	-	59,849	65,490	62,772	(3)	0.28
	SD	18,255	38,604	-	38,186	35,954	36,272			

The results for V9: A Tight Set of Controls revealed a total of 137 firms reported using a tight set of controls. A Kruskal-Wallis ANOVA test revealed that there was no statistically significant difference by level of use for a tight set of controls and revenue per employee. Zero never used a tight set of controls, 4 seldom used a tight set of controls, zero reported they did not know, 55 used a tight set of controls somewhat, and 78 reported that they always used a tight set of controls. The revenue per employee for those who always used a tight set of controls was $66,507 compared to $55,688 for those who used a tight set of controls somewhat, and $87,325 for those who seldom used a tight set of controls. As a result of this analysis it was determined that use of a tight set of controls as a management practice in non-profit organizations in Nova Scotia does not have a statistically significant effect on revenue per employee. Therefore, it was not possible to reject the null hypotheses, $H10_0$: there is no relationship between the level of use of a tight set of controls and annual revenue per employee in non-profit organizations in Nova Scotia. The results are summarized in Table 13.

Table 13

Kruskal-Wallis ANOVA for use of a Tight Set of Controls by Revenue per Employee

		Never Use	Seldom Use	Do Not Know	Somewhat Use	Always Use	Total	K-W Chi-Square *(df)*	*p*
Q1-Tight Set Of Controls	Number	0	4	0	55	78	137	2.81	

Mean (Rev. Per employee)	-	87,325	-	55,688	66,507	62,772	(2)	0.24
SD	-	59,015	-	30,104	38,356	36 272		

The results of the Kruskal-Wallis analysis were the same as for those of the ordinal regression. There were no statistically significant associations between any of the individual mission-based management practices and revenue per employee.

Assessment of Multicollinearity

As there were nine independent variables in the study, it was prudent to check for multicollinearity. The nine variables were (a) the organization uses a current mission statement to guide its strategy; (b) the organization uses the services of a board of directors to provide direction to the organization; (c) the organization effectively uses the talents of its paid staff; (d) the organization effectively uses technology in the operation of its business; (e) the organization is a social entrepreneur because it is willing to take risks in decision making in order to meet objectives; (f) the organization has a strong marketing focus to guide its strategy; (g) the organization uses its own resources to be able to financially sustain its programs without the need for government or other funding; (h) the organization is guided by a vision and uses it to guide the direction of the current strategic plan; and (i) the organization uses tight controls in the operations of the organization.

When there are many variables involved, it is often not immediately apparent that a problem of multicollinearity exists, and it might only manifest itself after several variables have already been entered into the regression equation.

(Hair, 2006). The best regression models are those in which the predictor variables each correlate highly with the dependent variable but correlate at most only minimally with each other (Hair). To determine if there was a problem with multicollinearity in this study, correlation analysis and collinearity diagnostics were calculated for the nine independent variables. The highest Pearson correlation coefficient level was .32 which indicated that the degree of collinearity among the independent variables was low and therefore multicollinearity was not a problem. The results of the correlation analysis are presented in Table 14.

Table 14

Correlation Analysis

		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9
Q1	Pearson Correlation	1.00	-0.01	0.21	0.22	0.15	0.12	-0.07	0.32	0.21
	Sig.(2-tailed)		0.89	0.00	0.00	0.05	0.10	0.35	0.00	0.00
	N		184	184	184	182	183	181	184	184
Q2	Pearson Correlation		1.00	0.05	-0.05	-0.04	-0.07	0.05	0.04	0.13
	Sig.(2-tailed)			0.47	0.49	0.61	0.37	0.53	0.60	0.08
	N			184	184	182	183	181	184	184
Q3	Pearson Correlation			1.00	0.16	0.19	0.17	-0.10	0.13	0.32
	Sig.(2-tailed)				0.03	0.01	0.02	0.19	0.08	0.00
	N				184	182	183	181	184	184
Q4	Pearson Correlation				1.00	0.16	0.28	-0.02	0.29	0.19
	Sig.(2-tailed)					0.03	0.00	0.74	0.00	0.01
	N					182	183	181	184	184
Q5	Pearson Correlation					1.00	0.35	-0.09	0.20	0.19
	Sig.(2-tailed)						0.00	0.21	0.01	0.01
	N						181	179	182	182
Q6	Pearson Correlation						1.00	0.24	0.32	0.15
	Sig.(2-tailed)							0.00	0.00	0.05
	N							180	183	183
Q7	Pearson Correlation							1.00	0.12	0.01
	Sig.(2-tailed)								0.10	0.86
	N								181	182
Q8	Pearson Correlation								1.00	0.30
	Sig.(2-tailed)									0.00
	N									184
Q9	Pearson Correlation									1.00
	Sig.(2-tailed)									
	N									

Q1-Mission Statement, Q2-Board of Directors, Q3-Talented Staff, Q4-Technologically Savvy, Q5-social Entrepreneurs, Q6-A Bias for Marketing, Q7-Financially Empowered, Q8-A Vision, Q9-Tight Set of Controls

Table 15 shows the variance inflation factor analysis (VIF). According to Hair (2006, p. 227) the variance inflation factor is ideally equal to 1.0. That would mean that there is no multicollinearity. The average VIF in this study was 1.19 with the highest being 1.340 indicating the VIF was low and further confirming that there was not a problem with multicollinearity between the nine mission-based management practices.

Table 15

Variance Inflation Factor

Variable	Collinearity Statistics Tolerance	VIF
Constant		
Mission Statement	0.91	1.09
Board of Directors	0.90	1.10
Talented Staff	0.81	1.22
Technologically Savvy	0.90	1.10
Social Entrepreneurs	0.85	1.17
A Bias for Marketing	0.74	1.34
Financially Empowered	0.87	1.14
A Vision for Direction	0.78	1.27
Tight Set of Controls	0.79	1.25

Summary

The data analysis and results were presented in this chapter. The first presentation was the description and summary of individual measurement items and the means, modes, and medians were presented for each of the nine mission-based management practices. Next, an assessment of the data was conducted and it was necessary to remove 13 of the questionable survey responses. A normal distribution was not able to be achieved therefore nonparametric statistical methods were used to analyze the data. An assessment of multicollinearity was then conducted and it was determined that multicollinearity was not a problem in this study.

Ordinal regression analysis was conducted on the data for research question one. The results were that no statistically significant relationship existed between the combined nine mission-based management practices and revenue per employee. A Kruskal-Wallis ANOVA test was conducted for research question two to examine individual relationships between the nine independent variables and revenue per employee. The results of the Kruskal-Wallis analysis were the same for those of the ordinal regression. There were no statistically significant associations between any of the individual mission-based management practices and revenue per employee.

In the next chapter, the conclusions will expand upon the analysis contained in chapter 4 and will endeavour to provide conjecture regarding the research questions and associated hypotheses. Recommendations for future research will also be explored.

CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

The following research question statements (Q), null hypotheses (H_o), and alternative hypotheses (H_a) were used in this study:

Q1: What is the relationship, if any, between the level of use of the nine combined mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia?

$H1_o$: There is no correlation between the level of use of the nine combined mission- based management practices and annual revenue per employee in non-profit organizations in Nova Scotia.

$H1_a$: There is a correlation between the level of use of the nine combined mission- based management practices and annual revenue per employee in non-profit organizations in Nova Scotia.

Q2. What is the relationship, if any, between the level of use of the nine individual mission-based management practices and annual revenue per employee in non-profit organizations in Nova Scotia?

$H2_o$: There is no correlation between the level of use of a current mission statement and annual revenue per employee in non-profit organizations in Nova Scotia.

$H2_a$: There is a correlation between the level of use of a current mission statement and annual revenue per employee in non-profit organizations in Nova Scotia.

$H3_o$: There is no correlation between the level of use of a board of directors and annual revenue per employee in non-profit organizations in Nova Scotia.

$H3_a$: There is a correlation between the level of use of a board of directors and annual revenue per employee in non-profit organizations in Nova Scotia.

$H4_o$: There is no correlation between the level of use of talented staff and annual revenue per employee in non-profit organizations in Nova Scotia.

$H4_a$: There is a correlation between the level of use of talented staff and annual revenue per employee in non-profit organizations in Nova Scotia.

$H5_o$: There is no correlation between the level of use of technology and annual revenue per employee in non-profit organizations in Nova Scotia.

$H5_a$: There is a correlation between the level of use of technology and annual revenue per employee in non-profit organizations in Nova Scotia.

$H6_o$: There is no correlation between the level of use of risk in decision making in order to meet objectives and annual revenue per employee in non-profit organizations in Nova Scotia.

$H6_a$: There is a correlation between the level of use of risk in decision making in order to meet objectives and annual revenue per employee in non-profit organizations in Nova Scotia.

$H7_o$: There is no correlation between the level of use of marketing to guide strategy and annual revenue per employee in non-profit organizations in Nova Scotia.

$H7_a$: There is a correlation between the level of use of marketing to guide strategy and annual revenue per employee in non-profit organizations in Nova Scotia.

$H8_o$: There is no correlation between the level of use of using the organization's own resources to sustain programs without government or other funding and annual revenue per employee in non-profit organizations in Nova Scotia.

$H8_a$: There is a correlation between the level of use of using the organization's own resources to sustain programs without government or other funding and annual revenue per employee in non-profit organizations in Nova Scotia.

$H9_o$: There is no correlation between the level of use of a strategic plan as a vision for where the organization is going and annual revenue per employee in non-profit organizations in Nova Scotia.

$H9_a$: There is a correlation between the level of use of a strategic plan as a vision for where the organization is going and annual revenue per employee in non-profit organizations in Nova Scotia.

$H10_o$: There is no correlation between the level of use of a tight set of controls and annual revenue per employee in non-profit organizations in Nova Scotia.

$H10_a$: There is a correlation between the level of use of a tight set of controls and annual revenue per employee in non-profit organizations in Nova Scotia.

Research of management practices in the non-profit sector in Canada has been limited. There appeared to be a critical need for additional research particularly because of the importance the sector provides to the Canadian economy. In dollar value, Rowe (2000) reported that the sector provided $112 billion in annual revenues to the Canadian economy in 2004. The economic challenges in the last decade have researchers in the area of non-profit organizations concerned that unless the sector begins to focus on high performance and organizational excellence through capacity building, it will not survive in what is termed the new economy (Jones, 2003). The incongruity with these challenges presented itself in the findings of Hall et al. (2005) where it was found that funding in the non-profit sector was short-term rather than long-term and therefore difficult, if not impossible, for non-profits to support both infrastructure and long-term organizational capacity.

Despite the fact that the non-profit sector in Canada contributed $112 billion to the national economy in 2004, hence the importance of the sector to the Canadian economy, there was a significant deficit of published scholarly research, especially as it related to the providing of models or methodologies that might assist non-profit organizations in the planning of organizational capacity and financial strategy. It is asserted that this phenomenon is due to the fact that the non-profit sector has traditionally been driven by its mission of program delivery and that the financial capacity to provide these programs was secondary. Fundamentally, if government or other funding was not available, programs had to be reduced or eliminated because the sector was not able to financially sustain them independently. The reported results from the survey are informative and a significant cause for concern because only 13 respondents reported they were able to sustain programs without any government or other funding, 39 reported being somewhat able to sustain their programs and 80 reported they could not continue to be financially viable without government or other funding. This concurs with the literature review that non-profit organizations are not financially viable and sustainability is a significant concern. Models that might cross-over with for-profit business practices were generally considered unacceptable because of the for-profit strategic focus on performance which measured financial viability. Non-profit organizations typically measure program success rather than financial success.

From a research perspective, it was not until the late 1990s that researchers began to assert that the challenges facing the non-profit sector were serious and to continue to ignore the fundamentals of the new economy would give rise to a decline in the survival of many non-profit organizations, especially those that relied solely on government and other support. The position that there was a higher level of need in this new economy than in past economies was highlighted in the literature review for this study. One objective from the research was to be able to propose a new model incorporating mission-based management practices that to some degree could bridge the contradiction between the need for increased organizational capacity (performance focus) and the maintenance of program and service delivery levels (program focus) in the non-profit sector. A model was not able to be developed from the data but the qualitative answers to the survey questions have provided insight that will be very useful for a continuation of this research study of a qualitative nature.

Recognizing the contradictory situation in the non-profit sector, Brinckerhoff (2000) suggested through his contributions to the literature that it was possible to work with the contradiction. He proposed that non-profit organizations could still be program-focused and remain true to the mission-based strategy so long as the non-profit sector had in place what he referred to as mission-based management practices. These mission-based practices replicated for-profit management practices but had one major difference in that the focus was mission-based rather than financial. The results of this study were that there was no statistically significant relationship between the use of the nine mission-based management practices and revenue per employee either as a grouped variable or independently which is contrary to Brinckerhoff's position. This does not mean, however, that the nine mission-based management practices are not valid or should be ignored. Historically the non-profit sector has not used financial measures such as revenue per employee or profitability as a measurement tool and there might be a better dependent variable such as program success as opposed to revenue per employee that could shed more insight into the use of specific management practices. Additional research would be required to gain a better understanding of current management practices in the non-profit sector.

The position that non-profit organizations chose to ignore organizational capacity and shunned any management practices used in the for-profit sector was supported fully by the literature review for this research study. Of interest was the finding that participants in this study reported a high usage of the nine mission-based management practices which are similar to for-profit management practices and this contradicted the literature. The question that was not answered was why non-profit organizations were using these specific management practices and if they knew they were similar to for-profit practices.

Two objectives for this study were desired. The first objective was to determine if the use of the nine-mission-based management practices, which were closely related to for-profit management practices, had any impact on revenues in the non-profit organization. The second objective was to attempt to provide insight as to whether or not the literature was correct in stating that non-profit organizations continued to refuse to acknowledge or understand the need to move towards a more performance based strategy. To determine this, it was decided to test the hypotheses of whether or not survey respondents used any of the nine mission-based management practices, which were closely related to for-profit business practices, and whether or not there was any relationship between the use of these mission-based management practices and revenue per employee in non-profit organizations in Nova Scotia.

Conclusions

The analysis of the data collected for this study used descriptive and nonparametric statistics. Descriptive statistics were used to determine the means and modes of the independent variables. Ordinal regression and The Kruskal-

Wallis Test were used to determine the significance of the relationship between the nine mission-based management practices and revenue per employee.

The descriptive statistics were presented by using a Likert scale for the questions related to the use of mission-based management practices. The data collected for survey questions one through nine resulted in a mode of 4 or 5, which indicated always used or somewhat used for all nine of the mission-based management practices. These findings were encouraging because it indicated that the non-profit sector in Nova Scotia was using mission-based management practices. However, it cannot be inferred why the sector was using these mission-based management practices or that the sector was implementing the practices effectively or in a similar fashion to the for-profit sector. This was not able to be determined from the assessment of the descriptive statistics. It is an area for further study to determine why participants were using these specific management practices.

The data from the descriptive statistics was also encouraging because much of the literature indicated that there does appear to be a link between organizational capacity, for-profit management practices, and successful non-profit organizations. Researchers such as Brinckerhoff (2000), Buechel & Handy (2007), Helmig et al. (2004), Hudson (2005), Letts et al. (1999) and Schuh & Leviton (2006) all proposed that non-profits must incorporate for-profit business practices into their corporate strategies in order to adapt to the financial changes taking place in the non-profit sector. Helmig et al. (2004) concluded that the non-profit sector was able to acknowledge what was needed and it often gave the illusion of being up-to-date, but in reality the non-profit sector did not actively participate in making any change. It is not possible to determine from this study why participants were using mission-based management practices. However, it is an important discovery to learn that non-profit organizations are, in fact, using mission-based management practices, regardless of the reason. Based on Brinckerhoff's work, the use of mission-based management practices, which for the most part replicate for-profit management practices, should eventually result in more focus on organizational capacity which in turn leads to more successful non-profit organizations.

A mean of 4.0 or higher, which indicated that respondents always used or somewhat used the corresponding mission-based management practices, was reported for survey questions 1, 2, 3, 4, 8, and 9. However, the means for questions 5, 6, and 7 were lower than 4.0. A mean of 3.39 was reported for question 5 and provided responses as to whether or not respondents used risk taking in decision making in order to meet objectives (social entrepreneur). A mean of 3.08 was reported for question 6 and provided responses as to whether or not respondents used a strong marketing orientation to guide their strategy. A mean of 2.07 was reported for question 7 and provided responses as to whether or not respondents were able to use their own resources to be able to financially sustain programs without the need for government or other funding. These lower means indicated that there was a range in the usage and not every respondent either always used or somewhat used these three specific mission-based management practices. Table 1 illustrated these narratives.

Based on the literature review that non-profit organizations eschewed anything related to the notion of for-profit business practices, it had been anticipated that the descriptive findings for the means of the six variables of mission statement, board of directors, talented staff, a tight set of controls, technologically savvy, and a vision for where they are going would have resulted in lower usage ratings. Although Brinckerhoff's (2000) mission-based management practices to a large degree replicate standard management practices used in the for-profit sector, the difference in anticipated answers can perhaps be explained due to the language he used to describe the variables. The term mission-based management practices likely allowed for the respondents to identify with the variables and made it easier for the respondents to manage their contempt for anything identified as a for-profit business practice.

It was less surprising that the usage of the other three variables, a bias for marketing, being social entrepreneurs by taking risks in decision making, and being financially empowered, had lower means indicating less usage was reported by the respondents. These three variables are the management practices most closely related to for-profit practices and as revealed in the literature review for this study should result in the non-profit sector ignoring them. Although the means for these three variables were lower than 4.0 they were higher than the researcher anticipated based on the strong emphasis in the literature that the non-profit sector shunned any for-profit management practices. The higher than anticipated means for social entrepreneurs and a bias for marketing could be interpreted as evidence that some organizations in the non-profit sector have begun the movement towards bridging the contradiction between the need for increased organizational capacity and the maintenance of program and service delivery levels.

The mean for financially empowered of 2.07 was not unexpected based on the literature that most non-profits have considerable difficulty in sustaining programs and services without government or other funding. The decrease in federal government funding in Canada to the provinces, particularly since the federal budget cutbacks in 1997, would account for the answers to this question. Respondents indicated that more than 56.2% could seldom support their own programs without government funding or that they always had to have government or other funding. Financial sustainability was cited as one of the major problems in the non-profit sector in Canada with "those that rely on external funding from governments, corporations, and foundations much more likely to report that they are facing serious problems" (Hall et al., p. 25). As to whether or not the reported high use of mission-based management practices had any relationship to annual revenue per employee was not able to be determined using descriptive statistics.

The high use of the mission-based management practices also provided support for the research conducted by Myers and Sacks (2003) who suggested that the non-profit sector might very well be using and adapting private sector language, tools, and techniques, but just applying different approaches to managing. More recent research by Sobeck & Agius (2007) revealed that executive directors in the non-profit sector reported greater awareness of needs and improved management knowledge which also can explain the higher than expected use of mission-based management practices found in the data for this study. If this is accurate, the findings of researchers such as Letts, Ryan, and Grossman (1999) might be outdated and more current research required.

Ordinal regression analysis was used for research question one to determine if a relationship existed between the nine combined mission-based management practices and revenue per employee. A total of 34.6% of cells had zero frequencies. The delta correction of .05 was used to compensate for this limitation. The analysis resulted in a poor model fit with a Chi-Square of 8.52 with eight degrees of freedom, and a statistical significance level of .38. The results of this analysis indicated that the data does not contradict the null hypotheses for research question one as there was not a significant relationship between the nine combined mission-based management practices and revenue per employee. Therefore, the study was not able to reject the null hypotheses, $H1_o$: there is no relationship between the level of use of the combined mission- based management practices and annual revenue per employee in non-profit organizations in Nova Scotia.

A Kruskal-Wallis ANOVA Test was conducted for research question two to examine individual relationships between the nine independent variables and revenue per employee. An alpha level of .05 was used for all statistical tests. The Kruskal-Wallis tests were conducted on the original variables for each of the mission-based management practices. The results of the Kruskal-Wallis analysis were the same as for those of the ordinal regression. There were no statistically significant associations between any of the individual mission-based management practices and revenue per employee.

Although the findings of the ordinal regression analysis and the Kruskal-Wallis tests are somewhat disappointing, and appeared to concur with much of the literature, it cannot be stated with any certainty that non-profit organizations are not actively participating in making strategy change. The fact that a higher than expected usage was reported by the respondents for all of the mission-based management practices is an extremely interesting finding. It could be an indication that management in the non-profit sector does recognize the need for change and while reluctant to fully participate in for-profit management practices it could well be that the sector has either unknowingly adopted for-profit practices that it deems critical for sustainability in the new economy or is realizing the need for better management of the sector.

While government or other funding will likely always be required to some degree in this sector, it was clear from the literature that the sector had to become more self-reliant and make the transition to a more performance focused organization and shift away from a program centered focus. Unfortunately, it appears that if government or other funding is a non-profit's major source of revenue, the non-profit will be required to spend monies on specific programs and services as mandated by the funder regardless of the strategic direction the non-profit might want to pursue. If the non-profit is dependent upon government or other funding, it has no choice but to follow the money. This, in turn, perpetuates the problem of the non-profit only being able to have a shorter-term strategic focus rather than a longer-term one.

When invited to participate in the study, almost half of the 198 respondents emailed the researcher to request a copy of the findings. It is the intention of the researcher to send out the findings once this dissertation has been approved and finalized. Most participants commented that they were absolutely delighted that research was being done in the area of non-profit organizations as they felt the sector was often overlooked, little research existed, and much more was needed. It is hopeful that the literature review conducted for this research study will be able to provide the participants with links to other studies that might prove useful. The new economy is creating unprecedented challenges for the non-profit sector that are expected to continue into the future but there does not appear to be any standardized or proven methods for how to manage the non-profit organization in this new economy.

Recommendations

The non-profit sector needs continued and on-going research to help it learn how to become more balanced between programs and performance. A model needs to be developed that can suggest how to incorporate for-profit management practices into a non-profit culture. The capacity referred to by Letts et al. (1999) was deemed essential for non-profit organizations to survive in the new economy.

The fact that the use of mission-based management practices was higher than expected is encouraging and could be an indication there is a level of understanding by the participants in this study that change is required in the non-profit sector. It is suggested that a qualitative study expanding upon the findings of this study might be extremely useful in determining where non-profit organizations are along the continuum of a program versus performance-based strategy. The qualitative answers to the survey as noted in Appendix B provided additional insight and viewpoints on management practices in the non-profit sector and should be further explored in a follow-up study.

For future researchers, it would not be reasonable to expect that the non-profit sector will adopt a performance orientation or transition away completely from a program-based strategy. Programs will always be of critical importance due to the mission-based nature of the non-profit sector. It is recommended that for-profit management models such as David (2002) be examined to determine if any further transition towards a more balanced program/performance-centered focus has resulted and to determine what variables have influenced the transition. Research in the non-profit sector is limited but it appears from the responses of the participants in this study that they feel there is significant need for collaboration and research that will help them deal with, and successfully embrace, the more complex challenges they are being forced to deal with in the new economy.

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APPENDIXES

Appendix A

Sample Survey

Survey of Mission-Based Management Practices in the Not-for-Profit Sector in Nova Scotia

Statements 1 to 9 describe 9 different mission-based management practices. For each of the following statements please indicate to what extent you believe your organization currently engages in the identified management practice. The ratings range from always use, meaning your organization fully engages in the described management practice, to never use, meaning your organization never engages in the described management practice. If you do not know, check "do not know".

1) A mission statement – your organization uses a current mission statement that describes what the organization does.

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

2) A Board of Directors – your organization uses a group of governing volunteers who provide direction to the organization.

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

3) Talented Staff – your organization effectively uses the talents of its paid staff

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

4) Technologically Savvy – your organization effectively utilizes technology in the operation of its business

Never Use
Seldom Use
Do Not Know

Somewhat Use
Always Use

5) Social Entrepreneurs – your organization uses risk taking in decision making in order to meet its objectives.

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

6) A Bias for Marketing – your organization uses a strong marketing orientation to guide its strategy

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

7) Financially Empowered – your organization uses its own resources to be able to financially sustain its programs without the need for government or other funding

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

8) A Vision for Where They Are Going – your organization uses a current strategic plan as a vision for where it is going.

Never Use
Seldom Use
Do Not Know
Somewhat Use
Always Use

9) A Tight Set of Controls – your organization utilizes tight controls in the operations of the organization

Never Use
Seldom Use
Do Not Know
Somewhat Use

Always Use

10) Other – describe other characteristics important to your organization not listed above.

____
____
____
____

11. How many paid employees does your organization currently have? Please calculate based on an annual full-time equivalent formula (FTE). This means you must include both full and part-time employees. For part-time employees add up their combined hours and determine the equivalency of full-time positions.

____

12. How many volunteers does your organization currently have? Please calculate on an annual full-time equivalent formula (FTE).

____

13. What was the annual revenue for fiscal 2007 for your organization?

____

14. How many hours, on average, does each board member contribute to the organization on an annual basis?

____

15. Indicate the breakdown of your fundraising and revenue sources based on 100% for the following categories:

a) corporate donors
b) private donors
c) government
d) other

16. Is your organization experiencing financial difficulties in fulfilling its mission?

a) very serious difficulties
b) serious difficulties
c) do not know
d) limited difficulties
e) no difficulties

17. Do you believe your organization would be more successful in generating revenue if you were to run your not-for-profit using for-profit business practices? Why or why not?

____

18. What is your postal code?

____

19. Is your organization a registered nonprofit?

1) Yes
2) No

20. Is your organization a sub-unit of a larger parent organization?

1) Yes
2) No

21. Out of 100% what percentage of your organization's time is spent on programs?

____

22. Out of 100% what percentage of your organization's time is spent on organizational capacity such as planning and organizing?

____

23. Do you believe your organization as a whole has difficulty adapting to change?

a) Yes
b) No

24. If you answered yes to question 14, why do you believe your organization has difficulty adapting to change?____

25. In your opinion, what is the greatest obstacle to generating revenues for your nonprofit organization?

____

26. Do you believe nonprofit organizations should be guided by their mission and be program-centered rather than performance-centered?

____

27. Has your organization ever had discussions about the need to become more performance-focused?

Yes
No

28. What is your position in the organization?

a) Management
b) Non-management
c) Volunteer
d) Board Member

Appendix B

Anecdotal Responses

In addition to the quantitative questions, survey respondents were invited to answer several questions related to the nine mission-based management practices. These additional questions were not supported by the study and used only as anecdotal information and were not used to make any causal inferences. These questions were intended to allow participants to expand upon the answers to the given ratings and or to include other practices or facts they felt were not included. The number beside each response represents the number of times the comment was found in the survey responses.

Question 9 of the survey: *Describe other characteristics important to your organization not listed above.* The most frequent responses included:

1. training in program delivery and customer needs is a priority (45)
2. community and partnerships are critical for awareness (40)
3. community and partnerships are critical for awareness (40)
4. too heavy of a reliance on volunteers (37)
5. culture drives the program versus performance centered focus (32)
6. non-profits and their employees are participatory, inclusive, and team focused (21)
7. non-profits and their employees are ethical, have integrity, professional (17)
8. strategic focus (both negative and positive comments) (17)

Question 17 of the survey: *Do you believe your organization would be more successful in generating revenue if you were to run your not-for-profit using for-profit business practices? Why or why not?* The most frequent responses included:

1. loss of service focus would result if profit were the focus (72)
2. we already use for-profit business practices (33)
3. too expensive to implement for-profit practices (27)
4. limited resources do not allow for-profit luxuries (21)
5. we are social entrepreneurs and think like business people (15)
6. cost of programs would be too expensive (14)
7. not sure (10)
8. there is no difference between the two (3)
9. yes, it would bring credibility to our stakeholders (2)
10. No!! This is a cultural organization. We are not a business! But a new model for such plans needs to be generated that is not modelled on business practices. (1)

Question 23 of the survey: *Why do you believe your organization has, or does not have, difficulty adapting to change*? The most frequent responses included:

1. culture of organization embedded in program focus (52)
2. clients served do not want change and/or would not able to cope with change (34)
3. board of directors engaged/not engaged (22)

4. staff and volunteer diversity – volunteers do not see change as positive or see it as a waste of time and resources (22)
5. year-to-year funding focus (18)
6. government policy dictates pace of change (13)
7. management influence (13)
8. organizational structure not conducive to adapting to opportunities (7)
9. age of staff and volunteers typically 50+ and not inclined to change (6)
10. poor leadership (2)
11. resources/time not available to consider change (2)

Question 24 of the survey: *In your opinion, what is the greatest obstacle to generating revenues for your non-profit organization?* The most frequent responses included:

1. other organizations competing for same resources (31)
2. funding levels (31)
3. participation of volunteers (29)
4. government policy/bureaucracy (26)
5. public perception (18)
6. time (16)
7. location(rural) (14)
8. economic conditions (12)
9. ideas/planning (8)
10. corporate support (5)
11. board of directors (3)

Question 25 of the survey: *Do you believe non-profit organizations should be guided by their mission and be program-centered rather than performance centered?* The responses were able to be categorized as follows:

1. Performance Centered – highly agree (26)
2. Performance Centered – moderately agree (19)
3. Should be Both Performance and Program Centered (59)
4. Program Centered – highly agree (29)
5. Program Centered – moderately agree (34)
6. Do not Know – (13)

Appendix C
Informed Consent

Evaluation of Management Practices and Revenue in Atlantic Canadian Nonprofit Organizations

Purpose. You are invited to participate in a research study being conducted for a dissertation at Northcentral University in Prescott Valley, Arizona. The purpose of this study is to determine the impact, if any, of mission-based management practices on fundraising in the nonprofit sector in Atlantic Canada. Fundraising will be determined by dividing the annual revenues for your organization by the number of full-time paid employees. There are nine mission-based management practices which have been modified from the work of Peter Brinckerhoff (2000) in the survey document prepared for this study. The answers to the survey will focus on how individual nonprofit organizations view the importance of these mission-based management practices and whether or not they have an impact on the organization's ability to generate revenues. There is no deception in this study. We are interested in your opinions and reflections about management practices in nonprofit organizations.

Participation requirements. In order to participate, your 2006 annual revenues must have been $100,000 or greater. You will be asked to complete 28 questions from the on-line survey. Some of the questions will ask you to rank the importance of the nine mission-based management practices and others will provide you with the opportunity to offer opinions and add other facts you feel important. The questionnaire should take approximately 20 minutes to complete.

Research Personnel. The following individual is involved in this research project and may be contacted at any time: Sandra Findlay-Thompson sandi.findlay@msvu.ca

Potential Risk/Discomfort. Although there are no known risks in this study, some of the information is sensitive and includes questions about the management of your organization which may be distressing to some people. However, you may withdraw at any time and you may choose not to answer any question that you feel uncomfortable in answering.

Potential Benefit. There are no direct benefits to you of participating in this research. No incentives are offered. A summary of the findings will be made available if requested.

Anonymity/Confidentiality. The data collected in this study are confidential. All data are coded such that your name is not associated with them. In addition, the coded data are made available only to the researcher(s) associated with this project.

Right to Withdraw. You have the right to withdraw from the study at any time without penalty. You may omit questions on any questionnaires if you do not want to answer them.

We would be happy to answer any question that may arise about the study. Please direct your questions or comments to: Sandra Findlay-Thompson at sandi.findlay@msvu.ca

I have read the above description of the Evaluation of management practices and revenue in Atlantic Canadian Nonprofit Organizations and understand the conditions of my participation. Entering the survey indicates your consent to proceed.

Researcher's Name: Sandra Findlay-Thompson
Date: April 5, 2008