



Sustainability of nonprofit organizations: An empirical investigation

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ABSTRACT

Nonprofit organizations (NPOs) contribute to society through their social value creation. They operate in an increasingly turbulent context where building sustainable organizations has emerged as a critical need. Past authors have discussed this important issue in a fragmented manner. Using multiple case studies of socially entrepreneurial NPOs, this paper examines how the need for building a sustainable organization has impacted on the strategy focus of the nonprofit organization. The findings suggest that in response to an increased competitive environment, NPOs have been forced to adopt an organizational sustainability focus in both strategic and operational levels of management. The study makes a strong contribution to current debate in social entrepreneurship and to a broader agenda concerned with developing sustainable organizations. Whilst the findings have important implications for theory and current practice, the paper concludes with suggestions for future research at the interstices of these areas.

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1. Introduction

The contribution of nonprofit organizations (NPOs) to the third sector of the economy is widely acknowledged; they provide goods and services that are not delivered by the business or public sectors, develop skills, create employment and foster pathways for social inclusion (CEEDR, 2001; DETR, 1999; Lyons, 2001). However, there is consensus among researchers, policy planners and practitioners that NPOs operate in an increasingly competitive environment. NPOs pursue missions to serve needs that the business sector does not serve, presumably because it cannot do so profitably (Hansmann, 1980; McDonald, 2007; Pestoff, 1992). Because they cannot rely on profit, and lack the taxing authority of the government sector (Hansmann, 1980), NPOs employ a unique operational model and depend on multiple stakeholders for the resources needed to deliver services to their constituents.

Government has been a traditional funding source for NPOs (Wijkström, 1997). At the same time, government has been a source of uncertainty as many initiatives have not had full policy commitment (Kunle, 2004). “Reinventing government” initiatives (Osborne & Gaebler, 1992) and new public management (Kettl, 1997) have changed the relationship between government and

NPOs. These changes have increased the competition in the nonprofit sector by attracting for-profit firms to service markets that were traditionally served by NPOs, e.g., health care (Ferris & Graddy, 1999; Kessler & McClellan, 2002). Similarly, the number of NPOs is growing, leading to volatility of support from patrons as the intra-sector competition for donations intensifies (Chetkovich & Frumkin, 2003). These changes have forced NPOs to adopt strategies aimed at building viable, sustainable organizations in order to continue to pursue their social mission (Bryson, Gibbons, & Shaye, 2001; Chetkovich & Frumkin, 2003; Dart, 2004; Goerke, 2003).

Over the last few decades, the increase in external environmental challenges faced by NPOs has attracted the attention of researchers. These researchers have argued that NPOs must adopt entrepreneurial postures in their operations (Sharir & Lerner, 2006; Weerawardena & Sullivan Mort, 2001); adopt innovative practices (Jaskyte, 2004; McDonald, 2007; Weerawardena & Sullivan Mort, 2006) focus on outcomes targeted by government policy and pursue innovative ways of delivering superior value to the target market in order to capture competitive advantage (Weerawardena & Sullivan Mort, 2001). Some researchers suggest the need for market orientation (Nicholls & Cho, 2006; Nicholls, 2006) to meet the increased competition. Others suggest ‘marketization’ or the adoption of business models, which may conflict with the core ideals of NPOs, in particular their social mission (Eikenberry & Kluver, 2004).

Missing from this discussion is how the dynamic environment drives the need for building a sustainable organization and how this need influences NPOs to adopt strategies to increase the

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efficiency and effectiveness with which they deliver their services. Whilst a number of authors have emphasized the balancing of 'mission' and 'money', i.e. balancing social mission with the operational efficiency of NPOs as a central issue in managing NPOs (Chetkovich & Frumkin, 2003; Krug & Weinberg, 2004), we posit that the issue of balancing mission and money has only been addressed as an operational issue that represents the symptoms of the core issue. The core issue is *the need to build a sustainable organization that can continue deliver social value via the pursuit of its social mission*. The literature on the issue of building a sustainable NPO is fragmented and relatively under developed. Addressing this issue of sustainable NPOs has the potential to enrich understanding and development of sustainable business practices, and to make a distinct contribution to the sustainability discourse (Dunphy & Griffith, 1998).

Our paper proceeds as follows. First, the literature on NPO organizational sustainability is reviewed paying specific attention to how the issue of organizational sustainability has been addressed in the NPO literature. Second, the primary research problem is explicated into a set of specific research questions that will be address in this study. Third, the research design and qualitative method adopted in the study is explained. Fourth, we report the findings of the study and describe the impact of environmental changes on nonprofits. The paper concludes with a discussion of the findings and their implications for theory, practice and policy development followed by directions for future research.

2. Literature review

The literature review undertaken for this study suggests the absence of a well-developed discussion of organizational sustainability and how this issue impacts the strategic characteristics of the NPO. Some of the contributions to this research stream are of highly prescriptive nature, both conceptual and empirical works. Few investigate the broad nature of strategies that nonprofits employ to achieve sustainability. Lacking is a broad perspective of strategic directions actually taken by NPOs as they strive to remain financially viable and more effectively deliver their services to satisfy a driving social need.

The legal definition of a NPO (in the context of the USA) is an entity that is legally prohibited from disbursing profits to shareholders or managers (Hansmann, 1980). It can be classified as commercial, earning the majority of its revenue through operations, or donative, relying primarily on outside sources of funding (Hansmann, 1980). NPOs exist for many purposes including public health and safety, education, charity, the provision of food, clothing and shelter, labor, sports, politics, religion, advocacy, philanthropy, fraternity, business support, and civil rights (National Center for Charitable Statistics, 2009a; Wijkström, 1997).

NPOs emerge to satisfy a need that neither the business nor public sectors satisfy (Etzioni, 1972; Kotler & Murray, 1975). Business does not satisfy these needs because it cannot do so profitably. Government does not satisfy these needs because there is not enough public support to do so. A nonprofit pursues a mission that is neither financially sustainable using a for-profit business model, nor for which is there public support sufficient to move government to action and the expenditure of taxpayer funds (Hansmann, 1980; McDonald, 2007; Valentinov, 2008). As a result, NPOs have a unique relationship between operations and revenues.

Yet despite these fundamental challenges, the nonprofit sector has become larger than ever and continues to grow. A seminal study (Productivity Commission, 1995) revealed the existence of 34,000 NPOs employing over 600,000 people, about 7% of the Australian workforce. A recent report (ICAA, 2006) indicated even greater

impact with over 700,000 NPOs. The Urban Institute's National Centre for Charitable Statistics reports there were 1,478,194 NPOs in the United States in 2006, up more than 36% over a decade earlier (NCCS, 2009a). Their annual revenues were US\$ 1.53 trillion and they managed assets of more than US\$ 3.3 trillion (NCCS, 2009b). Revenues of NPOs in the United States represent 11.6% of the 2006 GDP and more than the GDP of all but seven nations. In other countries, we see similar reliance on the nonprofit sector.

Despite the growing contribution of the nonprofits to global economies, nonprofits operate in an increasingly competitive environment. Nonprofit literature over the last few decades reflects attempts to examine the competitive environment in which NPOs operate and impact their functioning. Several researchers have used the Porter's (1985) five forces model to capture the competitor intensity in the immediate environment (e.g., Tuckman, 1998; Ritchie & Weinberg, 2000). Whilst the parallels to Porter are striking, the system of relationships proposed for NPOs has not been subjected to empirical testing. Researchers have also suggested several strategic responses to deal with competitive challenges: adopting an entrepreneurial posture (Sharir & Lerner, 2006; Weerawardena & Sullivan Mort, 2001; Nicholls & Cho, 2006; Nicholls, 2006); adopting innovative practices (McDonald, 2007; Weerawardena & Sullivan Mort, 2001) and market orientation (Gainer & Padanyi, 2002; Liao, Foreman, & Sargeant, 2001; Macedo & Pinho, 2006; Nicholls, 2006; Nicholls & Cho, 2006).

Some researchers advocate the need to fundamentally redefine the purpose and mission of NPOs to deal with environmental challenges effectively (Forehand, 2000; McDonald, 2007). Researchers argue that if defined too narrowly, the organization risks failing the test of economic viability. In these situations, some suggest the NPO should redefine its purpose, perhaps stating its mission in broader terms (Durst & Newell, 2001). In a non-traditional approach, others (Eikenberry & Kluver, 2004) identify the increased adoption of "the market" to guide nonprofit management and the adoption of business like practices which they term 'marketization.' They observe that this trend towards marketization may pose risks for civil society because nonprofits may lose sight of their social mission. However, the examination of the increased marketization in the delivery of health services in UK found that marketization resulted in improved service delivery, but made no associated assessment of the impact on social mission (Zolkiewski, 2004).

Sustainability efforts focus on three main areas: people, profit, and planet (Elkington, 1998). For a NPO, sustainability primarily means being able to survive so that it can continue to serve its constituency. At its core, nonprofit sustainability means that the organization will be able to fulfill its commitments to its clients, its patrons, and the community in which it operates. These stakeholder groups depend on the nonprofit to service a need and to deliver on the promise of its mission. Sustainability in this context means stakeholders can place their trust in that commitment. From a macro economic perspective, sustainability in the nonprofit sector means that important societal needs will be met. This leaves the business and government sectors free to pursue their own commitments.

The sustainability of for-profit businesses has been the implicit primary focus of the strategic management literature over the last few decades. For example the resource based view (Barney, 1991; Wernerfelt, 1984), resource advantage theory (Hunt, 2000), and the market orientation discourse (Kohli & Jaworski, 1990; Slater & Narver, 1995) inherently reflect the need of for-profit organizations to competitive advantage that leads to superior financial performance, ensuring organizational survival and growth. However, the nonprofit literature does not reflect a similar emphasis despite increased vulnerability and threats to organizational continuance (Mort & Weerawardena, 2008). Inherent differences between NPOs and their for-profit counterparts may preclude the direct application

of theories from the business sector. NPOs differ substantially from their for-profit counterparts in several significant ways. For-profits aim to create increased shareholder wealth through the delivery of superior value to its customers. NPOs must strive for financial resources in order to deliver social value to its clients. They address a more complex and challenging multi-stakeholder environment and strategic process.

The 'market driven firm paradigm' (Dunphy & Griffith, 1998) and 'market orientation' (Kohli & Jaworski, 1990; Narver & Slater, 1990) that have dominated the for-profit strategic marketing literature over the last few decades reflect the emphasis place on customer satisfaction and retention. We observe that nonprofit organizations, particularly donative NPOs, must place a relatively lower emphasis on customers or clients than donors. Whilst focus on clients can provide enhanced service delivery in NPOs, the nexus between the client/customer and revenue generation is largely uncoupled in NPOs. Donors assume a central focus because of the critical role they play in providing a revenue stream central to the functioning of the NPO. Also, governments and entrepreneurial business initiatives nested within the NPO have provided other important sources of finance for NPOs. Substantial volatility across all these diverse revenue streams forces NPOs to become adept at multiple stakeholder management.

A substantial number of researchers in the nonprofit domain have focused on 'balancing money and mission' as primary issue in managing NPOs (e.g., Chetkovich & Frumkin, 2003; Frumkin & Andre-Clark, 2000; McDonald, 2007). Theoretical models and empirical comparisons consider such variables as pricing, production quality and quantity, budgeting practices and improved service quality, as well as strategies to achieve fiscal stability (Chetkovich & Frumkin, 2003; Hirth, 1999; Melnick, Keller, & Zwanziger, 1999; Sloan, 1998). A NPO must ensure a flow of resources in order to sustain itself (Bryson et al., 2001; Valentinov, 2008). Nonprofits acquire funds through earned income, governmental support and private donations. Researchers contributing to this stream of literature have suggested several strategies that can be adopted by NPOs to gain financial substantiality: commercially generated revenues (Wijkström, 1997); application of business principles to fundraising (Chetkovich & Frumkin, 2003; Dart, 2004; Goerke, 2003); employing relationship marketing (Block, 1998; Money, Money, Downing, & Hillenbrand, 2008; Remley, 1996; Selladurai, 1998); identity-based donations (focusing on the salience of the donors' identity within the relationship) (Arnett, German, & Hunt, 2003; Callero, 1985; Callero, Howard, & Piliavin, 1987; Heckman & Guskey, 1998; Lee, Piliavin, & Call, 1999); and within and cross sector strategic alliances (Berger, Cunningham, & Drumwright, 2004). In addition to revenue enhancing strategies, researchers have suggested a number of strategies to reduce costs: increased volunteerism and its productivity (Weisbrod, 1998; Cnaan & Goldberg-Glen, 1991; Handy & Srinivasan, 2004) and soliciting in-kind donations (Snively & Tracy, 2000).

In parallel with the foregoing 'operational focus' emphasis, a more strategic focus has taken place over the last few decades. This discussion has important implications for the issue of organizational sustainability in NPOs. Contributors to this discussion observe that there is a broader agreement that social entrepreneurs and their undertakings are driven by social goals. The ultimate objective is to increase social value. There has been a disagreement, however, over the location of the social goals of the entrepreneur (Peredo & McLean, 2006). At one extreme are those who strongly advocate that for social entrepreneurs, the social mission is explicit and central (e.g., Dees, 1998). The proponents of this view suggests that 'any wealth generated is just a means to the social end'—financial benefits to the entrepreneur has no place among the goals of the undertaking' (Peredo & McLean, 2006, p. 59). They argue that 'earned income activities' has no place in

social entrepreneurship. In contrast, 'social entrepreneurship is about finding new and better ways to create and sustain social value' (Anderson & Dees, 2002, p. 192). This view strongly locates the social entrepreneurship in the not-for-profit sector (e.g., Dees, Emerson, & Economy, 2002).

In a somewhat departure there has been a growing consensus that social entrepreneurs must have economic independence to continue their operations (Boschee & McClurg, 2003). This view has roots in the Schumpeterian view that entrepreneur is an economic actor (Schumpeter, 1947). During recent years, a growing number of contributors have concurred with this view advocating the use of 'earned income strategies' to achieve organizational sustainability this combines nonprofit with for-profit organization features (Peredo & McLean, 2006, p. 60). Mair and Marti, (2006, p. 39) extending this view argue that 'social entrepreneurship can take place equally well on a for-profit basis.' They cite three 'social ventures', namely, Sekem Chemicals (Egypt), Aravind Hospital (India) and Grameen Bank (Bangladesh) that are undertaken on a for-profit basis. The profits generated from the major activities are used to engage in multiple social ventures. Sekem in Egypt, which is run as a multi-business, has been instrumental in reducing pesticide in Egyptian cotton fields by 90%. It has created schools, a university, an adult education center, and a medical center (Seelos & Mair, 2005). On the basis of case findings, Mair and Marti (2006) argue that 'the choice of set-up is typically dictated by the nature of the social needs addressed, the amount of resources needed, the scope for raising capital, and the ability to capture economic value' (Mair & Marti, 2006).

The foregoing discussion has important implications for the issue of organizational sustainability of NPOs. Whilst this discussion has primarily taken place within the nonprofit organization context during recent years, some researchers have moved towards the extreme end of the continuum. They argue that profitability is consistent with social entrepreneurship and there been instances where highly profitable business ventures can deliver social value (Peredo & McLean, 2006).

3. Research problem

The literature reflects an increased interest among nonprofit researchers in the issue of organizational sustainability. The issue of organizational sustainability, however, has been discussed in a fragmented manner and some of the contributions to this research stream are of highly prescriptive nature. The discussion of organizational sustainability needs further development including an understanding of how this issue impacts NPOs and the strategies they adopt in response. We argue that any attempt to undertake a deeper investigation into the issue of sustainability in NPOs must address the unique operative characteristics of NPOs that differentiate them from their for-profit counterparts. The broad research problem that will guide this study is '*how does the need for building a sustainable enterprise impact the strategy focus of nonprofit organization?*' This research problem will be addressed by focusing on the following research questions:

- RQ1: How does the dynamic environment impact the strategic orientation of the nonprofit organization?
- RQ2: How does the need for sustainability impact the operational strategies of the nonprofit organization?
- RQ3: How does the need for sustainability impact the social value creating strategies of the nonprofit organization?

4. Methodology

Consistent with Eisenhardt's (1989) paradigm, we approached the organizations with a well-defined focus of research. An extensive

review of the nonprofit literature led to the identification of a broad research problem that was explicated into a series of specific research questions. Multiple case studies were used to examine the research problem. This methodology is appropriate for the examination of contemporary issues that are embedded in contexts where boundaries are uncertain, which use multiple sources of data (Yin, 1994) and which have socially constructed meanings (Easterby-Smith, Thorpe, & Lowe, 1991). Qualitative case studies are the most appropriate approach to address the specific research questions of this study. At best, a questionnaire-based approach would offer a superficial overview of the issues of interest in this study.

4.1. Data collection

A theoretical or purposeful sampling technique (Eisenhardt, 1989; Stake, Denzin, & Lincoln, 1994) designed to provide exemplars of polar types were used to draw our cases from a population of socially entrepreneurial NPO organizations. Theoretical sampling is based on the emerging theory and insights of the researcher, which provide reasons for selecting certain groups and themes (topics) for detailed analysis (Strauss & Corbin, 1990).

Ten enduring and successful socially entrepreneurial NPOs took part in the study. This is consistent with the suggested range of four to ten cases necessary for the development of theory from case studies (Eisenhardt, 1989). The organizations were identified as enduring if they had existed for five or more years and as successful on the basis of peer nomination and accreditation as charities and service providers. Several of the organizations have operated for decades; one has operated for nearly a century and another for nearly two centuries.

Nine of the organizations that took part in the study are regional nonprofits and one is a national organization. All are located in major cities along the eastern seaboard of Australia. The sampled organizations also varied in terms of their overall management philosophy. Some entities believed in the use of business-like pragmatic approaches in their competition, whilst others had a more traditional charity orientation. All exhibited a social entrepreneurial posture—innovative, proactive and risk managing in their strategic decisions (Lumpkin & Dess, 1996). The sample of cases also varied in terms of size and the nature of activities undertaken and therefore satisfy Patton (1990) criterion of maximum variation. Sampling proceeded until theoretical saturation was achieved. Theoretical saturation is a process in which themes and constructs from one case are substantiated by the evidence of another case, and where sampling proceeds until no new issues or constructs are introduced (Hirschman, 1986). The characteristics of the organizations are shown in the Table 1.

Cases are developed from a variety of data sources (Yin, 1994). In-depth interviews were conducted with key decision-makers of the organization. CEOs and senior managers possess the most comprehensive knowledge of the characteristics of the organization, its strategy and performance (Huber & Power, 1985; Snow &

Hrebiniak, 1980). The CEO is familiar with all the aspects of the company's operations, influences the strategic direction of the company and plays a key role in technology adoption decisions (Miller, Kets de Vries, & Toulouse, 1982). Follow up interviews were conducted periodically when points of clarification arose during the data collection. Relevant documents and archival data about the organization were collected at the time of interview. In addition field observations and newspaper articles about the organization were recorded. These multiple sources of data provided triangulation of reference material for thematic analysis and for post-research inquiry (Creswell, 2003; Patton, 1990). The interviews were recorded and transcribed verbatim and subjected to coding, thematic development, and further analyses as discussed below.

4.2. Analytical process, reliability and validity issues

Reliability was achieved using a protocol for each interview that outlined the philosophies, procedures and questions (Eisenhardt, 1989). The interviews were based on an interview guide that was written in a standard format. The protocol had a series of prompts and appropriate probes that each served as a means of initially eliciting relevant information and then probing respondents to more clearly understand emergent constructs and relationships among constructs in emergent theory.

The analysis was conducted using processes adapted from Glaser and Strauss (1967), Creswell (2003) and Yin (1994). As an additional measure in achieving reliability, matrices were employed as an analytical tool to analyze and report data. The matrix technique promotes pattern matching and the effective categorization of data (Miles and Huberman, 1984). The research also adopted a general analytical approach that prioritizes information through the development of categories of data and the examination of similarities.

The transcripts and documentary evidence from each organization were then organized into “chunks” and each “chunk” was labeled with a term based on the natural language of the interviewee or document, forming the basis of the coding frame. Codes were then used to develop sub-themes in terms of the research questions that are being examined. In addition, cross-case analysis was undertaken to reach a deeper understanding of competitive strategies that are being adopted by nonprofits and to increase generalizability (Eisenhardt, 1989; Miles & Huberman, 1984). Creative insights often arise from the juxtaposition of contradictory or paradoxical evidence (Eisenhardt, 1989). The following section presents normative strategies for NPOs to achieve sustainability that emerged from the case studies. These strategies are integrated with the extant nonprofit literature. Finally, returning to the literature, the emergent themes and the research questions were compared with the literature seeking both conflicting and similar frameworks following Pandit (1996). As observed by Eisenhardt (1989), tying emergent theory to extant

Table 1
Characteristics of sample.

Case	Size	Person interviewed	Purpose	Location (Australia)
A	Small	CEO	Support for children of drug addicted parents	Melbourne, Vic
B	Large	State Manager	Safety and community recreation on beaches	Brisbane, Qld National organization
C	Medium	CEO	Housing for disabled	Melbourne, Vic
D	Medium	CEO	Legal services to disabled	Melbourne, Vic
E	Large	CEO	Services and advocacy for poor	National organization
F	Medium	Site manager	Aged housing and community services	Brisbane, Qld
G	Medium to large	Divisional Manager	Aged services	Sydney, NSW
H	Small	CEO	Incubator and social venture funding	Brisbane, Qld
I	Medium	CEO	Economic and community development services	Sydney, NSW
J	Small	CEO	Health foundation	Brisbane, Qld

literature enhances the internal validity, generalizability, and theoretical level.

5. Findings and research propositions

5.1. RQ1: How does a dynamic environment impact the strategic orientation of the nonprofit organization?

We found that social entrepreneurial NPOs perceive the external environment within which they operate as becoming increasingly turbulent and competitive. This change has led the socially entrepreneurial nonprofit to move away from past experience-based, path dependent decision making and toward developing innovative practices and strategic responses. One of the primary sources of uncertainty is changing government policies. Government policy changes have often required NPOs to become, in many cases, the service provider arm of government. The dynamic policy environment has altered the competitive dynamics for organizations with increased intra-sector competition, as NPOs compete more with each other, and increased inter-sector competition, as NPOs compete with for-profits. The informant in Case F described his organization as being “cocooned from the world for a number of years.” He explained how the environment has changed and how the demands on his organization have changed.

You've got an organization where a lot of the managers were used to being in that sort of environment. It's come as a bit of a shock over the past three or four years. The big effort has been to change the culture, make it more accountable in terms of being able to demonstrate their capabilities. What are the outcomes we're getting out of this? We're not just providing a service. We have more and more resident's coming though. What are the outcomes for the people we are serving? What are their expectations? To move towards more of a marketing perspective in the broader sense of the word. Where you are trying to see what your spot is in the community and how do you meet those services. At the moment the whole scene is changing dramatically.

A major problem facing the sampled NPOs was the absence of strategic funding in the form of block grants: large and sustained funding allowing nonprofits financial stability and long term horizons for service development and provision. As Case D suggests:

It is a constant challenge. Government doesn't fund disability very well. We lobby government around increasing the funding levels. We look for new ways of generating funds ourselves ... We might look for new programs that suit our mission and principals and try and grow our business into new areas.

This problem with strategic funding has had a dual effect on their strategy formation. In the first instance it has resulted in the need to be cautious in strategic resource commitments, requiring strict financial management. As Case A, which is a service provider arm of the government to support the children of drug-addicted parents indicates her problems with funding:

You are very lucky to get anything more than 2 or 3 years these days. Recurrent funding is almost something of the past, but that is definitely what I'm working at; to get the closest we can to what you could call recurrent funding from state government, to keep our core service going

Others discussed the constraints on service delivery brought about by funding. This effect will be particularly pronounced for

smaller, newer and more resource constrained organizations. As case A relates:

There is no way I will start a project without the money in the bank. It's crazy. Certain things identify themselves and you start doing it and then we'll get together and say, we need to make this into a program, and I would then put a submission in for a certain program and try and get funding somewhere for that. And that comes up a lot. As we are going, we identify new needs, new areas of concern. ... I think its crazy to - we will only be as good as the staff working here because they deliver the service - so to me its crazy to start trying to run a program without, for instance, having the money to pay a skilled person. I won't go there. I'd rather do what we do properly and not touch other stuff. Bear it in mind we want to do it, but otherwise you end up doing a lot of stuff not well and it becomes diluted. You have got to be realistic and that's why corporations are great because they are very realistic about the component.

The second result is the need to be very proactive seeking new opportunities for growth of the organization. Our findings show an emerging consensus among these organizations for the need to diversify their income stream and minimize the reliance on government sources for project funding. As Case H points out:

We have to be entrepreneurial in our fund raising efforts as there are professional fundraisers out there and there are a lot of causes that people donate to.

Case B talked about his organization's reinvention of their fund-raising and the establishment of a foundation to raise money. They have moved from traditional fund raising events like bingo, raffles and bake sales and started focusing on the production of special events, formalized donor programs, and even licensing agreements.

A separate issue emerges with regard to project funding. Project funding is by its nature short term. It is more specifically targeted and often requires more accountability by the funded organization. Project funding is now often awarded on a highly competitive basis with a strong cost focus, resulting in both intra-sector and inter-sector competition. This requires the organization to develop a large infrastructure to bid for and manage projects, to assess whether the project fits their core “social mission,” and to undertake highly competitive positions with regard to key stakeholders like government and also with competitors, both within the nonprofit sector and from the for-profit providers. The uncertainty relating to the availability of project funding emerges as a key factor shaping the way these socially entrepreneurial organizations strategize. As Case B (beach safety provider) relates, the increasingly competitive environment has forced all nonprofits to adopt a competitive posture:

Staying relevant as an organization is probably the biggest challenge. We are competing, we have got our aims and objects and why we exist and all that, but to try to make sure that we are fulfilling those aims and objectives - creating safer beaches and all that sort of stuff - in our case, that means people, it means resources and you don't get necessarily the resources and community and funding support, sponsor support. It is a vicious circle. Without that, you are not relevant. You cannot hang around so that's probably one of the major challenges

One informant, Case G, expressed concern that the for-profit competitors might be reducing government's willingness to fund the nonprofits.

When not-for-profit providers complain to the government and say we are finding it very difficult to make ends meet, they will

point to the number of for-profit providers that are coming in and they will basically say, stop whining. If it wasn't a good business these people wouldn't be coming. You need to learn from the for-profit people and get smarter. So I think the government is quite pleased with that.

She further explained how the nonprofits are responding by becoming more business-like in their operations.

I think there's been a real push among all aged care providers to become more business-like over the last 5 years with the introduction of the reforms, of the realizing that it's now a level playing field. There's a favorite slogan of one particular well-known provider in the not-for-profit field and he talks about if you want to be more charitable, you first have to be more business-like and I think that that message has gone right through the industry.

Of course, she was concerned that the efficiency of the for-profits was a reflection of business practices to the detriment of meeting the entire social need. Her primary concern was that the profit motivated organizations were only serving the most profitable segments of the market.

This competitive environment requires NPOs to adopt competitive postures in the areas of funds acquisition and in the delivery of services, and to respond like for-profits do to turbulent and competitive environments. Social entrepreneurial behavior is not of itself expressed as sacred behavior as is traditionally suggested in the social enterprise literature. Rather we find ample evidence to suggest that they are highly pragmatic and strategic in their efforts to build a sustainable organization.

Strategy development within the socially entrepreneurial NPO requires the ability to balance competing dimensions of the task to achieve harmonious integration and strategic focus between mission and money. Case E captures this:

I have to run a \$45 million business as a clear social aim. My job is to make sure that the aim creates economic benefit to both this organization and also the broad society, has a good social outcome for its staff as well as for those people it is serving. I have to be cautious in all I do and cannot be too ambitious.

The emphasis on the need for a strategic focus is evident in the emergent emphasis for increased governance. As Case C relates:

We had to set up the Board but I came from that commercial background so I wanted a Board that would be a board of governance, not a board of management. So their job is strategic direction, overview and governance and we set it up very strictly. Their job was to employ the CEO and it was the CEO's job to manage the business.

Proposition 1. The environmental dynamics have forced nonprofit organizations to adopt entrepreneurial and business-like strategies aimed at building a sustainable organization.

5.2. RQ2: How does the need for sustainability impact the operational strategies of the nonprofit organizations?

The sampled NPOs tend to have a proactive approach in matters relating to financial stability of the NPO. Universally, they agreed that pursuing the NPO's social mission was the primary objective, but that maintaining fiscal sustainability was critical to the mission. The CEO of a social incubator (Case G) explained that meeting an important societal need was indeed the most important goal for a nonprofit, "as long as

it is sustainable." In fact, he said his charge from the Chairman of the Board when he accepted the position was to create,

a secure and sustainable organization . . . So the objective I was following was really how to make this organization robust, financially secure and sustainable in the sense that it's not weak or dependent.

As Case C elaborates the implied emphasis on achieving organizational sustainability has forced NPOs to be proactive in all their operational decisions to achieve greater operational efficiency in managing the NPO:

It wasn't part of our culture to go to the Board and say "Oh, look, we've got a real catastrophe coming up today". We always thought ahead so we did a lot of financial modeling, very conservative in things like rent collection, rent levels so that when anything came up most of it was predicted. When something came up that we hadn't thought about it was comfortable. It didn't throw us over the deep end.

Similarly, the sampled NPOs are highly pragmatic in their operational decisions. As Case C indicates

Here's the cost, here's the outputs, here's the rent income, here's the balance and if it didn't balance we didn't do it. It is a predictable business. You know how much it costs, you know how much the finance is, you can guess how much the rates and all of the other things so it is a black and white business. There's very little that you have to guess about.

The foregoing statements demonstrate that social entrepreneurial NPO view that achieving social mission should be built on a strong economically viable organizational platform. The term nonprofit does not mean that the organization is forbidden to make a profit (Hansmann, 1980). In fact, it is essential that a nonprofit be profitable in order to maintain operations to meet its mission. Profits from operations or donations are invested in capital expenditures like facilities and equipment, or revenue producing assets to provide funding for future operations. The divisional manager of a NPO that services older constituents (Case G) explained her perception of this change.

Every not-for-profit these days is aiming to make a profit. We have to come out at the end of the year with a profit. There are very few not-for-profits now in the aged care area that haven't made the change from a cottage industry to being quite business-like in trying to generate a surplus so they have something to reinvest for the future.

The bottom line is the bottom line: NPOs must make a profit to sustain operations. Annual revenues must exceed annual costs. Additional pressures are created by the influx of for-profit organizations into traditional, commercial nonprofit industries. As the informant in Case G explained, many for-profit organizations target the most profitable clients using a skimming strategy. The for-profit providers meet the industry requirements for care, but being motivated by profit rather than primarily by mission, their focus is on the most lucrative segments of the industry. The informant also discussed how for-profit organizations' success has made it difficult for the NPOs to convince government to increase funding as government cannot justify the increase to their taxpayers. Instead, the nonprofits are encouraged to be more business-like.

Revenue generation is a ubiquitous problem for nonprofits. It is never far from the managers' top of mind. The CEO of a children's

support organization (Case A) related her constant challenge of raising money.

The financial are always a challenge because charities rarely have more than one or two year's security in the bank. And what happens is we get more children every week, so we need more money the whole time. And of course, as money comes in, it is then spent and you have to replace that money. So that for me is always a challenge and it is something that is always in the forefront of my brain, working out where are we going to go now. We get some commonwealth funding which helps us, philanthropy, business, private donations and a lot of fundraising. We are very broad in where we try to get our money from.

Some organizations have difficulty in raising funds through donations and must strive to generate a higher percentage of their revenues from commercial operations. The CEO of a social venture incubator (Case G) explained that some nonprofits, such as those that fought cancer or served children, might be more attractive to donors than those that focused on less sympathetic causes like unemployment and drug abuse. He suggested a commercial approach to revenue generation.

If you cannot fund raise because what you are doing is not sexy or just will not pull the heart strings in people, don't try to fundraise because you are wasting your time. There are professional fundraisers out there and there are a lot of causes that people donate to ... You have to find business or some other way to raise money.

Fees need not be high enough to cover all costs if a nonprofit can successfully acquire donations and other outside funding. There are also limits to what clients are able to pay. Many NPOs derive a significant portion of their revenues from fees from clients who consume their services. Examples include universities that charge tuition or hospitals that charge based on length of stay, treatments and medicines received, and facilities utilized. Museums commonly charge admission, particularly to special exhibitions. As the CEO of an organization that provides housing for people with disabilities, Case C (disability housing provider) the business model they adopted was built on the clear understanding that the clients were required to pay for the housing provided.

So we had things like, if you looked at public housing tenants - the bad debts - its about between 10% and 15% - ours was 0.6%. They had nowhere else to go from our point of view. Once they were housed and we insisted they pay rent.

Case C's approach to building equity was clearly aimed at lessening the uncertainty associated with government funding and to ensure a sustained stream of income to fund its operations. The disabled housing facility founded by Case C was funded through a joint-venture with parents of disabled children, government and banks. This required them to strictly monitor their cash flow and to ensure that their clients (parents of the disabled children) are regular in their rent payments.

There was no concession. It didn't matter how disabled you were, you still paid the rent because we couldn't operate. Towards my end, we were doing joint ventures where we would bid for a government program to get some capital to build on somebody else's land and borrow money from the bank.

The increased emphasis on maintaining a continuous cash flow is amply demonstrated by various strategies adopted by the sampled NPOs. Several informants discussed government grants to provide public services (e.g., Cases A, B, C, D and I). Some NPOs

reported that they were able to establish a dependable source of income through membership dues (e.g., Case B). The CEO of a public health and safety organization (Case B) talked extensively about the organization's brand and other intellectual property. He explained how it has been successful in drawing sponsors and even royalties through licensing agreements. Case F explained how his organization developed a for-profit business to supplement their social mission, but he also cautioned against getting carried away to make certain that the for-profit enterprise successful, but at the expense of the nonprofit mission.

Several of the informants discussed the creation of collaborative partnerships (e.g., Case B) and two informants represented such partnerships (Cases A and J). We observe that maintaining long term relationships are a fundamental part of their success. Case A explained:

I am a real believer - if we work together we could be far mightier. I like to work with other organizations. Let's refer to each other. If you are already doing it, we can refer and vice-versa and that's why I don't like to get into that competitive head space because I think then the clients lose out ... It's an incestuous industry and be it seminars, AGM's - always - and we always make sure we are represented. A lot of it is networking so we cross paths quite regularly with other organizations.

Out of the sampled entrepreneurial NPOs, Case B (beach safety provider) can be cited as an NPO that has successfully used strategic partnership to fund their key service-related activities. They have a highly successful partnership with a large business that provides a helicopter to be used for surf patrol and rescue work. This is substantial financial commitment on the part of the business, but the partnership has been in place for more than three decades. Similarly a substantial sum of money is provided by the state government for the life saving and beach safety activities performed.

Two informants did caution that relationships need to be maintained at multiple levels between the NPO and the business partner or risk losing the relationship when key managers turnover. Case J reported that it is important for nonprofits to develop relationships with smaller donors as well as the big givers. The executive director of a health care foundation (Case J) discussed the importance of corporate partners to provide a steady source of revenue and volunteers. He also discussed the importance of the NPO's brand in attracting corporate partners and the importance of brand and values congruence in the relationship. The CEO of a social incubator (Case G) also spoke about the value of strategic funding alliances with large companies. NPOs also partner with a media companies like a newspaper or television station (Case J). These partners provide in-kind donations of advertising space and time.

Several of the informants talked about the pressure of increasing costs which has forced them to be cautious in expenditure. Rising insurance costs, particularly liability and workers' compensation, were mentioned by two informants. Several informants mentioned concern over litigation, not for negligence as the organizations studied worked hard to perform at the highest standards of performance, but rather spurious and opportunistic torts. Managing costs are a primary duty of nonprofit managers. However, several informants explained that the quality of services and the pursuit of the organizational mission would not be sacrificed in the name of cost savings. One even explained that his organization would borrow money if his organization needed to do something important to the mission (Case B).

We observe that entrepreneurial NPOs invest their time and efforts to build a strong army of volunteers as a cost reducing strategy. Several of the informants reported that they rely on

volunteers who provide free labor (e.g., Cases B and J). One informant (Case B) discussed the importance of integrating volunteers into the organization's professional operations. He talked about using public awareness events to draw volunteers. Another informant, the director of fund raising for a health care foundation (Case J) explained how important alliances with business partners were for developing a pool of volunteers.

Overall, we observe that the need for achieving organization sustainability has forced entrepreneurial NPOs to adopt strategies aimed achieving greater financial stability and this is amply demonstrated by their emphasis on revenue enhancing and cost reduction in their operational decisions. However as the Case I indicates, this emphasis is aimed at achieving the overall objective of achieving their social mission:

So financial performance is important for us. Last year was the first year in 16 years that we had a deficit for the year. I pride myself on the organization always turning in overall across the entire company, turning in a surplus. But we also would say that our primary driver is not financial performance. Our primary purpose is quality and sustained improvements in the lives of the people we work with.

Proposition 2. The need to build a sustainable organization has led to the adoption of operational strategies that are aimed at achieving greater financial stability in the nonprofit organization.

5.3. RQ 3: How does the need for sustainability impact on the social value creating strategies of nonprofit organizations?

We observed that the need to build a sustainable organization has strongly impacted the value creating strategies of socially entrepreneurial NPOs. These strategic responses, that will be discussed shortly range from broader but central issues, such as redefining the social mission, adoption of best practices, focusing on high social impact projects, innovation and collaborating with for profits in their CSR efforts, to tactical issues.

The aim of achieving sustainability reflects the socially entrepreneurial NPO's desire to build an economically viable organization that can continue to undertake social value creating activities. In this sense, the social mission is central to the organization because it guides overall strategy: *what businesses and services are initiated, what services are grown, how fast they are grown and which linkages are pursued*. Our NPOs had different views on how the organizational sustainability can be achieved whilst remaining within the social mission. The director of fund raising for a health care foundation (Case J) discussed the problem of focusing too narrowly and missing important opportunities to be more relevant to society. The director of the same organization described it as being, "passion-driven" rather than, "mission driven." They used the term *founder's syndrome* to describe the inability of a nonprofit to expand its perspective beyond the original mission. Whether the environment has changed, leading to changes in need (Cases F and G) or the mission was originally conceived too narrowly (Case J), sustainability in this context depends on the entity shifting its focus to remain relevant. A nonprofit also needs to recognize changing needs within the societal segment that it serves. Whether it is a rapidly growing senior population or a change in family structure (Case A), the organization must adapt the services it offers to best meet the changing needs. One informant (Case G) also explained how redefining the mission can also help in the competition for donations and volunteers.

Several informants (e.g., Cases F, G and I) talked about the need to become learning organizations and to constantly improve practices. The CEO of a public health and safety organization (Case B) was hesitant to use the term *best practices*, but instead preferred

to describe them as *good practices* that they constantly work to improve. As the manager of an organization focused on housing for seniors (Case F) explained:

It is trying to say what are the needs and expectations of people and how can we meet those needs. We would also add value as much as we can afford. How can we build those things into the service we provide to add value, to give people the greatest quality of life and opportunities to enjoy them?

At the first level the nature of nonprofits require them to have a strong sustainability orientation towards achieving the social mission compared to their for-profit counterparts. At the functional level, firm demographics such as size, longevity and historical factors such as heritage form the parameters within which the social mission can be achieved.

Socially entrepreneurial NPOs are very pragmatic people trying to achieve their organizational objectives within a highly competitive environment. This pragmatism is amply demonstrated in their investment decisions. Overall, socially entrepreneurial NPOs, in view of the resource-based constraints, are compelled to invest in high-impact projects. As indicated by Case I

We are looking for high impact social ventures and I guess in many cases we are going to take on ventures that have started on a small scale and grown later. We look at how these successful ventures can be developed to the level of those enterprises making a high impact. We will also invest some of our portfolio in more risky new ideas but again, after looking carefully around the market place to see whether those ideas have succeeded anywhere else, internationally as well as locally.

There is consensus among competitive strategy researchers that innovation is one source of competitive advantage. Leading contributors to for-profit competitive strategy literature (e.g., Porter, 1985) suggest that firms gain competitive advantage by perceiving newer ways of creating superior value to their customers which is an act of innovation. This suggests that innovation is a primary source of competitive advantage. Whilst the innovation literature has primarily evolved within product innovation context, the literature on innovation in nonprofits is under developed (Weerawardena & Sullivan Mort, 2001).

The case evidence suggests that innovation in socially entrepreneurial NPOs is generally targeted to two primary strategic areas—capital-raising and the delivery of services to the targeted clients. There is a reflexive relationship between these two as increased service delivery requires high performance in capital-raising. The scope and the quality of services that can be delivered by a social enterprise is constrained by the funds that can be generated, irrespective of whether funds are coming from governmental or non-governmental sources. Reflecting this importance, the sampled socially entrepreneurial organizations strive to be innovative in most of the capital-raising activities undertaken. Case A (support children of drug addicted parents), Case B (surf life saving) and Case I (community development services) undertake a variety of innovative capital-raising activities which a traditional social enterprises would not have pursued. Case I runs a large electronics contracting business in that it undertakes repairs and service to teller machines and computer monitors: "These contractual arrangements have been profitable as well as achieving our social purpose and in some ways, better than the government dependent funding."

The fund-raising strategy of Case C is also aimed at building awareness about their activities and building a long-term relationship with the prospective clients. Case C sees the importance of forming alliances with others to overcome resource deficiencies.

In addition, socially entrepreneurial NPOs need to be continuously innovative in service delivery as any successful innovation is easily copied by competitors. Case A relates:

We look at different things every year. There are some things we have a very good reputation for, like the Comedy Festival, Rock and Roll concerts. Every year in Melbourne there is the International Comedy Festival. It is very big. We have been supported by comedians from day one.

The CEO of the economic development entity (Case I) mentioned engaging stakeholders to create an enterprise culture within his constituent communities. He explained the need for innovation and described both product and process innovation:

We have innovation in two areas. One is new business ideas. Generation and the formation of new enterprises is a core focus for us in terms of innovation, and so we are constantly looking for ways of working with particular disadvantaged communities to help their social and economic development ... The second area for us is process innovation ... We have a continuous improvement system within the organization in all our services, where every staff member, where there is a database, where any staff member can either register a complaint, or propose an improvement. And that has to be dealt with by management.

Case I is concerned with innovation within the community—they form new structures as well as new businesses aimed at developing not only a better economic future but stronger communities.

We are constantly looking for ways of working with particular disadvantaged communities to help their social and economic development. We are interested in integrating social and economic development, not separating and so in most of what we do we are looking for an outcome both in social and economic futures for the people that we work with. That is one area of innovation is in terms of new enterprise generation and new job generation.

Similar to any other for-profit market leaders, Case B leads by its pursuit of continuous innovation in its positioning strategy. With the increased participation of children and families in beach related activities Case B has moved from their earlier young-male targeted campaigns to a more family oriented campaign. Case I is one such enterprise.

We have a continuous improvement system within the organization in all our services where every staff member, where there is a database, where any staff member can either register a complaint, or propose an improvement and that has to be dealt with by management” “It is designed to empower staff at the coalface and it is reported to our Board monthly for each of our divisions, how many innovations have been registered and how many have been signed off into significant improvement.

However, in socially entrepreneurial organizations strategies for innovation are substantially constrained by the need for sustainability. As Case A states whilst innovativeness is important, it will be bounded by the need for survival:

It is imperative. There's no point being innovative just for the sake of being innovative. You don't re-invent the wheel. If something works, you do it. If you can see there's a gap, you become innovative and we have a combination of that.

One informant (Case B) discussed the importance of taking a leadership role in his industry. This included doing research, setting standards, leading advocacy efforts, establishing and improving best practices, offering public education programs, and publicizing these efforts. Several informants discussed the importance of research (Cases A, B, C and F). Not only does research help support an industry leadership image, but it also helps the entity increase its relevance and most importantly, better meet its mission. The CEO of a national organization that provides services and advocates for people in poverty (Case E) called for a leadership position in society, not just the nonprofit service sector when he stated:

I guess the challenge is to not be seen as a not-for-profit leader. The challenge is to be seen as a leader of society and to actually be saying, the whole corporate citizenship movement. The whole triple bottom line movement is actually about saying that there is something that we need as a society. That has to balance the economic and social and the environmental.

Proposition 3. The need to build a sustainable organization has led to the adoption of multiple innovative strategies aimed at achieving greater organizational sustainability in the nonprofit organization.

6. Managerial relevance

This study was aimed at understanding how the need for building a sustainable enterprise impacts nonprofits' strategic focus. The literature review undertaken for the study suggested that the issue of sustainability has been discussed in the past literature as an operational issue and in a fragmented manner. Our findings suggest that the need for sustainability has made a tremendous impact on the NPOs forcing them adopt a strategic orientation in all activities undertaken by them. First, the socially entrepreneurial NPOs perceiving their operating environment as increasingly competitive have responded environmental challenges by adopting several strategies. These strategies are: adopting a competitive posture, proactive opportunity recognition, minimizes the reliance on government funding and increased governance. Second, the need for sustainability has substantially impacted on their operational strategies in that they have been forced to achieve greater operational efficiency through (a) revenue enhancing and (b) cost reduction strategies. Third, the need for sustainability has strongly impacted on the value creating strategies adopted by NPOs. The areas of value creation that have been impacted include: redefining the mission, adopting best practices within the industry, invest in high impact projects, innovation and active partnering with for profit to broaden their scope for social value creation. Whilst the product innovation is cited in the for-profit literature as a primary strategy for commercial value creation, we found that socially entrepreneurial NPOs in their quest to build a sustainable organization tend primarily to focus their efforts on innovative fund-raising strategies. They tend to pay lesser attention to 'service delivery' ('products' in a for-profit context). The emphasis on fund raising reflects the critical importance of an adequate income stream to meet the operating expenditure in managing the NPOs. Overall, we find that the need for organizational sustainability impacts on the strategic direction and operational efficiency of the NPO.

Our findings have important implications for social entrepreneurship and more widely the social mission and nonprofit competitive strategy. The findings of our study provide empirical support to some of prescriptive conceptualizations in the literature. For example, in a recent policy document by the Aspen Institute, USA (Wolk, 2008) identifies sustainability as one of the

three key characteristics of social entrepreneurship other two being social innovation and accountability. They define sustainability as 'identifying reliable financial and other types of support by utilizing markets, forming partnerships across sectors, and responding to stakeholder needs to ensure that the solution will be enduring' (p. 1). Whilst we concur with this view, based on the findings of our study we would also argue that the need for sustainability is a key dimension of social entrepreneurship. Future research should incorporate it as a key dimension in attempts to operationalize the social entrepreneurship construct. How do these findings relate to the broader sustainability debate?

We observe the presence of a continuum of activities ranging from 'primarily donor-funding-based' (fits with the pure form of nonprofits advocated by Anderson & Dees, 2002) to a variety of 'earned income oriented activities.' For example Case A fits with the first category. It provides care and support to the children of drug addicted parents and operates as a niche marketer specializing in service delivery thereby effectively penetrating into the targeted market segment. Case A claims that they are the pioneers in supporting the children of drug addicted parents and the only NPO in Australia and probably in the whole world in that field. This effective niche strategy has enabled them achieve greater sustainability in their operations. Towards the other end of the continuum we find Case B is paid by the state government for the beach safety services provided by them. Towards the extreme end we find Case C which (provides housing for the disabled) charges the parents of the disabled children for the housing provided. However all the sampled socially entrepreneurial NPOs operate within their social mission and earned income strategies adopted by them are for sustaining their organization.

Based on the foregoing discussion we concur with Mair and Marti (2006) who suggest that the choice of set-up is typically dictated by the nature of the social needs addressed, the amount of resources needed, the scope for raising capital, and the ability to capture economic value'. Broadening the approach we see resonance with Yunus & Weber, 2008 approach to social business where the sustainability of a business is achieved through its ability to address real need in an integrated approach respecting people and the environment. Sustainability is a complex, inter-linked construct requiring more than simply the ability to address impacts on the physical environment. This is increasingly being recognized by a wide group of stakeholders (Wen Jiabao, 2008) calling for a change in a consumption-oriented lifestyle.

The findings of the study provide insightful input to NPOs confronted with increased competition to reflect on the strategies that can be pursued to achieve greater organizational sustainability. NPOs adopt entrepreneurial strategies to increase sustainability, and so can for-profits. Successful nonprofits are also constantly vigilant to reduce costs over the long run, as can for-profits and both can seek mutually beneficial alliances to achieve their broader cost related goals.

To the government policy planners, the findings provide valuable insights in that policy efforts should be directed to improved awareness on the need for organizational sustainability in both NPOs and for-profit organizations. The policy planners can also facilitate greater sustainability-oriented information sharing within and across the nonprofit and for-profit sectors.

7. Directions for future research

Research on organizational sustainability derived from issues identified within an NPO context is an emerging yet a substantially fertile ground for research. Considering the critical importance of organizational sustainability to NPOs, a cross-fertilized research stream is a promising area of inquiry with greater potential to

contribute to theory and practice. We provide below some issues which future research may address.

How does a social mission focus impact on the decision of a firm to move towards greater sustainability oriented strategy focus? How do the nature and resource commitments of a firm impact on the choice of a particular orientation within a continuum from nonprofit to pure for-profit? Can a firm adapt/adopt a climate conscious-(social) mission and do so whilst remaining within the initial organizational mission?

8. Conclusion

This paper examined how the need for building a sustainable organization has impacted on the strategy focus of the nonprofit organization. The literature review undertaken highlighted that whilst there has been growing interest in organizational sustainability, past literature has discussed the issue in a fragmented manner. As revealed in the case studies and supported by the extant literature, in response to an increased competitive environment, NPOs have been forced to adopt an organizational sustainability focus in both strategic and operational levels of management. The study contributes to nonprofit management theory by identifying the importance of sustainability as central issue in managing a NPO and suggesting the need for sustainability as a key dimension in conceptualizing and measuring social entrepreneurship theory. The study contributes the current debate on whether NPOs must strictly remain within the nonprofit domain and for-profits must remain solely focused on profit-making strategies, whether current climate change will deliver not only fertile opportunities for new businesses but also new models of business.

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